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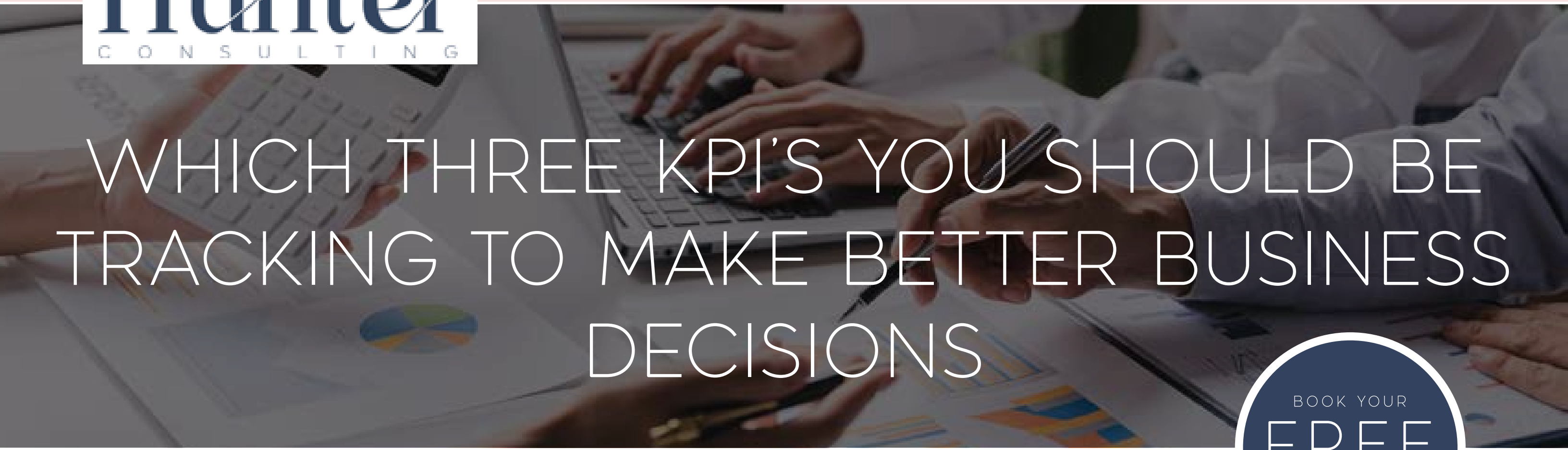

WHICH THREE KPI'S YOU SHOULD BE TRACKING TO MAKE BETTER BUSINESS DECISIONS

Determining what and how to pay your staff can be one of your biggest challenges for clinic owners!

Key performance indicators (KPIs) can be defined as what we measure to understand ***where to focus our time and attention on within our business***. KPIs provide us with valuable information to make better, more informed business decisions. These can be used to establish revenue targets or goals, evaluate provider performance, treatment profitability and overall clinic profitability or productivity.

Terminology:

1. **Revenue** is the money that is generated from the **operations of your business**, this is through the services & products you provide.
2. **Gross Margin** is the amount of money earned **after deducting your cost of goods** for your services. (Revenue-COGs) For example, if you generated $100,000 of revenue from injectables and you spent $60,000 on supplies that are directly used for those treatments, your gross is $40,000.
3. Net Revenue is the **amount of money left after subtracting all your business expenses** such as overhead, marketing and payroll expenses. (Revenue-all expenses). For example, your total revenue is $100,000-$80,000 (all your expenses), therefore you net is $20,000. This will allow you to know how **profitable** your business is currently.
4. Profit margin is the business profit expressed as a percentage. This will allow you to understand your profit and be able to compare it year after year. This is generated by diving the net revenue by total revenue and multiplying by 100. For example, your net is $20,000/$100,000 (total revenue) = 0.2 or 20%.

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The Three Most Impactful KPIs To Track Within Your Clinic To Measure Performance, Efficiency, & Profitability

1. Revenue Per Provider

This is the amount of total revenue generated by one provider divided by the number of hours they worked. For example, total revenue generated by provider A is $40,000 divided by 160hr worked equals $250/per hr from provider.

Why we care?

Used to measure HOW productive a provider is as well as compare providers

2. Revenue Per Patient

This is the amount of total revenue generated in a certain period divided by the number of patients seen within the same time. For example, the total revenue is $100,000 divided by 250 patient equals $400/ per patient average spend.

Why we care?

This will also give you an average patient spend to determine what you may need to improve on with your cost of services, consultation process or staff performance.

3. Profit Per Treatment

This is the amount of revenue generated (after expenses) for each treatment or service provide at the clinic. This is determined by adding the treatment expenses and dividing that by the patient cost of the treatment.

For Example: You provide 30 units of Botox to a patient. The clinic charges $300 for that treatment ($10/unit). The supplies for 30 units are $30, $53 for Staff compensation and averaging $31 for overhead costs.

Total expenses for this treatment: $114
$300-$114 = $186/$300 (cost of treatment)
= 0.62 x 100 = **62% Profit Margin**

How did I break down the expenses?

$30 for supplies. $52 for staff compensation when you pay $1.50/1 unit $45 plus you pay them $30/hr /4 (Botox takes 15 minutes) $7.50. You add $45 + $7.50=52.50

Overhead cost each month are $20,000/ 160hrs of operation on average when you work a 40hr work week. $125hr/4=$31.25 Because Botox is done in 15 mins.

Why we care?

This will determine the profit each treatment brings in for the clinic and therefore, allows management to make decisions such as marketing focus and spend based on profitability.