

## Budgeting basics worksheet

Use this worksheet to plan your practice's revenue and expenses for the next year.

	This year	Well-Managed Practice targets	Next year
<b>REVENUE</b>			
<b>Fees</b>			
Average doctor transaction	_____	3.3 × exam fee	_____
Fees (with a planned % increase)	_____	6% (sample)	_____
<b>Client activity (based on full-time equivalent of 40 medical hours)</b>			
Transactions	_____	3,407 per doctor	_____
Active clients	_____	1,215 per doctor	_____
New clients	_____	262 per doctor	_____
Active patients	_____	1,909 per doctor	_____
New patients	_____	476 per doctor	_____
Client visitation (transactions per doctor ÷ active clients)	_____	2.8 times per year	_____
Client retention (active clients ÷ new clients)	_____	4.6 years	_____
<b>Service revenue (as a percentage of medical revenue)</b>			
Examinations and consultations	_____	15.8%	_____
Professional and diagnostic services	_____	9%	_____
Vaccinations	_____	9.3%	_____
Laboratory testing	_____	21.6%	_____
Surgery	_____	8.1%	_____
Anesthesia	_____	5.2%	_____
Diagnostic imaging	_____	5.6%	_____
Hospitalization	_____	3.8%	_____
Treatments	_____	4.2%	_____
Dentistry	_____	3.1%	_____
Integrative therapy	_____	0.3%	_____
Other medical services and discounts	_____	-1%	_____
<b>Total medical service revenue</b>	_____	<b>85%</b>	_____
<b>Product revenue</b>			
Medicine	_____	8.8%	_____
Heartworm and flea and tick products	_____	6.2%	_____
Other medical products	_____	0%*	_____
<b>Total medical product revenue</b>	_____	<b>15%</b>	_____
<b>Total medical revenue (total medical service revenue + total medical product revenue)</b>			
	_____	<b>100%</b>	_____

\*The practices surveyed did not use this category.

**BUDGETING BASICS CONTINUED****Ancillary revenue**

Diets (therapeutic and retail)	_____	4.1%	_____
Over-the-counter retail products (e.g., toys, shampoo)	_____	1.1%	_____
Bathing and grooming	_____	1.3%	_____
Boarding	_____	2.9%	_____
Other nonmedical revenue	_____	0.4%	_____
<b>Total ancillary revenue</b>	_____	<b>9.8%</b>	_____

**Total practice revenue** (total medical revenue + total ancillary revenue)

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**EXPENSES** (as a percentage of total revenue)**Variable expenses**

Drugs and hospital supplies	_____	9%	_____
Heartworm and flea and tick products	_____	5%	_____
Laboratory testing	_____	3.2%	_____
Diets (therapeutic and retail)	_____	3.1%	_____
Over-the-counter retail products (e.g., toys, shampoo)	_____	0.3%	_____
Credit card fees	_____	1.2%	_____
Other variable expenses	_____		_____
<b>Total variable expenses</b>	_____	<b>21.8%</b>	_____

**Fixed expenses**

Advertising and promotion	_____	1%	_____
Professional dues and subscriptions	_____	0.3%	_____
Office supplies	_____	1.1%	_____
Postage, freight, and delivery	_____	0.3%	_____
Insurance (health and liability)	_____	2.4%	_____
Telephone and answering service	_____	0.6%	_____
CE, meetings, and travel	_____	0.7%	_____
Business meetings	_____	0.1%	_____
Equipment repairs and maintenance	_____	0.5%	_____
Business consultation services	_____	0.3%	_____
Accounting services	_____	0.3%	_____
Legal services	_____	0.2%	_____
Payroll service	_____	0.1%	_____
Laundry and uniforms	_____	0.1%	_____
Business gifts and flowers	_____	0%*	_____
Charitable contributions	_____	0%*	_____
Entertainment	_____	0.1%	_____
Bank charges	_____	0%*	_____
Miscellaneous expenses	_____	0.3%	_____
Licenses, permits, and taxes	_____	0%*	_____
Workers' compensation insurance	_____	0.6%	_____
<b>Total fixed expenses</b>	_____	<b>9%</b>	_____

\*The practices surveyed did not include this category.

**BUDGETING BASICS CONTINUED****Facility expenses**

Rent	_____	5.5%	_____
Repairs and maintenance	_____	0.6%	_____
Utilities	_____	0.8%	_____
Real estate tax	_____	0.5%	_____
Insurance (property and casualty)	_____	0.2%	_____
Janitorial services	_____	0.4%	_____
<b>Total facility expenses</b>	_____	<b>8%</b>	_____

**COMPENSATION** (as a percentage of revenue)**Staff compensation**

Wages and salaries (gross W-2 wages, excluding groomer; excluding benefits and employer payroll taxes)	_____	23.2%	_____
Payroll taxes	_____	2%	_____
<b>Total staff compensation</b>	_____	<b>25.2%</b>	_____

<b>Veterinarian compensation</b>	_____	<b>16% to 21%</b>	_____
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<b>Management compensation</b>	_____	<b>2% to 3%</b>	_____
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**Total expenses** (total variable expenses + total fixed expenses + total facility expenses + total staff, veterinary, and management compensation)

_____	<b>82% to 88%</b>	_____
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<b>Amount available for reinvestment</b>	_____	<b>12% to 18%</b>	_____
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**REINVESTMENT****(From profit and loss statement)**

Interest	_____	_____	_____
Equipment purchases expensed	_____	_____	_____
Operating lease payments	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**(From balance sheet)**

Principal payments	_____	_____	_____
Capital lease payments	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

<b>Total reinvestment</b>	_____	<b>5.9%</b>	_____
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**Remaining amount available to owner(s)** (total revenue – total expenses – total reinvestment)

_____	<b>6.1% to 12.1%</b>	_____
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