

# StrategyVET Case Study: Engineering a \$240,000 Profitability Swing

**Client:** A Growing Regional Veterinary Practice

**Engagement Started:** 2023

**Primary Objective:** Financial Stability and Margin Recovery

## The Challenge: A Critical Inflection Point

In 2022, this dedicated veterinary practice was facing a severe financial challenge. Despite generating over \$1 million in revenue and maintaining a clear mission the business was operating at a substantial loss.

Unsustainable supply costs, pricing structures, and an imbalanced labor structure had eroded the bottom line, resulting in a negative EBITDA margin of -15.6% and an annual loss of nearly \$183,000. Recognizing the need for a radical shift in operational and financial management, the practice partnered with StrategyVET in 2023.

## The Strategy: Discipline and Operational Efficiency

StrategyVET immediately implemented our strategic planning framework, prioritizing a 12-month primary goal of establishing strict financial stability. The turnaround strategy was anchored by two key pillars:

- **Cost of Goods Sold (COGS) Management:** We introduced rigorous inventory controls, including an ABC Analysis, to identify waste, optimize purchasing, and drastically reduce supply expenditures.
- **Labor Efficiency Optimization:** We focused on improving workforce productivity. The goal was not necessarily to cut staff, but to ensure that as revenue grew, labor costs did not balloon at the same unsustainable rate.
- **Services Pricing Structure:** We focused on a strategic pricing structure that supports the community and promotes business growth.

## The Results: Aggressive Growth and Restored Margins

The transformation over the past three years has been dramatic. The practice successfully evolved from a business sustaining significant losses to a highly profitable and rapidly scaling enterprise.

By early 2026, the hospital achieved a positive EBITDA margin of 8.1%—representing a swing of nearly \$240,000 in annual adjusted earnings.

### Revenue & Profitability Turnaround

Total income has grown steadily and exponentially since the partnership began.

<b>Year</b>	<b>Total Revenue</b>	<b>Adjusted EBITDA Notes</b>
<b>2022 (Baseline)</b>	\$1.17M	Operating at a loss of \$182,920.
<b>2023 – 2024</b>	Consistent Growth	Strategic transition period; margins improved significantly. Paying off debts, implementing pricing strategies, COGS strategies.
<b>2025</b>	\$1.99M	The practice officially turns profitable.
<b>2026 (Q1 Pacing)</b>	\$703k (Q1 alone)	On track to exceed \$2.8M annually

### **Cost and Pricing Structure Optimization**

The most impactful operational changes occurred in the aggressive reduction of expense ratios, bringing both COGS and Labor into healthy, sustainable ranges. Cost of Goods sold from 2022 to 2026 reduced by 18.7%. Similarly, Labor costs have reduced by 13.4% since 2022.

### **Looking Ahead: Entering the "Ascent" Phase**

By applying disciplined cost management and focusing heavily on operational efficiency, this practice has decisively met its primary goal of financial stability. With margins protected, COGS reduced by nearly 20 percentage points, and revenue pacing toward the \$3 million mark, the hospital is now perfectly positioned to enter the "Ascent" phase of its growth trajectory.