



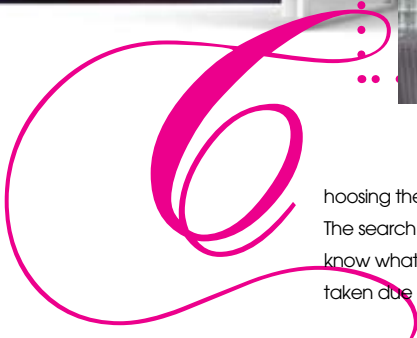
# Location, LOCATION



Anna Saprykina shares some of her observations about one of the key stages towards turning the dream of becoming a clinic owner into reality – finding the perfect location



Anna Saprykina, has a Diploma in Financial Management from ACCA and is the author of the business workshops 'From Beautician to Entrepreneur'. After many years of experience in analysing businesses and industries during her career in finance, Anna became a business owner herself and is a founder of London-based Body Silk Training, providing business training for young entrepreneurs with a focus on the beauty and aesthetics industries.



Choosing the right premises for your future salon or clinic can be an exhausting exercise for a few reasons. The search process can delay the implementation of your business plan for many months if you do not know what to watch out for, on the other hand, you should take your time to make sure that you have taken due diligence to avoid any unpleasant surprises in the future.

When looking to set up an aesthetic practice you have a number of options: renting or buying premises or working from home/ as a mobile practitioner. Renting premises suits many businesses as most small businesses do not have the capital available to purchase their premises outright. Even if you can borrow money to finance the purchase, you may feel that you have better uses for your capital. We will not focus on a buying alternative this time as it is a separate subject.

There are a number of advantages and disadvantages to renting, depending on exactly what you have agreed with the landlord. With a typical lease, you agree to occupy the premises for a fixed period and pay an agreed rent, though the lease may allow the rent to be reviewed periodically. You will most likely have to provide a refundable deposit and should also take into account legal and other professional fees. You may have significant maintenance and repair obligations, the lease may include other obligations and restrictions and you may also have difficulties if your needs change in due course and you want to move before the lease expires.

If you do decide to rent premises, it is important to check exactly what the agreement says. If you are in any doubt, you should take legal advice. You should also be aware that you still have general legal responsibilities, such as looking after the health and safety of employees and visitors to your premises, though these responsibilities may be shared with the landlord.

## CHOOSING YOUR PREMISES

Your location must attract customers. Ideally it should be convenient for your customers, employees and suppliers – without being too expensive. Location has a major impact on cost. Busy streets with desirable shops are often the most expensive areas, however, good news is that in the beauty and aesthetics industry, a good salon or clinic does not always depend on passer-by trade, it often builds up its reputation on delivering a quality service at a reasonable price (in some cases the latter can even be disregarded if the reputation and the quality of the service have led to an establishment with a recognised name).

A good way to start your search is by drawing up a list of requirements to your premises. Think about which requirements are essential and which are desirable, and prioritise them accordingly to assist you in making your decision. After drawing up your list of requirements, you may decide that working from home could suit you, however, there are important legal and practical issues you need to take into account.

### Points you may wish to consider for your search:

- Size and layout of the premises
- **Internal and external appearance and structure**
- Permission, including planning permission, to use the premises for your type of business
- **Access for deliveries and customers, including disabled customers**
- Your targeted clientele: age group, gender, money spending capacity, the hours that your clientele will prefer to come and use your services etc
- **The infrastructure in the area i.e. shops, restaurants, offices, schools, colleges, gyms, residential properties**
- Your neighbours, as this will also affect your image
- **Public transport**
- Convenient parking
- **Competing businesses (in certain cases, the close existence of the competitors can actually bring you new business)**
- How different are you going to be from your peers in the area?
- **How busy the area is at the weekend/during the week**
- Flexibility to alter or expand the premises
- **Suitability of the premises for your long-term needs. It is better to identify a few areas where you would be prepared to settle down with your business for at least a few years – that way, you will be able to be more flexible to play around your lease budget.**

If you finally decided to lease the premises, you have to ask yourself a few questions. Do you necessarily want your salon or a clinic to be a front shop? It depends on your strategy: if you intend to retain loyal customers rather than having one-off customers, you may want to consider other alternatives to save on fixed costs. How about a mews location or a lower ground floor instead of a front shop? It can have a few advantages in that a discreet place away from the noise of a busy street may appeal to clients and a lower ground floor or a basement is generally a lot cheaper and easier to negotiate rent wise. You can always put a street sign board on the high street directing your clients to your place.

## HOW TO LOOK FOR THE PREMISES

The commercial estate market is different from the residential one. Most of the private commercial premises available on the market to tenants are owned by big landlords (through their trust companies) who act through their agents. An agent usually gets a fixed fee on a monthly or quarterly basis to take care of potential tenants for the landlord's multiple commercial properties. He (the agent), therefore, does not often have many incentives to help you get your premises sooner than later as this is the landlord (not the agent) who is responsible for paying business rates costs even if the premises are not occupied. And unless you are a big corporation looking for a big commercial estate, the agent can often be quite slow to pass your offer to the landlord in the first instance, especially if you are trying to lower the asking price. All previous years of the booming estate market contributed to this attitude. Things are changing slightly in favour of the commercial tenants leaving more room for rent negotiation, however, they are still far from being perfect.

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It is not just rent alone that you have to budget for in your business plan in relation to the premises, but also business rates, services charges, and a number of other costs. All of the above have to be taken into account before you sign up for the lease as these ones are going to be your fixed costs for many years. Add to it refurbishing costs, which can be minimal or substantial depending on the condition of the premises that you choose. Fitting and repairing costs can easily escalate your budget if you do not do your homework beforehand. It is quite hard to project those as there are usually some changes to your initial plan and layout of the premises as you go along, such as extra alterations or installations. However, some of the special structural requirements can be projected in advance – high ceilings, facilities and comfort for employees and visitors – including lighting, toilets and kitchen facilities, utilities, such as power and drainage, and any special requirements such as three-phase electricity for example.

Once you have finally made an offer and it has been accepted, it is still a long way before you can get the keys and move in. Check out with the landlord and the local authorities whether they are prepared to give you permission to change the existing usage code of the premises to the use that is relevant to your type of business for the lease term. There is a standard time frame with the local authorities to consider your application. So you'd better make sure that your landlord is prepared to wait that long to secure the premises for you: there is always a risk that another potential tenant can come forward with a better offer or an ability to move in quicker than you because, say, the change of use will not be required for their business.

It may be worthwhile engaging a surveyor before you sign up for the lease to make sure that at the end of the lease term you do not end up paying extra costs for deterioration of the premises that you did not cause. The official report by the surveyor will be attached as a schedule to your lease agreement.

Choosing the right premises for your clinic is a key business decision. This is one of the very first steps to leaving the responsibilities of being just a practitioner behind and taking over the responsibilities of becoming a clinic owner.

