MONEY MATTERS

Measure, Monitor, and Manage to Increase Revenue

Practices are missing the root causes of decreased revenue by not tracking key performance indicators.

BY JASON CASTNER, CPA, CVA

For a couple of years, practice revenue has increased at a slower pace than the average inflation rate as measured by the Consumer Price Index. In 2025, CPI rose 2.7% while the average veterinary practice revenue increase was 2.1%. Both are higher in 2026, but the gap between them has grown. Meanwhile, cost of goods sold and the cost of labor are increasing faster than CPI, creating a squeeze in profits.

Four key performance indicators directly support revenue: number of new clients, patient visits, doctor counts, and average transaction charge. Pull these KPIs from your practice management software monthly. Monitor them in Excel, and compare trends from year to year. This gives you context to turn the data into targeted management decisions.

New Clients and Patient Visits

Number of new clients is a leading indicator. A high number of new clients signals a healthy practice supported by demand from the surrounding community. A low or declining number can signal a lack of demand or a lack of capacity.

Mature practices averaging less than 15 new clients per month per full-time veterinarian are seeing a decline in doctor counts, or they soon will be. Practices averaging more than 20 new clients per month per full-time equivalent are increasing doctor counts and revenue. A common misconception is that practices not experiencing declining revenue are "doing fine," even if they're seeing a low number of new clients. Some practices can continue to grow despite low new client counts for up to a couple of years. Over time, the practice will see a decline in patient visits, doctor counts, and revenue.

The number of patient visits is a lagging indicator of the foot traffic into the practice. A broad metric, it includes doctor visits, refills, boarding, tech appointments, food purchases, and more. Because it's so broad, be sure to understand what's driving the overall visits. For instance, if you recently closed boarding at your practice, patient visits could be down. When comparing current year results to the prior year, subtract the boarding visits out of the prior year results for a fair comparison. It could be that doctor visits are actually up, despite patient visits being down.

For many practices, new clients and patient visits have declined over the past five years. While revenue may not be declining, the combination of fewer patient visits and slightly higher prices often results in revenue increases that are lower than general inflation.

If you see declines in new clients and patient visits, ask yourself some questions to understand why:

- If wellness appointments aren't available for the next two weeks and the practice is limiting the number of new clients, capacity is the issue. Are you short-staffed? Do you have too few exam rooms?
- If available appointment slots go unused, demand is the issue. Are the phones ringing, but you aren't converting calls to appointments? Are the phones not ringing? Are clients able to book appointments — not just "request an appointment" — directly online? Are existing clients not referring others to the practice?

Doctor Counts

While new clients and patient visits are easily provided by your PIMS, doctor counts may require more effort. Track only the medical transactions — those that require an exam or surgery — by doctor.

Track doctor counts for the entire practice. When measured by month over multiple years, doctor counts provide a purer measurement of the overall health of the practice than patient visits. If the doctors see more patients, the practice is growing and thriving. While this is not measured in dollars, it's the most important of the two components driving revenue.

Track doctor counts by doctor. This provides insight into the efficiency of each doctor as well as the efficiency of the team. For example, a doctor who sees appointments every 30 minutes, does not perform surgery, and works 150 hours per month has a goal of 300 doctor counts per month. Adjustments must be made to the goal for surgery days and administrative or mentoring time. If this doctor regularly has doctor counts of 140 or less per month, there's a problem. Is there not enough demand to fill the appointments? Are appointments not being scheduled for this doctor while other doctors are double-booked? Is this doctor blocking appointment slots to ensure they don't get overwhelmed?

Start by tracking doctor counts by month. If there is a substantially low doctor count for a particular doctor, break the counts down by day. Consider a doctor that works 16 days each month with 140 counts. That works out to less than nine exams per eight-hour day — a problem that's easy to visualize.

Average Transaction Charge

Monitor average transaction charge for each doctor based on medical transactions. Don't include patient visits that don't require an exam or surgery. How this is tracked will depend on your PIMS.

When you track ATC by doctor, the relationship between the ATC and the exam fee indicates the level of preventive medicine. And the differences in ATC between doctors indicate different medical philosophies.

For practices focused on wellness and a high standard of care, each doctor's ATC should be between 3.5 and 4.0 times the exam fee. For doctors with one surgery day per week, 4.0 is the goal. The practice likely derives 20% or more of their revenue from lab services. If lab revenue is less than 20% of the total, and ATC is lower than goal, there may be a disconnect between the medical philosophy and the results in the practice.

When two doctors at the same practice have the same surgical caseload and have vastly different ATCs, the doctors are providing a different standard of care, which isn't ideal for your clients or staff.

This can become a teaching moment. Use your PIMS to identify which doctors are more likely to recommend diagnostic imaging, dentistry, or lab tests and which are less likely. Measuring ATCs can bring the medical standards of the practice to the forefront and encourage consistency. This will lead to better experiences for your clients and patients. TVB

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EXCEPTIONS TO THE RULE

Practices located in college towns or near military bases see more new clients. Set a goal of 30 new clients per month per full-time doctor, and adjust the goal based on the correlation between historical new client counts and revenue.

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THE PHARMACY IMPACT

As product sales move from in-hospital to online stores, revenue is often directly impacted. Revenue from in-hospital sales is recorded as gross sales, while online revenue is often recorded as the net dollar amount received by the hospital. This can be a tremendous difference. Online sales are also not typically included in your PIMS' patient visits report, which results in a decline in patient visits unless you account for the number of online transactions.