



3200 Riverside Drive, Columbus, OH 43221-1725

WORKING ON YOUR BUSINESS, NOT JUST IN YOUR BUSINESS – HOW THE MANAGEMENT STATEMENT™ COMES INTO PLAY

*Greg Michel, MBA, CVA
WTA Veterinary Consultants
3200 Riverside Drive, Columbus, OH 43221-1725
614-486-9700
gmichel@wellmp.com*

You've heard it many times. Don't just work in your business, work on your business. The premise sounds good. Step back from the day-to-day operations and plan your future. The problem is, where do you start?

To reach your goals you need to start by knowing your practice's financial health. So, you print out a current balance sheet and profit and loss statement. You also print out reports from your practice information management system (PIMS), including doctor production and production by services and products. Do this every month and you end up with a large stack of papers. How do you make sense of all this data and turn it into useful information for making financial decisions? The solution is the Management Statement™ (MS), a program that integrates your monthly reports into a single report. Piles of papers printed every month become a single report that spans the entire year. Instead of having to physically line up twelve profit and loss statements next to each other, revenue and expense information appears in one document. Many of the expenses are also charted to help easily spot trends.

The MS goes several steps beyond only reporting historical results. It also provides the most recent Well-Managed Practice® Benchmarks. Now you can see how your practice revenues, expenses, average doctor transaction, and multiple other parameters stack up against the best-of-the-best financially run practices. With benchmarks for over 100 items, you have a comprehensive view of your practice with easily identifiable areas for improvement.

Do you cringe when it is time to complete a practice budget? Maybe you skip budgeting altogether because it is tedious. The MS greatly eases the budget burden. Simply select "Yes" to use the Well-Managed Practice® targets and most of your budget populates into the MS based on your projected yearly sales. Want to use your own budget numbers? No problem. The MS accommodates your decision by allowing you to input your own budget numbers.

Budgeting, benchmarking and trend analysis do not have to be intimidating. The MS allows for each of these tasks in a single program. Instead of becoming buried in financial papers that provide a lot of data, but little information, utilize the clear and comprehensive MS to report your practice's financial health.

The following Year-to-Date Summary Page of the MS provides an example of the format for the approximately 25-page report. The MS allows this high-level view of practice finances as well as the details behind these categories. Your yearly financials are all in one report with the varying level of detail you desire.

WTA Test Veterinary Practice
Management Statement™
Year-to-Date as of June 30, 2017

REVENUE

\$4,425,000 100%

OPERATING EXPENSES

Variable	\$1,196,000	27%	
Fixed	305,800	7%	
Staff Compensation	799,000	18%	
Facility	398,000	9%	

Total Operating Expenses	<u>2,698,800</u>	<u>61%</u>	
--------------------------	------------------	------------	--

Amount Available for Doctor Compensation - Profit to Revenue	\$1,726,200	39%	
--	-------------	-----	--

DOCTOR AND MANAGEMENT COMPENSATION

Non-Owner Doctor Compensation	\$306,000	7%	
Owners' Doctor Compensation	217,600	5%	
Owners' Management Compensation	<u>88,500</u>	2%	

Total Doctor and Management Compensation	<u>\$612,100</u>	<u>14%</u>	
--	------------------	------------	--

Amount Available for Reinvestment - Owner ROI	\$1,114,100	25%	
---	-------------	-----	--

Less: Reinvestment in Practice	<u>\$80,000</u>	<u>2%</u>	
--------------------------------	-----------------	-----------	--

Remaining Amount Available to Owners	\$1,034,100	23%	
--------------------------------------	-------------	-----	--

OWNERS' DISTRIBUTIONS

Total Owners' Distributions	<u>\$549,000</u>	<u>12%</u>	
-----------------------------	------------------	------------	--

Undistributed Amount Available to Owners	\$485,100	11%	
--	-----------	-----	--