



**Cutcher & Neale**  
ACCOUNTING AND FINANCIAL SERVICES

# National Conference 2017

## Benchmarking your Practice (Part 2)

# About Cutcher & Neale

## Cutcher & Neale Overview

- Specialist Chartered Accountants
- 60+ years of services to Medical Professionals
- Industry Leaders & Contributors
- Preferred partner of the AMA (NSW)
- Trainers to GP & Specialist networks
- Dedicated Specialised Medical Services Division

# Disclaimer

*The material contained in this seminar is in the nature of general comment only, and neither purports, nor is intended to be advice on any particular matter. Persons should not act or rely upon any information contained in or implied by this seminar without seeking appropriate professional advice which relates specifically to his/her particular circumstances. Cutcher & Neale expressly disclaim all and any liability to any person, whether a client of Cutcher & Neale or not, who acts or fails to act as a consequence of reliance upon the whole or any part of this presentation.*

# Recap – the path to Benchmarking

- Understanding what drives Growth in a Practice
- Understanding the Budgeting Process
- Introduction to Key Performance Indicators “KPI’s”
- Bringing it all together – Benchmarking your Practice



- What is Benchmarking?
- Why Benchmark?
- Where do you get Benchmarking information?
- What do you Benchmark?
- Why Australian Medical Benchmarks?



## The Cutcher & Neale 4 Ways to Grow formula

1. Increase the **number** of Patients
2. Increase the number of **times** they return
3. Increase the average **value** of a consult
4. Increase the **effectiveness** of processes

Consider the 4 ways to grow formula when reading Financial Reports



## What is Benchmarking?

- Process of comparing your practice *performance metrics* to other practices or industry best practices
- What and which *performance metrics*
  - *Financial*
  - *Full Time Equivalents (FTE)*
  - *Capacity*
  - *Consult*



## Why Benchmarking?

- Better understanding your practice
- Better assess your practice's (*relative*) performance
- Identify areas for improvement
- Improve your practice
  - Financially; and
  - Clinically





## Where do you get Benchmarking Information

- CCH ?
- FMRC ?
- Other ?
- or

**Australian Medical Benchmarks**



## Why Australian Medical Benchmarks?

- Current and relevant information
- Managed by Industry Experts
- Supported by the industry
- Diverse and growing sample size



## Why Australian Medical Benchmarks?

- Continually growing sample size
- Relative comparison by geography
- Relative comparison by size



## Why are the Australian Medical Benchmarks, *benchmarks* relevant to your practice?

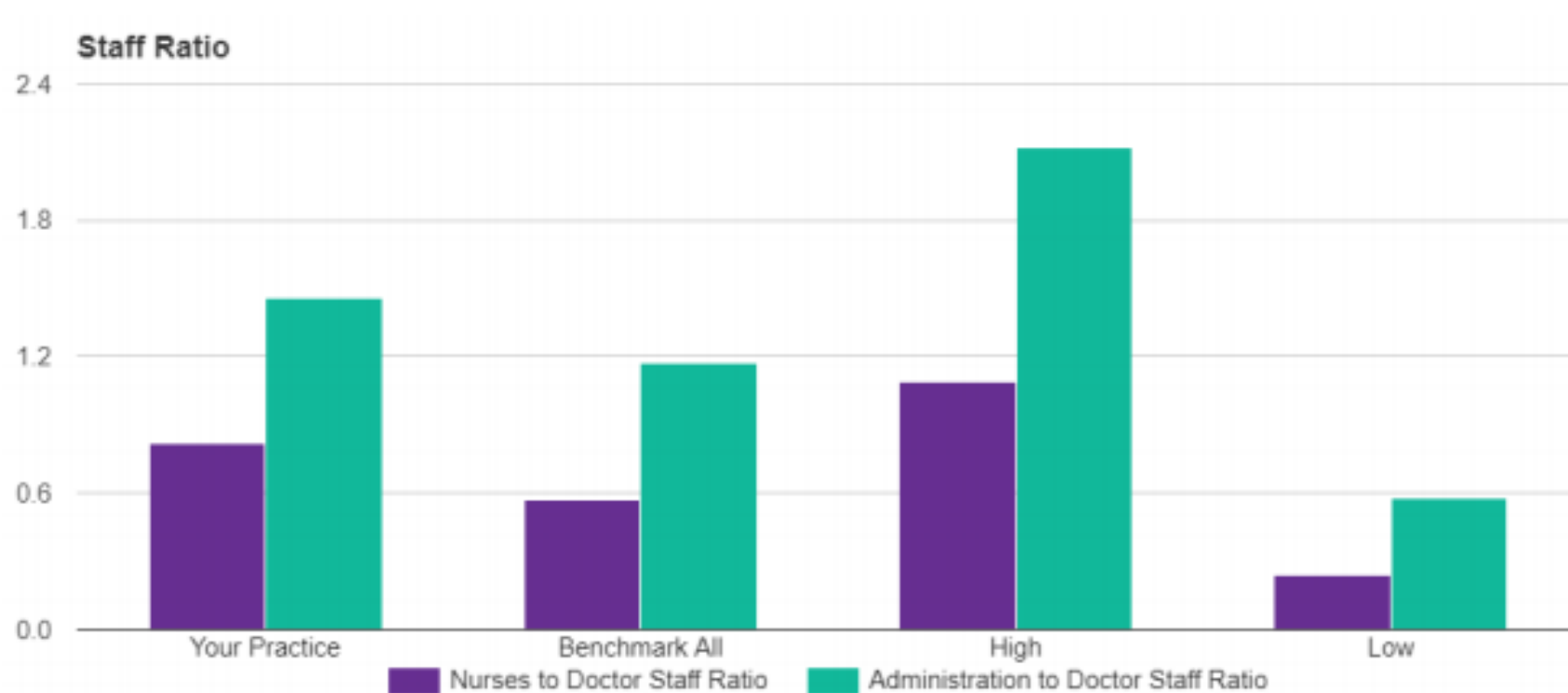
- AMB analysis uses Full Time Equivalent (FTE)
- FTE provides an appropriate basis on which to compare general practices
- Based on RACGP standard doctor 37 hours



## What do you Benchmark?

- Full Time Equivalent (FTE) Analysis
  - No's of FTE Doctors
  - No's of FTE Nurses and Support staff
  - Doctor and Support staff ratios
  - No's of rooms (consult , treatment , sub-leased)
  - Doctor room utilisation

- FTE Analysis





## FTE Analysis

- **Audience Participation – FTE analysis examples from the floor**

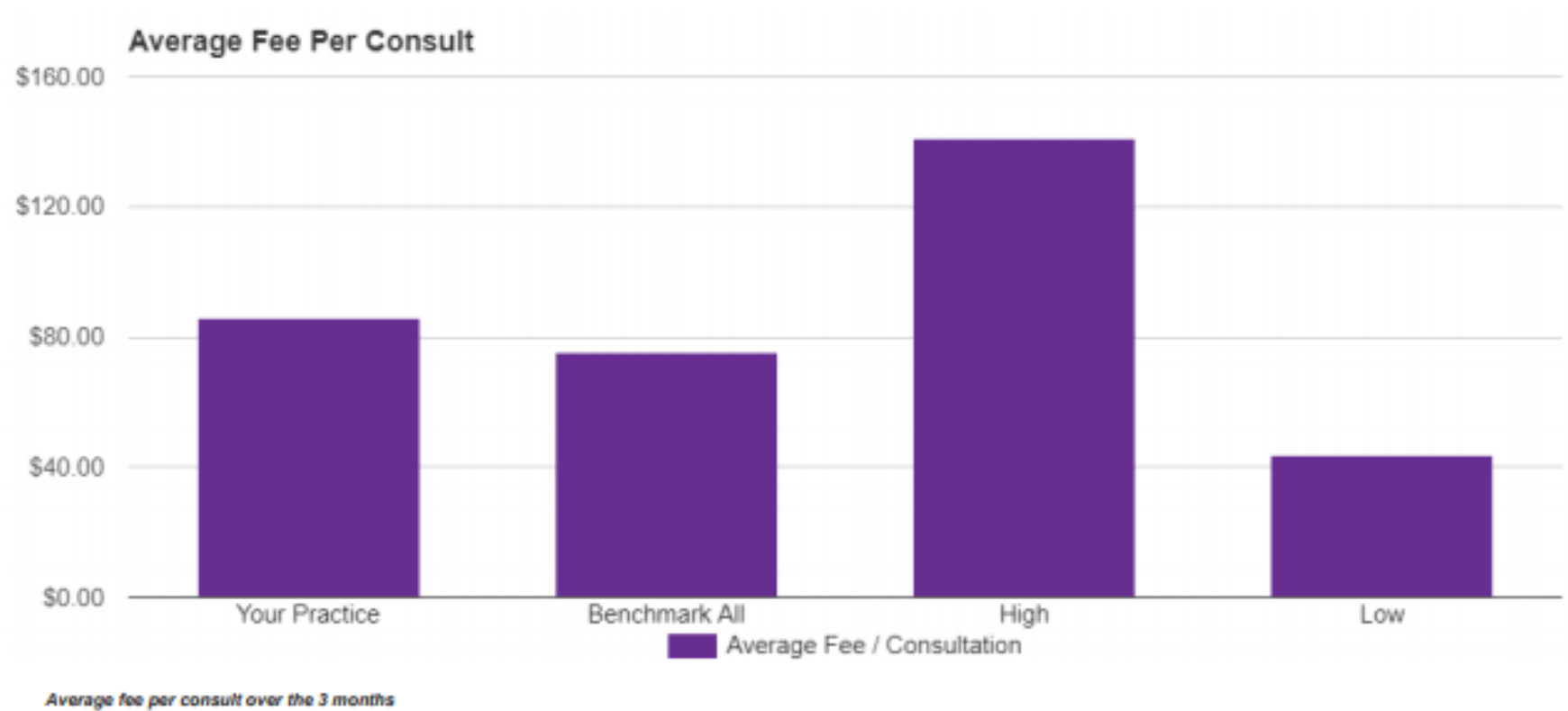


## What do you Benchmark?

- Consult Analysis
  - Average Fee / Consult
  - Average Consult time
  - Administration Costs / consult or Doctor
  - Items analysis
  - Nurse costs analysis



## Consult Analysis

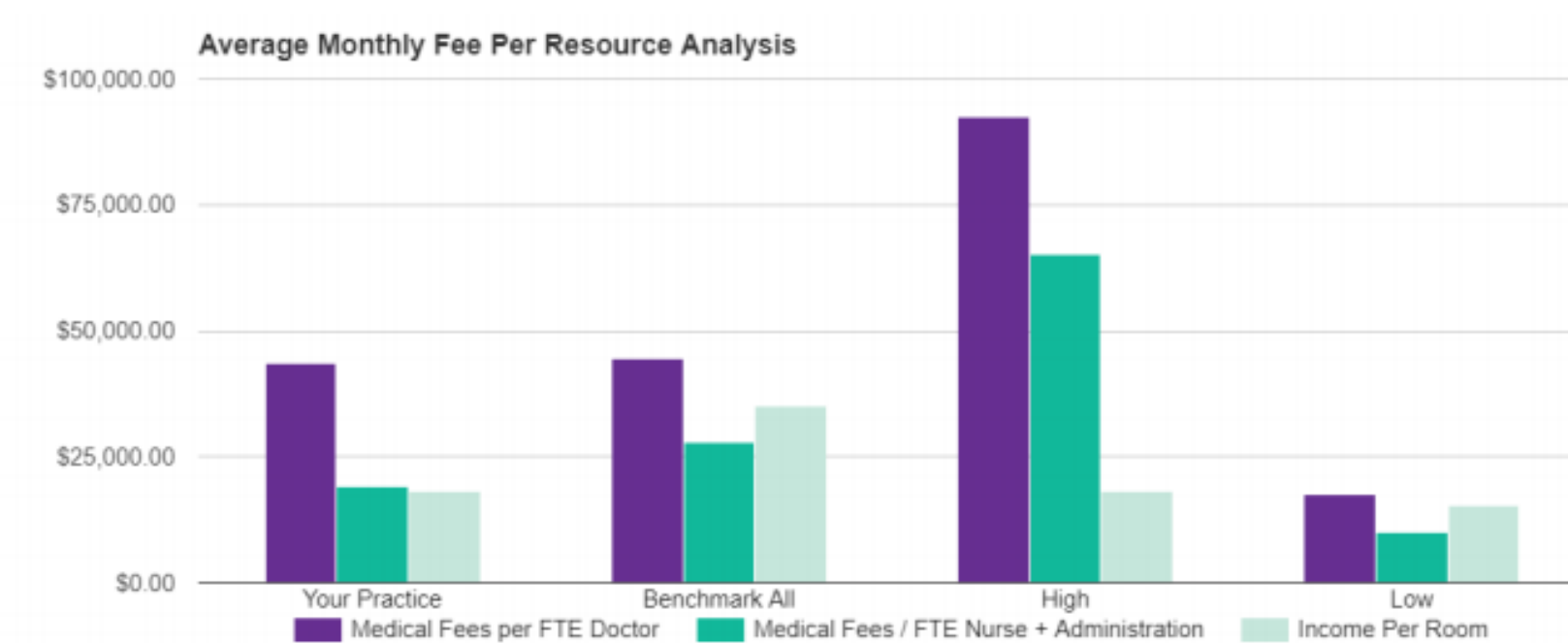




## What do you Benchmark?

- Profitability Analysis
  - Profitability as % of Gross Medical or Total Income
  - Medical fees per FTE Doctor
  - Income per room
  - Gross income analysis
  - Overhead analysis (% of Total or Medical Income)

## Profitability Analysis





## What do you Benchmark?

- Capacity Analysis
  - Practice operating hours
  - Doctor operating hours
  - Operating hour utilisation

## Capacity Analysis





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The right information for peak practice performance

# Australian Medical Benchmark Contact:

1800 988 522

[info@medicalbenchmarks.com.au](mailto:info@medicalbenchmarks.com.au)