

Compare your expenses to these benchmarks

Use these benchmarks set by Well-Managed Practices to see how your expenses measure up. One important note: What you think is an expense problem might in fact be a revenue problem. For example, if your drug costs as a percentage of revenue are high—and you're doing a good job of inventory management—perhaps your fees need to be adjusted to generate more revenue, or perhaps you're not charging for all services provided.

Variable expenses	Percent of revenue
Drugs and medical supplies (includes radiology, surgery, and hospital)	11.6%
Heartworm, flea, and tick products	4.4%
Pet food	3.3%
Lab supplies	3.0%
Credit-card fees	1.1%
Over-the-counter retail	0.6%
Total variable expenses	24.0%

Fixed expenses	
Advertising	0.8%
Business meetings	0.1%
Computer supplies and support contracts	0.3%
Consulting fees	0.3%
Continuing education and travel	0.6%
Entertainment	0.1%
Equipment repairs, maintenance, and support contracts	0.6%
Health insurance	1.9%
Legal and accounting fees	0.5%
Liability insurance	0.2%
Licenses, dues, and subscriptions	0.3%
Miscellaneous	0.2%
Office supplies	0.8%
Payroll service costs	0.1%
Postage	0.3%
Telephone	0.6%
Uniforms	0.1%
Total fixed expenses	7.8%

Nondoctor staff compensation	
(as shown on W-2; excludes benefits; includes payroll taxes)	24.0%

Facility expenses	
Annual rent/mortgage payment	5.5%
Utilities	0.8%
Janitorial and housekeeping	0.4%
Facility repairs, maintenance, and lawn care	0.7%
Property insurance	0.2%
Real estate taxes	0.4%
Total facility expenses	8.0%

Source: *The 2005 Well-Managed Practice Study*