



## Introduction to Key Performance Indicators (KPIs) Top KPIs for your Aesthetic Surgery Practice

**KPI-** Key Performance Indicator- a quantifiable measure used to evaluate the success of an organization, employee, etc., in meeting objectives for performance

**Revenue & Expenses:** Total sales and total expense dollars should be tracked on a daily basis. It is also important to segment your revenues into various categories to measure and compare the performance of different aspects of your business. Here are some examples:

Revenue & Expenses by Service

Revenue & Expense by team member (Production)

Revenue & Expense by Location

**Accounts Receivables: (AR)** The money that a company has a right to receive because it has already provided customers with goods and/or services.

**Accounts Payable: (AP)** Accounts that are owed to suppliers (trade creditors) as distinguished from accrued interest, rent, salaries, taxes, and other such accounts.

**EBITDA:** This KPI is essentially net income prior to deducting interest, taxes, depreciation, and amortization. This number represents the true performance of your business.

**Net Gross Margin:** Total revenue minus COGS [Cost of Goods Sold: direct costs attributable to the production of the goods and service]. This KPI measures your revenue without the cost of the production.

**Net Income:** a company's total earnings (or profit); net income is calculated by taking revenues and subtracting the costs of doing business such as depreciation, interest, taxes and other expenses.

**Ratios:** Compare two aspects of a financial statement, such as the relationship (or ratio) of current assets to current liabilities. The ratios can be used to evaluate the financial condition of a company, including the company's strengths and weaknesses.

**Profitability:** Evaluate the profitability of aspect of your business. The typical calculation for profit margin is total revenue divided by total expenses (excluding taxes, depreciation, and amortization). Common KPIs that measure profitability (measured as a percentage or dollar value):

Net Gross Profit Margin

Net Income

Profitability of each product, service type, team member, and business location can all be tracked.





**Business Growth:** This is the percent change in revenue (or expenses) over a period of time. This KPI is very useful in setting goals for your business, such as grow revenue by 10% per month.

**Average Customer Value (average revenue per patient):** Successful practices can identify their most valuable patients, nurture those relationships, and target new patients with a similar profile. By tracking the average revenue per patient, you can easily determine which patients exceed this benchmark and which do not.

**Conversion Rates:** This KPI is normally calculated as a percentage or ratio. Two of the primary conversion rates critical to measure in your practice:

Consultations vs. Scheduled Surgery

New customer inquiries (web lead, phone call, social media) vs. scheduled consult or appointment

#### **Capacity (Productivity)**

Number of daily procedures/treatments per equipment device

Hours providing service/treatment vs. business operating hours

**Customer (Patient) Acquisition Cost (CAC):** This KPI refers to marketing expenses on average per new patient. CAC allows you to track the cost effectiveness of different marketing campaigns and marketing channels.

**Customer Retention Rate:** Percent of total customer that return for repeat services, procedures, purchases, etc.

**Run Rate:** Run rate is a quick way of 'annualizing' data that is from a shorter period of time, like a quarter or month. To calculate run rate based on quarterly data, simply multiply by four. For example, if you earned \$1 million during the first quarter, its run rate is \$1 million times four, or \$4 million.

**Forecast:** The use of historical data and assumptions to determine the direction of future trends. It is used to determine how to allocate budgets or plan for anticipated expenses. This is typically based on projected demand for goods and services offered.

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