

Profit Planning

The Six Keys to a Profitable Practice

Phillip Jackson
Profit Profile Corporation



- * Raised in Middle Tennessee
- * Father is Veterinarian
- * Experienced benefits of principles about to share with you

Objectives

- * Investigate the main strategies of increasing profits in a veterinary practice.
- * Develop a strategy to gain the most profits with the least effort. (i.e. working smarter not harder.)
- * Make the strategy easy and simple enough to implement in your practice.

Profit Planning

Methods are many,
Principles are few.
Methods always change,
Principles never do.

Why are we in practice?

- * To make money!
 - * If you are not in practice to make money, then what you have is a hobby!

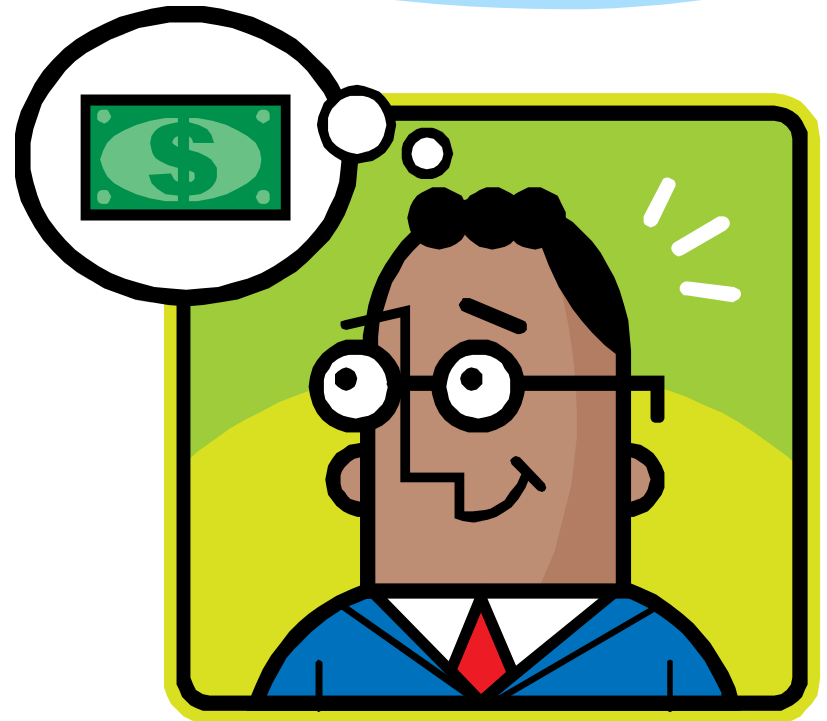


I am going to make a BOLD statement.

- * “You are making exactly what you think you are worth!”
- * Therefore; *if you are not making the money you want, it is because you are not letting yourself do it!*

What is the solution???

- * Change the way we think.
- * Plan for profits.



WE CANNOT SOLVE OUR PROBLEMS
WITH THE SAME THINKING
WE USED WHEN WE
CREATED THEM

-Albert Einstein



Profits

- * Do you have a specific profit amount you are trying to achieve this year?
- * Do you have the profit goal written down?



Question?

- * How are you going to achieve something when you don't even know what it is???



Profits



- * Most owners focus on the wrong areas to improve profits. They focus on profits and not the elements that make up profits.

Profit Formula

- * Profits =
Sales
 - * -Cost of Goods Sold

Cost of Goods Sold

- * Aka Cost of Sales
- * - Variable expenses
 - * Drugs
 - * Medical supplies
 - * X ray expenses
 - * OTC purchases
 - * Anything directly involved in revenues.



Profit Formula

- * Profits =
Sales
 - * - Cost of Goods Sold
 - * - Overhead Expenses

Overhead Expenses

- * Aka Administrative Expense
- * Fixed expenses
 - * Non Professional wages
 - * Professional (associate) wages
 - * Rent
 - * Interest
 - * Insurance
 - * Utilities
 - * Etc



Profit Formula

- * Profits =
Sales
 - * - Cost of Goods Sold
 - * - Overhead Expenses
 - * - Owner's salary & benefits

Owner's salary

- * Wages
- * Benefits
 - * Life / Health insurance
 - * Perks
 - * Excess rent



Profit Formula

- * Profits =
Sales
 - * - Cost of Goods Sold
 - * - Overhead Expenses
 - * - Owner's salary & benefits
 - * - Taxes

Taxes

- * Federal taxes on profits not payroll
- * State taxes on profits not payroll



Finally we have profits

* Profits =

Sales

- * - Cost of Goods Sold
- * - Overhead Expenses
- * - Owner's & associate's salary & benefits
- * - Taxes

* Now can you see why I call it leftovers??? It is what is leftover after you pay all the bills!

Making more profits

What can we do on the Revenue?:

- * Increase sales by seeing more clients.
- * Doing more procedures for each client.
- * Increase prices so we make more for each procedure.

Making more profits

What can we do on the EXPENSE side?:

- * Decrease COGS (beating up vendors)
- * Decrease Overhead (beating up employees)
- * Decrease Owner's salary (default setting in a practice)
- * Decrease Taxes

Making choices

- * So let's look at each strategy and determine:
 - * How efficient the strategy will work.
 - * How easy will it be to implement the strategy.

Our Standard



- * Using AAHA average hospital data
- * (Using Small Animal Exclusive categories)
- * Not about data but principle

Profit Planning Worksheet

Profit Planning Worksheet

Profit Planning Session

The Veterinary Clinic

Profit Profile Corp.

1324 N. Central St
Knoxville, TN 37917
(800) 861-6629 Phone
www.vetcenter.com

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%						
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%						
=Gross Margin/ Gross Profit	\$1,041,000 75%						
-Overhead Expense (55% of sales)	\$763,400 55%						
-Owner's Salary (19% of sales)	\$263,720 19%						
=Profit Before Tax	\$13,880 1%						
-Tax (Assume 28% Tax Rate)	\$3,886 0%						
=Profit After Tax (Goal 10% Sales)	\$9,994 1%						

Change in Dollars							
Change in Percent							
Ease of Implementation							
Priority							

Scale 0 - Hard, 10 - Easy

Our Goal

- * Make a Profit 10% of current sales.

- * $\$1,388,000 \text{ sales} \times 10\% = \$138,000$



Strategy #1 – Increasing Sales (a)

- * Increasing Sales
 - * Seeing more clients
 - * Doing more procedures for each client
 - * Key is **MORE** transactions



Strategy #1 – Increasing Sales (b)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%						
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%						
=Gross Margin/ Gross Profit	\$1,041,000 75%						
-Overhead Expense (55% of sales)	\$763,400 55%						
-Owner's Salary (19% of sales)	\$263,720 19%						
=Profit Before Tax	\$13,880 1%						
-Tax (Assume 28% Tax Rate)	\$3,886 0%						
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800					

Change in Dollars							
Change in Percent							
Ease of Implementation							
Priority							

Scale 0 - Hard, 10 - Easy

Let's do the math

Profit Before Tax Calculation

Profit Before Tax - Tax = Profit After Tax

$$1.0 Y - 0.28 Y = \$138,800$$

$$0.72 Y = \$138,800$$

$$Y = \$138,800 / 0.72$$

$$Y = \$192,778$$

Strategy #1 – Increasing Sales (c)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%						
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%						
=Gross Margin/ Gross Profit	\$1,041,000 75%						
-Overhead Expense (55% of sales)	\$763,400 55%						
-Owner's Salary (19% of sales)	\$263,720 19%						
=Profit Before Tax	\$13,880 1%	\$192,778					
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978					
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800					

Change in Dollars							
Change in Percent							
Ease of Implementation							
Priority							

Scale 0 - Hard, 10 - Easy

Strategy #1 – Increasing Sales (d)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%						
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%						
=Gross Margin/ Gross Profit	\$1,041,000 75%						
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400					
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720					
=Profit Before Tax	\$13,880 1%	\$192,778					
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978					
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800					

Change in Dollars							
Change in Percent							
Ease of Implementation							
Priority							

Scale 0 - Hard, 10 - Easy

More math

Gross Margin Calculation

Gross Margin - Overhead Expense - Owner's Salary = Profit Before Tax

Gross Margin = Profit Before Tax + Overhead Expense + Owner's Salary

Gross Margin = \$192,778 + \$763,400 + \$263,720

Gross Margin = \$1,219,898

Strategy #1 – Increasing Sales (e)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%						
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%						
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898					
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400					
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720					
=Profit Before Tax	\$13,880 1%	\$192,778					
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978					
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800					

Change in Dollars							
Change in Percent							
Ease of Implementation							
Priority							

Scale 0 - Hard, 10 - Easy

Still more math

Sales Calculation

Sales - Cost of Sales = Gross Margin

1.0 Z - 0.25 Z = \$1,219,898

0.75 Z = \$1,219,898

Z = \$1,219,898 / 0.75

Z = \$1,626,531

Strategy #1 – Increasing Sales (f)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%	\$1,626,531 100%					
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%	\$406,633 25%					
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898 75%					
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400 47%					
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720 16%					
=Profit Before Tax	\$13,880 1%	\$192,778 12%					
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978 3%					
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800 9%					

Change in Dollars		\$238,531					
Change in Percent		17%					
Ease of Implementation		2					
Priority							

Scale 0 - Hard, 10 - Easy

Strategy #2 – Increasing Sales

- * Increasing Sales
 - * Price Increases
 - * Charge more for each procedure
 - * Do **no more** work, just receive **more income** per transaction



Strategy #2 – Increasing Prices (a)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%	\$1,626,531 100%					
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%	\$406,633 25%	\$347,000				
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898 75%	\$1,219,898				
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400 47%	\$763,400				
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720 16%	\$263,720				
=Profit Before Tax	\$13,880 1%	\$192,778 12%	\$192,778				
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978 3%	\$53,978				
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800 9%	\$138,800				

Change in Dollars		\$238,531					
Change in Percent		17%					
Ease of Implementation		2					
Priority							

Scale 0 - Hard, 10 - Easy

Strategy #2 – Increasing Prices (b)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%	\$1,626,531 100%	\$1,566,898 100%				
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%	\$406,633 25%	\$347,000 22%				
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898 75%	\$1,219,898 78%				
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400 47%	\$763,400 49%				
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720 16%	\$263,720 17%				
=Profit Before Tax	\$13,880 1%	\$192,778 12%	\$192,778 12%				
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978 3%	\$53,978 3%				
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800 9%	\$138,800 9%				

Change in Dollars		\$238,531	\$178,898				
Change in Percent		17%	13%				
Ease of Implementation		2	10				
Priority							

Scale 0 - Hard, 10 - Easy

Strategy #3 – Reducing COGS

- * **Cost of Goods Sold**
- * Aka “Beating up on vendors”
- * These are your variable costs.
 - * They go up and down with sales.
- * Reduce purchases of drugs, lab expenses, X ray and medical supplies



Strategy #3 – Reducing COGS (a)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%	\$1,626,531 100%	\$1,566,898 100%	\$1,388,000 100%			
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%	\$406,633 25%	\$347,000 22%				
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898 75%	\$1,219,898 78%	\$1,219,898 88%			
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400 47%	\$763,400 49%	\$763,400 55%			
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720 16%	\$263,720 17%	\$263,720 19%			
=Profit Before Tax	\$13,880 1%	\$192,778 12%	\$192,778 12%	\$192,778 14%			
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978 3%	\$53,978 3%	\$53,978 4%			
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800 9%	\$138,800 9%	\$138,800 10%			

Change in Dollars		\$238,531	\$178,898				
Change in Percent		17%	13%				
Ease of Implementation		2	10				
Priority							

Scale 0 - Hard, 10 - Easy

Strategy #3 – Reducing COGS (b)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%	\$1,626,531 100%	\$1,566,898 100%	\$1,388,000 100%			
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%	\$406,633 25%	\$347,000 22%	\$168,102 12%			
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898 75%	\$1,219,898 78%	\$1,219,898 88%			
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400 47%	\$763,400 49%	\$763,400 55%			
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720 16%	\$263,720 17%	\$263,720 19%			
=Profit Before Tax	\$13,880 1%	\$192,778 12%	\$192,778 12%	\$192,778 14%			
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978 3%	\$53,978 3%	\$53,978 4%			
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800 9%	\$138,800 9%	\$138,800 10%			

Change in Dollars		\$238,531	\$178,898	(\$178,898)			
Change in Percent		17%	13%	-52%			
Ease of Implementation		2	10	1			
Priority							

Scale 0 - Hard, 10 - Easy

Strategy #4 – Reducing Expenses

- * Overhead or Administrative expenses
- * Aka “Beating up on employees”
- * These are your fixed costs.
 - * They stay fairly fixed as sales go up and down.
- * Reducing items like wages, CE, employee benefits, rent, insurance, etc.



Strategy #4 – Reducing Expenses

- * The reason I call this “Beating up on employees” is because employee expenses are where Dr. Greedy saves money!



Strategy #4 – Reduce Expenses (a)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%	\$1,626,531 100%	\$1,566,898 100%	\$1,388,000 100%	\$1,388,000 100%		
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%	\$406,633 25%	\$347,000 22%	\$168,102 12%	\$347,000 25%		
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898 75%	\$1,219,898 78%	\$1,219,898 88%	\$1,041,000 75%		
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400 47%	\$763,400 49%	\$763,400 55%			
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720 16%	\$263,720 17%	\$263,720 19%	\$263,720 19%		
=Profit Before Tax	\$13,880 1%	\$192,778 12%	\$192,778 12%	\$192,778 14%	\$192,778 14%		
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978 3%	\$53,978 3%	\$53,978 4%	\$53,978 4%		
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800 9%	\$138,800 9%	\$138,800 10%	\$138,800 10%		

Change in Dollars		\$238,531	\$178,898	(\$178,898)			
Change in Percent		17%	13%	-52%			
Ease of Implementation		2	10	1			
Priority							

Scale 0 - Hard, 10 - Easy

Strategy #4 – Reduce Expenses (b)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%	\$1,626,531 100%	\$1,566,898 100%	\$1,388,000 100%	\$1,388,000 100%		
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%	\$406,633 25%	\$347,000 22%	\$168,102 12%	\$347,000 25%		
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898 75%	\$1,219,898 78%	\$1,219,898 88%	\$1,041,000 75%		
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400 47%	\$763,400 49%	\$763,400 55%	\$584,502 42%		
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720 16%	\$263,720 17%	\$263,720 19%	\$263,720 19%		
=Profit Before Tax	\$13,880 1%	\$192,778 12%	\$192,778 12%	\$192,778 14%	\$192,778 14%		
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978 3%	\$53,978 3%	\$53,978 4%	\$53,978 4%		
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800 9%	\$138,800 9%	\$138,800 10%	\$138,800 10%		

Change in Dollars		\$238,531	\$178,898	(\$178,898)	(\$178,898)		
Change in Percent		17%	13%	-52%	-23%		
Ease of Implementation		2	10	1	4		
Priority							

Scale 0 - Hard, 10 - Easy

Strategy #5 – Reducing Owner's Salary

- * By **DEFAULT** this is often what happens.
- * If you don't have the money to pay your normal bills, it comes out of your pocket!
- * Because you are compassionate to others, it costs your family.



Strategy #5 – Reducing Owner's

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%	\$1,626,531 100%	\$1,566,898 100%	\$1,388,000 100%	\$1,388,000 100%	\$1,388,000 100%	
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%	\$406,633 25%	\$347,000 22%	\$168,102 12%	\$347,000 25%	\$347,000 25%	
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898 75%	\$1,219,898 78%	\$1,219,898 88%	\$1,041,000 75%	\$1,041,000 75%	
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400 47%	\$763,400 49%	\$763,400 55%	\$584,502 42%	\$584,502 42%	
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720 16%	\$263,720 17%	\$263,720 19%	\$263,720 19%		
=Profit Before Tax	\$13,880 1%	\$192,778 12%	\$192,778 12%	\$192,778 14%	\$192,778 14%	\$192,778 14%	
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978 3%	\$53,978 3%	\$53,978 4%	\$53,978 4%	\$53,978 4%	
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800 9%	\$138,800 9%	\$138,800 10%	\$138,800 10%	\$138,800 10%	

Change in Dollars		\$238,531	\$178,898	(\$178,898)	(\$178,898)		
Change in Percent		17%	13%	-52%	-23%		
Ease of Implementation		2	10	1	4		
Priority							

Scale 0 - Hard, 10 - Easy

Strategy #5 – Reducing Owner's

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%	\$1,626,531 100%	\$1,566,898 100%	\$1,388,000 100%	\$1,388,000 100%	\$1,388,000 100%	
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%	\$406,633 25%	\$347,000 22%	\$168,102 12%	\$347,000 25%	\$347,000 25%	
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898 75%	\$1,219,898 78%	\$1,219,898 88%	\$1,041,000 75%	\$1,041,000 75%	
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400 47%	\$763,400 49%	\$763,400 55%	\$584,502 42%	\$763,400 55%	
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720 16%	\$263,720 17%	\$263,720 19%	\$263,720 19%	\$84,882 6%	
=Profit Before Tax	\$13,880 1%	\$192,778 12%	\$192,778 12%	\$192,778 14%	\$192,778 14%	\$192,778 14%	
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978 3%	\$53,978 3%	\$53,978 4%	\$53,978 4%	\$53,978 4%	
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800 9%	\$138,800 9%	\$138,800 10%	\$138,800 10%	\$138,800 10%	

Change in Dollars		\$238,531	\$178,898	(\$178,898)	(\$178,898)	(\$178,898)	
Change in Percent		17%	13%	-52%	-23%	-68%	
Ease of Implementation		2	10	1	4	10	
Priority							

Scale 0 - Hard, 10 - Easy

Strategy #6 – Reducing Taxes

- * Probably the most popular of the strategies.
- * Owner's & CPA's spend large amounts of time for usually short-term gains.
- * Honesty is the best policy.



Strategy #6 – Reducing Taxes (a)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%	\$1,626,531 100%	\$1,566,898 100%	\$1,388,000 100%	\$1,388,000 100%	\$1,388,000 100%	\$1,388,000 100%
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%	\$406,633 25%	\$347,000 22%	\$168,102 12%	\$347,000 25%	\$347,000 25%	\$347,000 25%
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898 75%	\$1,219,898 78%	\$1,219,898 88%	\$1,041,000 75%	\$1,041,000 75%	\$1,041,000 75%
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400 47%	\$763,400 49%	\$763,400 55%	\$584,502 42%	\$763,400 55%	\$763,400 55%
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720 16%	\$263,720 17%	\$263,720 19%	\$263,720 19%	\$84,882 6%	\$263,720 19%
=Profit Before Tax	\$13,880 1%	\$192,778 12%	\$192,778 12%	\$192,778 14%	\$192,778 14%	\$192,778 14%	\$13,880 1%
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978 3%	\$53,978 3%	\$53,978 4%	\$53,978 4%	\$53,978 4%	
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800 9%	\$138,800 9%	\$138,800 10%	\$138,800 10%	\$138,800 10%	\$138,800 10%

Change in Dollars		\$238,531	\$178,898	(\$178,898)	(\$178,898)	(\$178,898)	
Change in Percent		17%	13%	-52%	-23%	-68%	
Ease of Implementation		2	10	1	4	10	
Priority							

Scale 0 - Hard, 10 - Easy

Strategy #6 – Reducing Taxes (b)

Month	Current Situation	Sales Increase	Price	COGS	Expense	Salary	Tax
Sales	\$1,388,000 100%	\$1,626,531 100%	\$1,566,898 100%	\$1,388,000 100%	\$1,388,000 100%	\$1,388,000 100%	\$1,388,000 100%
-Cost of Sales (\$1,388,000x.25)	\$347,000 25%	\$406,633 25%	\$347,000 22%	\$168,102 12%	\$347,000 25%	\$347,000 25%	\$347,000 25%
=Gross Margin/ Gross Profit	\$1,041,000 75%	\$1,219,898 75%	\$1,219,898 78%	\$1,219,898 88%	\$1,041,000 75%	\$1,041,000 75%	\$1,041,000 75%
-Overhead Expense (55% of sales)	\$763,400 55%	\$763,400 47%	\$763,400 49%	\$763,400 55%	\$584,502 42%	\$763,400 55%	\$763,400 55%
-Owner's Salary (19% of sales)	\$263,720 19%	\$263,720 16%	\$263,720 17%	\$263,720 19%	\$263,720 19%	\$84,882 6%	\$263,720 19%
=Profit Before Tax	\$13,880 1%	\$192,778 12%	\$192,778 12%	\$192,778 14%	\$192,778 14%	\$192,778 14%	\$13,880 1%
-Tax (Assume 28% Tax Rate)	\$3,886 0%	\$53,978 3%	\$53,978 3%	\$53,978 4%	\$53,978 4%	\$53,978 4%	(\$124,920) -9%
=Profit After Tax (Goal 10% Sales)	\$9,994 1%	\$138,800 9%	\$138,800 9%	\$138,800 10%	\$138,800 10%	\$138,800 10%	\$138,800 10%

Change in Dollars		\$238,531	\$178,898	(\$178,898)	(\$178,898)	(\$178,898)	(\$178,898)
Change in Percent		17%	13%	-52%	-23%	-68%	-331%
Ease of Implementation		2	10	1	4	10	0
Priority							

Scale 0 - Hard, 10 - Easy

Conclusions

The way to build profits is working on the elements of profits.

Sales

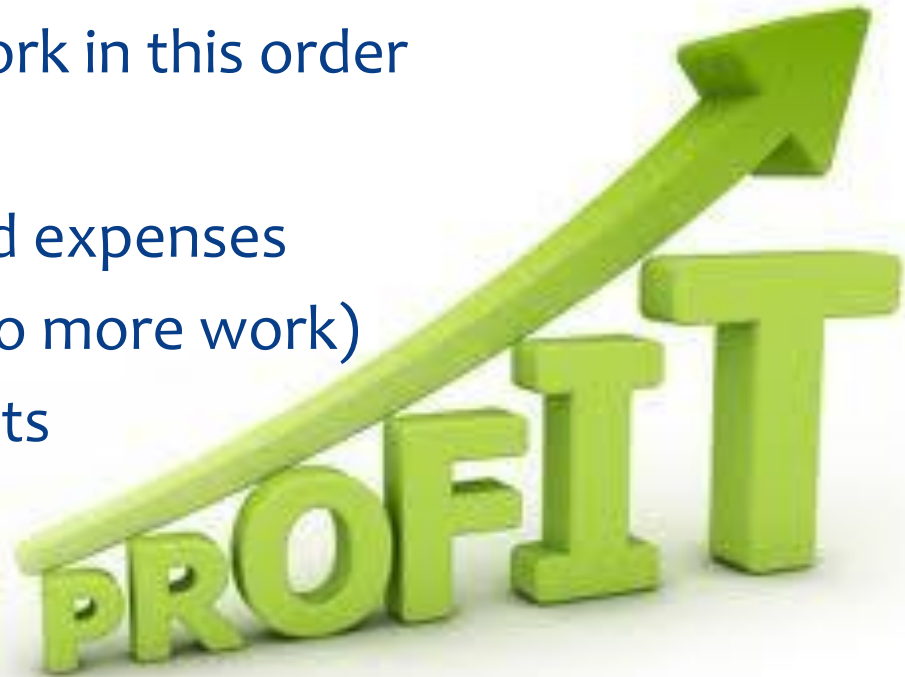
- Cost of goods
- Overhead expenses
- Taxes



Conclusions

To Improve profits work in this order

1. Increase pricing
2. Reduce overhead expenses
3. Increase sales (do more work)
4. Reduce Drug costs
5. Owner's salary
6. Taxes



Thank you!

Phillip Jackson

Profit Profile Corporation

107 N. Maple Street

Murfreesboro, TN 37130

865.525.1453 X3 or 615.456.2505

* **pjackson@VetCenter.com**