How to Put More Money in the Bank

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There are many ways to increase cash flow into the practice and decrease cash flow out of the practice. Author's address: 4265 45th South Street 157, Fargo, North Dakota 58104; e-mail: nikki@quenetteveterinaryconsulting.com. © 2010 AAEP.

1. Introduction
It is beneficial to the equine practice to increase cash flowing into the practice and decrease cash flowing out of the practice.

2. Learning Objectives
   ● Learn ways to increase revenues to increase cash flow.
   ● Learn ways to decrease expenses to increase cash flow.
   ● Learn how accounts receivable systems can affect cash flow.
   ● Learn how accounts payable systems can affect cash flow.
   ● Learn how inventory systems can affect cash flow.

3. Revenue
Increasing revenues generally increases cash flow.
   ● Add a new service offering.
   ● Add another doctor.
   ● Hire additional staff to improve doctor efficiency.
   ● Increase compliance.
   ● Decrease missed charges.
   ● Review fee schedule and increase fees as necessary.

4. Expenses
Reduce costs wherever possible.
   ● Focus on the largest costs—staff compensation and cost of sales.
   ● Reduce unnecessary costs, such as excessive meals and entertainment, travel, and charitable contributions. Analyze bank charges, and shop around, if necessary.

5. Accounts Receivable
It is necessary to put a system in place. Who is managing?
   ● Monitor and control.
   ● Keep accounts receivable (A/R) to 60 days out or less.
   ● Bill at the time of service.

Use the capabilities of today's technology, which is especially important for mobile practices. Billing should be done when services performed are fresh in the memory of the client.
   ● We are in the veterinary business, not the banking industry.
   ● Lenders are everywhere—let clients use them (credit cards, CareCredit, and pet insurance).
6. Accounts Payable

It is necessary to put a system in place. Who is managing?

- Monitor and control.
- Pay bills only when due (watch purchase discounts).
- Use credit cards to your advantage (pay attention to credit card billing cutoff, inventory what is on hand 60 days before payment is due, and earn perks).

7. Inventory

It is necessary to put a system in place. Who is managing?

- Monitor and control.
- Just in time inventory.
- Inventory turns.
- Minimum order point.
- Adjust prices when vendors do and not as the inventory is used.
- Shrinkage (embezzlement, etc.)