



Business - Creating a Wonderful Environment - Rent, Lease Or Own?

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ABOUT THE AUTHOR

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There are several options when it comes to deciding where you will operate your business and provide services for your client, each with advantages and disadvantages. It is therefore important that you seriously consider which option is best for the time being.

Rent - You might consider renting office space by the hour, day, month or year. When I first started seeing clients, I paid an hourly rate to a psychiatrist for one room in his office. This allowed me freedom as I was not committed to all the expenses associated with operating an office but still had the opportunity to use a professional space when needed. I had my administration office in my home and would do associated tasks there while never taking a client into my residence.

You might want to rent office space on a weekly or monthly basis. Sometimes space is furnished and other times, you will need to set up the room or rooms with your own furnishings.

Lease - Often businesses or individuals who are renting office space want a commitment from you and may ask that you sign a lease. Read this very carefully and consider having a lawyer review it before signing. You may be able to negotiate a lower rent by offering to sign for longer periods of time. When I moved into my present location in a professional building, the space was in dire need of renovations. We agreed to share the costs of this and the owners then lowered the rent in exchange for a three year commitment. I gladly signed.

The disadvantages of a lease, of course, are that you are locked in for a set period of time and, if you decide to move before the lease expires, are responsible for paying the full amount owing until it expires. The advantage is that you are guaranteed an office so can prepare all of your marketing materials with that in mind. It is also motivating to know that you must build the business because you have agreed to honour the financial costs.

Own - Some sole professionals choose to purchase an office for themselves or one that is large enough so they can rent or lease a portion to others. For my first three year lease,, I rented the whole office to another professional for scheduled hours. This helped me to pay the costs of the lease and the utilities and my costs were therefore reduced.

When you are planning to purchase an office you will need to consider all the "hidden" costs. Parking space, taxes, utilities, renovations or legal costs can all surprise you and add to the original debt or monthly operating expenses. Owning allows you the freedom to renovate or change things plus you have a say in who uses the office and how this happens. On the other hand, you are totally responsible for all of the management and financial commitment.

Some sole professionals use an area in their house to operate their businesses. The advantages of this are that you do not have any expenses for travelling to an office, you can juggle your home and work responsibilities and you will likely be able to write off some of your expenses on your income tax. On the other hand, having a business in your house might cause you to be subjected to distractions or there may be some risk depending on the type of clients you have and the temptations you may face about not working a full day.