

7 HOT TIPS TO BOOST REVENUE

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Making your practice more profitable and positioning it for continued success isn't about luck. You don't roll the dice and hope to meet your medical and financial goals for the year. Being profitable is about playing the right hand at the right moment and making changes in your practice that maximize your strengths. Try these tips to ensure your practice will be flush with success.

Tip #1 – Make strategic fee changes.

Instead of annual, across-the-board increases, review fees quarterly and determine the ones you'll increase, the fees that won't change, and in some rare situations the fees you'll reduce. Monitor the quality of your patient care and client service to ensure both continue to reflect your fee structure (and vice versa). Teach and mentor your staff to boost everyone's comfort and confidence with talking about money and communicating your value.

- **Competitively price shopped services.** A market-based approach is best for price-sensitive services such as vaccinations and elective surgeries. Conduct a Community Survey to gather market data. How do you stack up compared to others? The range of fees in the market place and your target client demographic will guide your pricing decisions.
- **Price inventory items based on cost.** The median markup on medication dispensed through the in-house pharmacy is 150%, and through the on-line pharmacy it's 100%. The median markup on heartworm, flea and tick items is 95% in-house and 80% on-line. Markups on drugs for chronic conditions are 100% in-house and 85% on-line. Apply the markup to the cost, including shipping and sales tax, and add a handling/dispensing fee of \$6 to \$12. Example:

In-house pharmacy cost	\$10
Markup – 150%	\$15
Handling fee	<u>\$10</u>
Final price to client	\$35

If you make bulk purchases to get a better price, keep the savings versus passing it on to the client.

- **Employ variable pricing in select situations.** There may be times when you want to influence client behavior, reward a client or patient demographic, or increase business during certain times of the day or days of the week with modified pricing. Examples of variable pricing include a discount on dentistry during February, senior citizen discounts, Preventive Wellness Plans at a lesser cost than the ala carte price, concessions for humane or rescue organizations, and price concessions during a block of time that is traditionally slow in the practice. Variable pricing can be an effective tool, but carefully consider all the factors and keep your price concessions under 15%.
- **Price doctors' non-shopped services based on value.** Published resources like WTA's *Benchmarks Well-Managed Practice Study* and AAHA's *The Veterinary Fee Reference* provide insights about pricing value-based services. A client can see the tangible benefits of your services in a happy, healthy pet. Continue to look for other opportunities to influence clients' perception of value. What's most important to them and keeps them coming back? What's a turn-off? If you don't know, ask them. Does your external

and internal “visual” match your price? People think and hear with their eyes, so make sure your image and value match. Consumers want reliable, predictable, familiar service. Be consistent, so clients know what to expect every time.

- **Reduce a fee if there’s no other solution.** For any service or product you hesitate to offer (or don’t charge for) because you think it’s over-priced, consider lowering the fee. Take this approach only after you’ve exhausted all other efforts to change the practice’s internal perception of the value of this item. Talk with your staff to explore why the item is priced at this level, and calculate the true cost of providing it. If you still believe the item is over-priced, then lower it. Reducing the fee might help make your team more comfortable offering the service every time it’s appropriate. Plus, charging something is better than nothing.

Tip #2 – Re-energize your practice’s compliance efforts.

If your team has run out of steam on compliance, perhaps it’s time to change the word we use to describe “patients receive the healthcare necessary to ensure a long, healthy life in harmony with our medical protocols.” I like the word harmony, but feel free to choose your own, favorite word. In the book *If Disney Ran Your Hospital*, author Fred Lee describes four levels of motivation – the first, compliance, is defined as “doing what someone makes me do,” which isn’t very motivating! Mr. Lee suggests we instead need to move through the other levels of motivation – willpower (doing what I believe I should do), imagination (doing what I want to because I feel like it) and habit (doing what comes naturally). So let’s change what we call “compliance” to move clients to the “habit” level of motivation.

Not sure where your practice stands when it comes to client compliance? Here’s a quick and easy project to find out. Choose three critical preventive wellness components of care your patients need, but not all are getting. Meet with your team and set daily, weekly, monthly, and annual goals to increase the number of times you provide this necessary care. Monitor your progress, discuss the results, and make any adjustments necessary to hit your goals.

Example: a practice chose fecal testing, dentistry, and senior wellness testing as the areas they wanted to improve patient compliance with. This practice has 6,000 active patients with the following age distribution: less than 3 years of age – 25%, or 1,500 patients; 3 to 6 years of age – 25% or 1,500 patients; more than 6 years of age – 50% or 3,000 patients.

The doctors and staff set the following goals:

	-----Percentages-----		
	<u>Goal</u>	<u>Actual</u>	<u>Opportunity</u>
Fecal testing,	90%	50%	40%
Senior wellness testing	90%	40%	50%
Dentistry - pets 3+ years of age	50%	20%	30%

	-----Number of occurrences-----		
	<u>Goal</u>	<u>Actual</u>	<u>Opportunity</u>
Fecal testing,	5,400	3,000	2,400
Senior wellness testing	2,700	1,200	1,500
Dentistry	2,250	900	1,350

They set a weekly goal of doing 46 more fecal tests, 29 more senior wellness tests, and 26 more dental procedures. They will track and monitor their progress and make any necessary adjustments to hit their targets.

Tip #3 – Spark growth with a new service.

Adding new services to your repertoire creates fresh energy and enthusiasm for the entire team. New services are another opportunity to differentiate your practice, expand the offerings for existing patients, and attract new clients. Rehabilitative therapy topped the list for Benchmarks participants in the past 2 years, followed closely by laser therapy. Behavior counseling made the list of future additions in the next 2 years. Dr. Richard Vesper, owner of Avery Animal Hospital in Hilliard, OH has been providing behavior counseling for 10 plus years. Yet it

never quite took off in the way he had envisioned. With the assistance of his technician, Gretchen Latham, they've reworked their approach and are seeing good results.

If you're looking for a new growth center, or a new campaign to improve client compliance with previous recommendations, check out dvm360.com/toolkit. The packages there on dentistry, parasitology, dermatology and more feature client handouts, team member handouts, staff meeting ideas, Facebook posts and tweets, audio and video clips and more to help you educate and inspire.

Tip #4 –Use the marketing technology you pay for.

Boosting revenue requires an effective marketing plan. And there are lots of companies that offer lots of options to help craft your marketing plan. Do you know how many marketing tools your company has purchased, or which technology software does what? Do they overlap? Have you kept up on the latest technological innovations for use in and for veterinary hospitals? Is your hospital even using all of the “stuff” you've bought? Does it work? Do your clients like it? Does the team like it?

If your hospital's like most, you probably don't know the answer to all of those questions. To start, gather what you need for an overview. Think of this as a treasure hunt. Pull current invoices for the marketing and technology services you subscribe to, including your website, digital marketing, print ads, Yellow Pages (or other directories) and any other marketing you engage in. Make sure you know what each service does; call the provider to ask if you're not completely sure. Are new services being added? Can the price be lowered now?

Create a spreadsheet so you can compare the services you've subscribed to side-by-side. The goal of this exercise is to narrow the list to services and technology you're actually using and find the value amongst all of those must-haves you purchased through the years. Kelly Baltzell, President and CEO of Beyond Indigo Pets recommends including the following information in your spreadsheet:

Product or Service – what is it?

Do you use it? Is it duplicated elsewhere? When attending a convention or inspiring meeting, you hear about the latest, greatest, next best thing and sometimes buy it or sign up for it on the spot. The practical need for the service may not be clear. Plus even with the best of intentions and some utility at the time, as the years pass, technology changes. For example, some practice management software now offers text and e-mail reminders, so a secondary service with the same services may now be redundant.

Is it meeting your goal? If you don't know the answer, or the service is sitting unused, that's a red flag. Marketing services should make happy clients and keep the door swinging. Technology needs to be useful to the staff, the pet owners, or both. Measurement should be in ROI – both financial and in happy clients!

How much does it cost? What's the monthly cost of the service and technology? Can the price be lowered? What's included in the cost?

Is it a “want” (this is so cool!), a “need” (our clients expect this), or a “must-have” (we can't get by without this)? We've all made impulse purchases based on emotion in our personal and professional lives. This spreadsheet is the perfect opportunity to step back and see if that e-mail reminder system or website optimization company is something your business really needs. Over time, a need may change to a must-have and a want into a need. But it goes the other way too. Some must-haves slowly fade away (Yellow Pages, anyone?).

Once every product and service is in the spreadsheet, the decision-makers in your hospital should be able to see how useful they are. Talking to everyone in the team will help too. Are there any needs or must-haves missing from the list? If there are, those items would be the next ones to research and purchase.

In Benchmarks 2016: A Study of Well-Managed Practices, Bill Schroeder, owner of InTouch Practice Communications, explains how to dig through online reviews and SEO to manage your on-line reputation – an important part of your marketing plan. He recommends:

Step 1 – set up Google Alerts at google.com/alerts to receive notifications when certain words or phrases are indexed by Google (like about your name and your practice name).

Step 2 – establish accounts with Yelp, Google, and Facebook, and then let clients know that you appreciate review comments on those channels.

Step 3 – set up a service to automatically send electronic surveys after each appointment so that reviews can be gathered, organized and positioned properly on the practice website.

Tip #5 – Implement patient-calming, patient-friendly techniques.

Is it worth it to calm and quiet the practice, to gently handle patients, to treat and distract for exams, and to teach clients about stress in their pets and how to teach them another way? Yes! Practices using low-stress techniques are seeing revenue growth and believe these techniques lead to better medical care. To enhance your team's knowledge (or if you haven't yet begun), get certified through AAHA's Fear Free certification program (fearfreepets.com). Visit www.dvm360.com/lowstress for free handouts, videos, galleries, how-tos and general advice about low-stress veterinary visits. Attend specialized tracks on behavioral health of pets and low-stress veterinary visits when attending conferences like NAVC. And for extra help with your feline patients, the American Association of Feline Practitioners provides fantastic guidelines about how to ensure your feline patients leave your practice calmer, and visit catvets.com/cfp/veterinary-professionals.

Tip #6 – Create a sales culture

The word “sales” can conjure up negative stereotypes of the used car salesperson who says whatever is necessary to get you into that old clunker. It's time to change that misconception and define the true meaning of selling: education that allows clients to make informed decisions.

A sales culture benefits all stakeholders. Clients receive the peace of mind that comes with making the best decisions for their pet's well-being. Pets receive complete care. Staff members take pride in knowing their expertise is directly benefitting pets. Practice owners feel that same pride and see the increase revenue that leads to better team pay, a healthier bottom line, and a stronger business to sell down the road. Resolve this year to make your practice the definitive source of pet well-being in your area by building a practice where all staff members provide the education and recommendations necessary for optimal patient care.

Dr. Michael Watts, owner of Clevengers Corner Veterinary Care in Amissville, Virginia, says he, his associates, and his staff got into veterinary medicine to help pets, not for the money. This is also very likely for you and your practice. However, Dr. Watts notes that the money serves as a good measure of how well you're doing in reaching the goal of best serving patients and clients. In fact, he chooses to share sales figures with his staff. He creates a culture where sales are a measure of compliance, and compliance is a measure of how well pets are getting the care they deserve.

Dr. Brent Cook, owner of Kingsbrook Animal Hospital in Frederick, Maryland agrees. He says they've gone through phases where they talked about sales and revenue with all the staff, but most of the time that didn't work well for their practice. “Most of our staff members are not in it for the money – they would give up the clothes on their back to help an animal in need. As a result, if we bring up too much about sales and revenue, they start to think that all we care about is the bottom line and not our patients. But that's easy to fix from both sides. Good medicine is profitable. So we educate our staff and our clients about what is best for their pet, and the sales and revenue take care of themselves.”

Dr. Cooks says he does talk about revenue with the doctors and managers, but it's always in conjunction with a discussion about making sure consistently good medicine is offered to patients no matter which doctor they see. Rather than look at sales of professional services, they look at a specific item, like tonometry, and see how many tonometries each doctor completed relative to the number of patients they saw. If they are all consistently practicing the same quality medicine, then this value should be about the same for all of the doctors. Sometimes it is, sometimes it's not. “If it's not,” says Dr. Cook, “we discuss why it's different. Sometimes we find that a doctor just wasn't educated on the service, sometimes the other doctors offer a better way for them to word it to clients. The key is the discussion that gets everyone on the same page. Nobody gets defensive because their numbers aren't as good. After our discussion, they want to increase “sales” because it's better medicine, not because it's more profitable. But, better medicine is more profitable, so it's a win-win.”

Tip #7 –Join a WMP Management Group.

These groups of 20 high-quality practices meet twice a year and discuss anything and everything related to managing a veterinary practice. From financials and fees to marketing, staff development and transition planning – strategies and insights are willingly shared by the members.

Group member Dr. Dean Tyson says, “We always return from our WMP Group Meeting energized and excited about bringing the information back and implementing it. We are thankful to have partnered with the WMP Groups, are grateful for our achievements thus far, and look forward to continuing the journey.”

Member Dr. Peter Fisher adds, “Membership in our WMP Group has transformed the way I manage our hospital and how it functions on a day-to-day basis. I feel better about how my practice operates and have a new understanding about our finances.” Contact WTA Veterinary Consultants or visit wellmp.com to learn more about our WMP Management Groups.