CVMA Practice Diagnostic Report: Evidence-Based Management
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Advances in technology and communication have made cutting edge laboratory testing ubiquitous in veterinary hospitals across North America. The availability and affordability of both in-house lab equipment and referral labs have helped to level the playing field between smaller single doctor practices and large multi-doctor referral hospitals. The result is a healthier pet population through better evidence-based medicine.

The CVMA Practice Diagnostic Report extends this opportunity to financial matters. Increased availability of financial benchmarks provided in the Practice Diagnostic Report can help improve the economic health of individual practices and the veterinary profession. CVMA members who complete the Practice Owners Economic Survey have access to complimentary benchmarking on revenue, expenses, hours worked, fees and staff. The report calculates their financial metrics and compares them to the average and top performing hospitals in their provinces. New in 2016, the Practice Diagnostic Report compares year over year trends for individual hospitals that have submitted two consecutive years of data.

Successful managers know that evidence based management is essential to the financial success of the practice; measure, manage, and measure again to track the improvement. The CVMA Practice Diagnostic Report is the quintessential tool that can help veterinarians measure and manage their practice.

Revenue Metrics
In isolation, annual or monthly revenue has limited applicability. Comparing to the same month from the previous year can show growth, but without benchmarks, veterinarians don’t know how growth in revenue compares to their colleagues. For example, you could have 5% growth in revenues, which you think is great, until you find out the average practice in the province grew by 10% over the same time. Similarly, your annual revenues could have topped one million dollars last year but when you find out the average hospital would have earned 1.5 million with the same number of veterinarian, you realize there is room for improvement.

Revenue mix is another important benchmark for practices to measure the effectiveness of their efforts to promote nutrition. For example, if a hospital prides itself on nutrition, they could expect to see diet
sales contributing a higher than average share of revenue. If, according to their Practice Diagnostic Report, their diet sales contribute less than the benchmark, they have some work to do.

**Client Metrics**
The Practice Diagnostic Report provides benchmarks on clients per veterinarians, revenue per client, client visits per year and, for practices that provide consistent client data for two consecutive years, client retention. Client benchmarks can be used to develop and track production targets. For example, practices that have fewer clients per veterinarian need to have higher revenue per client to hit revenue targets, and can expect to see higher visits per client to account for higher than average diet sales.

**Staff Metrics**
There is no “right way” to staff a veterinary hospital. Some see success with a slower pace and less staff per veterinarian, while others thrive with higher staff per doctor. The Practice Diagnostic Report can show if a staff strategy is working by examining the number of staff per doctor as well staff wages as a percentage of gross revenue. If staff wages as a percentage of gross revenue are higher than average, the staff strategy may not be working and the practice owner can look to the staff per doctor benchmarks to fine tune or develop an entirely new staff strategy.

**Expenses as a Percent of Gross Revenue**
A cornerstone of the Practice Diagnostic Report is the expense analysis. Expenses as a percentage of gross are compared to the average and previous year to highlight areas where there may be some potential cost savings by reigning in expenses. Many practices owners have reported that they cancelled yellow pages, reduced office supply costs and started managing inventory better once they saw their expenses were higher than average.

**Fees**
One of the most important determinants in revenues is veterinary fees. The Practice Diagnostic Report shows veterinarians how their fees compare to the average and the fee guide for each province. A year over year comparison is also provided along with an analysis that shows how incomes could improve if fees were increased.

**Practice Value Estimate**
Based on information from the Practice Owners Economic Survey and financial statements, the Practice Value Estimate provides an estimate of practice value based on cash flow. Presented as a percentage of gross revenue, the Practice Value Estimate incorporates revenue, expenses and veterinary production. Some veterinarians see the figure as an annual financial grade. If the Practice Value Estimate has gone up, then the practice is in better shape than the previous year.

**Value-Added Benefit**
CVMA members who complete the Practice Owners Economic Survey can take advantage of this value-added individual Practice Diagnostic Report and Practice Value Estimate.

To receive this free confidential report after completing the survey, a copy of your latest financial statements for the past 12-months (either an accounting statement or an internal statement of expenditures breakdown) must be provided for analysis. To ensure confidentiality, you will be required
to send your financials directly to the CVMA Business Management Program service provider with direction as to whether you prefer to receive your customized report by e-mail or mail.

One of the prime objectives of the CVMA Business Management Program is to help veterinarians achieve ‘A Successful Career and a Balanced Life’. The achievement of this state of balance may be more easily attainable in profitable practices and, like a report card, the Practice Value Estimate is an overall grade for the financial success of your practice.

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