

MONEY MATTERS

Do You Need a Veterinary CPA?

If all you want is a talented tax preparer, take your pick.
For valuable business advice, look further.

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It seems everyone is a specialist these days, and not just in medicine. Specialists run the gamut from auto mechanics to zookeepers. But do you really need a veterinary-specific CPA? Like all of life's big questions, the answer is, "It depends." For starters, what do you want your CPA to do? Most people associate them with tax preparation, and the best ones will use all the legal methods available to minimize your hospital's profits and reduce your tax liability. That's why you need a great tax accountant. If the preparer is well-versed in federal and state laws, you probably won't realize additional benefits from hiring an industry-specific expert to complete your tax returns.

But, of course, accounting involves much more than preparing tax returns. Your accountant should help with tax planning, too, so that you keep more of your hard-earned money. You'll also need advice about retirement savings plans — work with a financial adviser if your CPA doesn't offer it — and your accountant might process your payroll, reconcile your bank accounts and pay your bills.

When you have a sound relationship with a local accountant, you might ask for advice about your family and business. You'll probably discuss everything from college funds to medical equipment purchases. However, can the person help if your hospital is busier than ever except:

- ▶ You don't have enough money in your bank accounts?
- ▶ Your doctors want a percentage of the profits?
- ▶ You want to review a laboratory contract?

It's All About Business

Instead of wondering if you need a CPA with expertise in veterinary accounting, perhaps you should ask, "Is my current CPA the best source of advice about running my business?" When you have questions about writing off the cost of your family's trip to Disney, you call your tax accountant. But your tax accountant won't have all the answers when you want to know how to make your business more profitable. Why? Because most accountants are generalists. They work with com-

panies of all kinds, from lumber yards to restaurants to nail salons, with a veterinary practice or two thrown in. They can tell you whether you are making more money this year, but they probably don't know if you are spending more than you should on medical supplies. If you ask them how to make more money from your business, you'll likely get general advice like "Raise fees" or "Cut payroll costs."

I'm not saying your local CPA isn't intelligent enough or earnest enough to help you with everything. The person simply might not have enough experience in the veterinary industry to know where to look for the answers.

People in the Know

As the business of veterinary medicine becomes more complex and the demands on your time increase, you might want a deeper understanding of how to move the numbers in the desired direction. That's when you turn to a veterinary business expert, whether an accountant or financial consultant immersed in the industry. Those professionals understand your





practice and your stressors. They will examine your practice and add color to the financial statements using KPIs, benchmarks and other metrics.

Of course, you can look at industry benchmarks by yourself, but they tell you only what the average practices generate in gross fees and how much they spend on certain things. Unfortunately, published statistics tell you what happened before and not what's happening now. Wouldn't it be nice to talk to someone who can put those benchmarks in perspective?

A lot can be said for working with someone local, perhaps a neighbor, client or fellow service club member. You get to know the person's business and maybe family. Local professionals can help you cultivate ties with other independent business owners and potentially create reciprocity so everybody benefits.

Ring, Ring

The pandemic taught us that business could be conducted and relationships developed and maintained at a distance. Sure, that's not the same as

meeting for lunch or watching your and your local professional's kids play on the same Little League team. But the tradeoff is the opportunity to work with someone with in-depth knowledge of the business side of veterinary medicine.

Veterinarians didn't spend four-plus years in a medical program just to sit in an office and analyze financial data. And besides, most practice managers are heavily involved in the people side of the business (clients and employees) and don't have the luxury of time to dig into accounting information. With a veterinary business expert on speed dial, you and your practice manager needn't devote hours to researching answers.

Sometimes, your business needs a specialist. For example, you wouldn't go to your family physician for open-heart surgery, and you shouldn't call your tax accountant when you need specifics about what's happening in the veterinary profession. If all you want from your accountant is a tax return, you don't need someone with experience helping veterinarians. But if you need to make a big decision related to your practice, from increasing profitability or cash flow to selling to an associate veterinarian, choose an expert with the background to help make the decision a little less daunting. **TVB**

KNOW WHAT YOU'RE GETTING

When you're ready for a CPA specializing in the veterinary industry, use the questions below to verify that the person is truly an expert.

- ▶ What percentage of the CPA's clients are veterinarians?
- ▶ If you operate a mixed animal practice, how much experience does the CPA have with hospitals like yours?
- ▶ Does the CPA recommend the AAHA Chart of Accounts?
- ▶ Is the CPA a member of any professional associations? If none are related to veterinary medicine, how can the person be an industry expert?
- ▶ Is the CPA familiar with production-based pay? Even if you don't pay your associate veterinarians that way, an industry expert will understand the alternatives.
- ▶ Has the CPA spoken at veterinary conferences or written articles in industry publications?
- ▶ Which industry benchmarks is the CPA familiar with? An expert will be comfortable discussing the standards relevant to your hospital.
- ▶ Does the CPA talk as though all businesses are alike? Veterinary hospitals and self-service laundries have few meaningful similarities.



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