

## Know Your Numbers & Make More Money

You don't have to be a financial expert or spend hours every week looking at your numbers to make more money in your business. Just select and use the right tools regularly and you'll find more money in your pocket every month. Our **Top Five Know Your Numbers** list is a starting point to your financial freedom.

1. **Annual Budget** – Creating a budget is a proactive step to taking control of your business finances. Start the year with a profit and pay plan for yourself that motivates you to make it a reality. Think of your budget as your financial road map for the year ahead.
2. **Know Your Costs** – Categorizing your expenses into fixed versus variable is a key step to cost management and increased profits. Your fixed costs remain a consistent amount regardless of the number of pets you service. Items like rent, advertising, utilities, insurance, and your salary are considered fixed costs. Variable costs will fluctuate based on the volume of pets you service. Staff wages and supplies are typically the largest items in this category. Think about the revenue you make each month first going to pay all your fixed costs. How many days of the month does it take to pay your monthly fixed cost total? How many more days to pay all your variable costs? How many days of the month does revenue contribute to your profits?
3. **Pricing Strategy** – Your business is unique and now that you know your costs you will use that information when setting your prices. While it is good to know what your competitors charge for services the most important number is knowing that your prices cover your fixed and variable costs plus provide a good profit percentage to your business. Review your prices every year and plan to increase at least one service rate or reduce your discount percentages. Set a goal to have a 10-15% profit from your total revenues every year.
4. **Monthly Review** – Review your key financial reports every month. The most important report is your Profit & Loss statement compared to your budget. Are revenues higher or lower than you planned? What about your expenses? Why do you have variances? What action can you take to get back on plan? Do you need to adjust your budget to reflect changes in your assumptions? Are you still satisfied with the adjusted numbers? Your monthly financial review meeting with yourself is a key step to making more money in your business. Use your financial report information to proactively make changes to increase revenue or reduce expenses so your pay is not negatively impacted.
5. **Key Performance Indicators (KPI)** – Defining a core set of KPI and monitoring trends helps you understand your own business cycles. Compare your KPI to the same month of the prior year as well as current year monthly trends. Our top five KPI to monitor include:
  - **Profit Percentage**
  - **Occupancy Percentage by Service**
  - **Revenue per Pet**
  - **Payroll Paid as a Percentage of Revenue**
  - **Number of New Clients**

