

Target Allocation Percentages (TAP) - Instructions

Column A

A1 – Enter your total annual collections for your most recent full year

A2 – Enter your profit (in dollars) from the same period (most likely this will be 0.)

A3 – Enter your total compensation (owner's comp) for the year

A4 – Enter the total amount you paid in taxes for the year

A5 – Enter the total of everything you spent on expenses including COGS, people, place and things. Also include all expenses for bank loans, practice notes, HELOCs, equipment expenses, and any other expenses related to operating your business. For simplicity, this should include everything that wasn't spent on owner's comp, taxes or taken as profit. If you're not sure, simply subtract your profit, owner's comp and taxes from your collections and enter that number as your operating expenses.

Column B

B2 – Divide A2 by A1 to determine your historical % Profit ($A2/A1 = B2$)

B3 – Divide A3 by A1 to determine your historical % Owner's Comp ($A3/A1 = B3$)

B4 – Divide A4 by A1 to determine your historical % Taxes paid ($A4/A1=B4$)

B5 – Divide A5 by A1 to determine your historical % Operating Expenses ($A5/A1=B5$)

Column C

This column is pre-populated with suggested targets (TAP) percentages based on an efficiently run practice. These values, can of course, be changed based on your individual goals and circumstances. These are merely provided as suggestions for shooting for what should be considered achievable goals.

Column D

D2 – D5: Multiply each corresponding TAP percentage by the Collections (A1) to populate cells D2 through D5

Column E

E2 – Subtract D2 from A2 and enter into cell E2. If negative number, place in parentheses

E3 – Subtract D3 from A3 and enter into cell E3. If negative number, place in parentheses

E4 – Subtract D4 from A4 and enter into cell E4. If negative number, place in parentheses

E5 – Subtract D5 from A5 and enter into cell E5. If negative number, place in parentheses

Current Allocation Percentages (CAP) - Instructions

Column A

A1 – Enter your total annual collections for your most recent full year

A2 – Enter your profit (in dollars) from the same period (most likely this will be 0.)

A3 – Enter your total compensation (owner's comp) for the year

A4 – Enter the total amount you paid in taxes for the year

A5 – Enter the total of everything you spent on expenses including COGS, people, place and things. Also include all expenses for bank loans, practice notes, HELOCs, equipment expenses, and any other expenses related to operating your business. For simplicity, this should include everything that wasn't spent on owner's comp, taxes or taken as profit.

Column B

B2 – Divide A2 by A1 to determine your historical % Profit ($A2/A1 = B2$)

B3 – Divide A3 by A1 to determine your historical % Owner's Comp ($A3/A1 = B3$)

B4 – Divide A4 by A1 to determine your historical % Taxes paid ($A4/A1=B4$)

B5 – Divide A5 by A1 to determine your historical % Operating Expenses ($A5/A1=B5$)

Column C

Enter your new CAP% increase/decrease goals. Start easy, 1% increase is a good place to start for your Profit, Owner's Comp and Taxes. Remember, for each % increase there needs to be a corresponding decrease in Op Exp. Enter into cells C2 through C5.

Column D

D2 – D5: Enter your new Day One CAP % for each of the cells D2-D5.

Column E

Multiply each corresponding Day One CAP percentage (Column D) by the Collections (A1) to populate cells E2 through E5 (Target \$)

Column F

E2 – Subtract E2 from A2 and enter into cell F2. If negative number, place in parentheses

E3 – Subtract E3 from A3 and enter into cell F3. If negative number, place in parentheses

E4 – Subtract E4 from A4 and enter into cell F4. If negative number, place in parentheses

E5 – Subtract E5 from A5 and enter into cell F5. If negative number, place in parentheses