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NCVEI Update: New Insights in Practice Growth

Karen E. Felsted, CPA, MS, DVM, CVPM
CEO - National Commission on Veterinary Economic Issues
National Commission on Veterinary Economic Issues

Formed in 2000 to address economic/business issues facing the profession
NCVEI Founding/Gold Sponsors

- Bayer
- VPI Pet Insurance
- CareCredit

Other Sponsors

- Abbott Animal Health
- Webster Veterinary
- SEF Simmons Educational Fund
- Catalyst Council
Agenda

• NCVEI Update:  
  Dr. Karen E. Felsted

• Study Background:  
  Ian Spinks, President and General Manager of Bayer Animal Health North America

• Bayer Veterinary Care Usage Study:  
  John Volk, Dr. Karen E. Felsted

• Q & A
The National Commission on Veterinary Economic Issues was formed in 2000 by the American Veterinary Medical Association, the American Animal Hospital Association and the Association of American Veterinary Medical Colleges to ensure the economic future of veterinary medicine.

The NCVEI’s goal is to provide veterinarians and veterinary students with the information, tools and resources necessary to improve their non-technical professional skills and their financial prowess. The NCVEI was built on the premise that quality patient care requires a sound economic foundation and offers a large range of benchmarking and practice management resources for those in private practice.

To get started, choose the area below that best fits you for tools and information customized to your area of veterinary medicine or visit the Resource Library.

Which are you?
Research

• VHMA/VetPartners/NCVEI Success Attributes Project

• Bayer Veterinary Care Usage Study
Trends
No Increase in Use of 19 Business Practices

AVMA-Pfizer Business Practices Study
Bayer/Brakke Management & Behavior Study
Earnings vs. Business Practices

- 62% of practice owners don’t use financial concepts to manage their businesses

- Those that do earn two-thirds more than those that don’t

AVMA-Pfizer Business Practices Study
NCVEI/VetPartners Final Profitability Estimator Results for 2009

- Average profit margin 9.9%
- Median profit margin 10.3%

- >18% (Superior) 33 users (11.8% of all users)
- 16-18% (Excellent) 75 users (26.9% of all users)
- 13-15.99% (Good) 68 users (24.4% of all users)
- 8-12.99% (Fair) 34 users (12.2% of all users)
- < 8% (Poor) 69 users (24.7% of all users) (37 are negative)
Us Versus Them: Profits

“The Most Profitable Small Businesses”
Forbes.com 4/15/10
Median FTE Staff/FTE Veterinarian

AAHA PulsePoints 2004-2010

- 2003: 3.3 FTE Staff, 1.5 FTE Veterinarian
- 2005: 4.0 FTE Staff, 2.0 FTE Veterinarian
- 2007: 4.3 FTE Staff, 2.0 FTE Veterinarian
- 2009: 4.7 FTE Staff, 2.4 FTE Veterinarian

Yellow bars represent All Staff, and red bars represent Techs/VA.
Veterinary Student Debt & Starting Salaries

- 2010 graduate - US veterinary college
  - $67,359 average private practice starting salary
  - $133,873 average debt
- 89.9% of those graduating had student debt
- 91.4% of the debt was incurred while in veterinary school
- 36.7% have debt in excess of $150,000
  - 15% have debt in excess of $200,000
  - Not uncommon to see in excess of $250,000
Us Versus Them: Earnings

BLS 5/09
Financial Impact of Veterinary Career Choices in SA Medicine

• Present value of income stream 34 years post graduation
  – Board-certified specialist $2,272,877
  – General practice owner owning immediately $2,119,596
  – General practice owner owning after 10 years $1,736,333
  – ¾ time specialist $1,702,744
  – Non-owner general practitioner $1,221,131

“Comparison of Long-Term Financial Implications of Five Veterinary Career Tracks” JAVMA 8/15/10
The Recession is NOT Over…. 

How did the number of patient visits for the first 9 months of 2010 compare to the same period in 2009?

- 2010 increased > 5% 13.0 %
- 2010 increased 1 - 5% 16.4 %
- 2010 was essentially flat 15.5 %
- 2010 declined 1 - 5% 30.0 %
- 2010 declined > 5% 25.1 %

NCVEI QuickPoll Oct-Dec, 2010
Consumer Confidence

Index 1985 = 100

Source: The Conference Board
But It’s Not All About the Recession....

[Graph showing the number of pets and visits over years from 1996 to 2006.]
Median New Clients/FTE Veterinarian

2001: 271
2003: 250
2005: 243
2007: 230
2009: 218

AAHA PulsePoints 2002-2010
Median Active Clients/FTE Veterinarian

AAHA PulsePoints 2002-2010
Median Transactions/FTE Veterinarian

AAHA PulsePoints 2002-2010
Patients/Veterinarian/Week

<table>
<thead>
<tr>
<th>Year</th>
<th>Patients</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>75</td>
</tr>
<tr>
<td>2000</td>
<td>76</td>
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<tr>
<td>2003</td>
<td>73</td>
</tr>
<tr>
<td>2006</td>
<td>68</td>
</tr>
<tr>
<td>2009</td>
<td>66</td>
</tr>
</tbody>
</table>

DVM State of Profession Survey 2009
Pet Owners/Clients

• Pet owner ≠ client
• Large # of pets aren’t getting basic care
  – 23.9% of pet owning HHs spent $0 at a veterinarian’s (2006)
  – 27.0% of HH spent $1-$199/year
  – 21.9% spent over $500/year
• % of dogs getting 1+ doses of HWP in 2009 ranges from 21.5 - 43.4% (depending on region)
  – # getting 12 doses much less
  – Cats much less

Significant Fee Increases Since 2004

- 76% of fees increased above rate of inflation from 2004 - 2006
  - 67% of anesthesia fees: 11 - 24% above inflation
  - 72% of treatment procedures: 6 - 22% above inflation
  - 60% of surgery fees: 8 - 54% above inflation
- Rate of increase slowed from 2006 – 2008

AAHA Veterinary Fee Reference-5th, 6th editions
NCVEI July, 2010 QuickPoll

Have You or Will You Be Increasing Your Fees for 2010?

- No 18.1%
- No, we lowered our fees 1.4%
- Yes, on average from 1 - 4% 45.8%
- Yes, on average from 5 - 8% 29.2%
- Yes, on average from 9 - 12% 4.2%
- Yes, on average greater than 12% 1.4%
Key Issues

• Why aren’t veterinary practices more profitable and what business practices do veterinarians need to engage in to improve earnings?

• What is going to be the long-term impact of the recession on veterinary medicine?

• Why are veterinary visits down while pet numbers are rising?

• What impact is this having on the quality of pet care and veterinary earnings?

• What can be done about it?
Ian Spinks
President and General Manager
Bayer Animal Health North America

BAYER VETERINARY CARE
USAGE STUDY

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Three Major Concerns

• Are pets getting the veterinary care they need?

• What impact is it having on the economic health of the profession?

• Can the trend be reversed?
Potential for Major Study

• 1998 Bayer/Brakke Management and Behavior study
  – Measured impact of management practices, business behaviors on companion animal veterinarians’ incomes
  – Contributed to formation of NCVEI

• Veterinary visit trends: Need for another game-changing research study
Goals

• Identify the root causes for decline in veterinary visits

• Determine what, specifically, can be done to reverse the trend

Bayer Veterinary Care Usage Study

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Research Team

• Brakke Consulting
  – Project design, management

• NCVEI
  – Expertise in the economics of veterinary medicine & practice management

• Ipsos-Forward research
  – Field studies

• Bayer Marketing Research team
  – Bayer oversight
University Consultants

- Southern Methodist University
  - John Slocum, PhD
- Texas Christian University
  - William Cron, PhD
- Kansas State University
  - David Andrus, PhD
  - Kevin Gwinner, PhD
  - Bruce Prince, PhD

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Key Findings

• There are 6 key factors that limit visits
• Veterinarians can impact four, especially the three most important
• There are specific actions that each practice can take to grow client traffic and improve patient care
• Veterinarians as a profession need a consistent message on the importance and frequency of veterinary care
• It is highly likely that the trend can be reversed
HOW THE STUDY WAS DONE
WHAT WE LEARNED

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Methodology

- Literature review
- In-depth interviews with veterinarians
- In-depth interviews with pet owners
- National survey of pet owners
  - Online survey of 2,000 pet owners
  - Statistical reliability: 2.2%; 3.1% per species
- National survey of veterinarians
  - To be conducted Q1 2011
Why Visits Are Declining

Environmental Factors
• Recession
• Fragmentation of veterinary services
• Internet Information

Client Factors
• Don’t understand need
• “Sticker shock”
• Feline resistance

Bayer Veterinary Care Usage Study

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1. Recession: Top of Veterinarians’ Minds

- Impact of the Economy
  - Competition on Services
  - Competition on Medication
- Information Age
  - Pressure to Continuously Improve Diagnostic Equipment
  - Increased Role of Pet Insurance
- Change in Vaccine Protocols
  - Increased Cost of Employee Benefits
  - Medication is Better
- Clients with Less Time
  - A Trend Toward Indoor Pets
  - Debt Burden for New Graduates
  - More “Rescue” Pets
  - Fee Increases

Bayer Veterinary Care Usage Study

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Visit Trend by Income

**Dog Survey Pet**

- $75K+: 90% (n=490)
- $35K - $75K: 86% (n=340)
- Less Than $35K: 78% (n=227)

**Cat Survey Pet**

- $75K+: 66% (n=433)
- $35K - $75K: 64% (n=368)
- Less Than $35K: 57% (n=239)

Q4. Using your best estimate, how long ago did [SURVEY PET] last visit a veterinary clinic?

Base: All survey pets that have ever visited the veterinarian (Dogs n=1057) (Cats n=1040)

Bayer Veterinary Care Usage Study

©2011 Bayer HealthCare LLC, Animal Health Division, Bayer Veterinary Care Usage Study
Visit Trend by Employment Status

Dog Survey Pet

- Employed Full-time: 88% (12% Less than 12 months, 88% More than 12 months)
- Employed Part-time: 88% (13% Less than 12 months, 88% More than 12 months)
- Currently Unemployed: 77% (23% Less than 12 months, 77% More than 12 months)
- Other: 85% (15% Less than 12 months, 85% More than 12 months)

Cat Survey Pet

- Employed Full-time: 64% (36% Less than 12 months, 64% More than 12 months)
- Employed Part-time: 64% (36% Less than 12 months, 64% More than 12 months)
- Currently Unemployed: 57% (43% Less than 12 months, 57% More than 12 months)
- Other: 64% (36% Less than 12 months, 64% More than 12 months)

Less than 12 months □ More than 12 months

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2. Fragmentation: Also High on Veterinarians’ Minds

- Impact of the Economy
- Change in Vaccine Protocols
- Clients with Less Time
- Competition on Medication
- More “Rescue” Pets
- Fee Increases
- A Trend Toward Indoor Pets
- Debt Burden for New Graduates
- Increased Cost of Employee Benefits
- Medication is Better
- Increased Role of Pet Insurance
- Pressure to Continuously Improve Diagnostic Equipment
- Information Age
- Competition on Services

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Pet Owners Have More Options

Pet Store Clinics
+ 500 2000-2010

Specialty Practices
• Shared client
• Loss of chronic cases

Traditional Clinic

Mobile “Parking Lot” Clinics
• Low cost
• Limited service

Shelters, Subsidized Care

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Veterinarian Supply Growing Faster Than Pet Owner Demand

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CA Veterinarians</td>
<td>30,255</td>
<td>44,785</td>
<td>+48</td>
</tr>
<tr>
<td>CA Practices</td>
<td>20,170</td>
<td>22,393</td>
<td>+11</td>
</tr>
<tr>
<td>Dogs</td>
<td>52,922</td>
<td>72,114</td>
<td>+36</td>
</tr>
<tr>
<td>Cats</td>
<td>59,094</td>
<td>81,721</td>
<td>+38</td>
</tr>
</tbody>
</table>

AVMA Data

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Impact of Fragmentation

- There are more veterinarians, in more types of practices
- Pet owners have and use more choices
- Loss of “starter” services
  - Spay-neuter
  - Vaccinations
3. Internet: “Paging Dr. Google”

• When pet sick or injured many pet owners turn to Google
  – Reduces number of calls to veterinarian
  – Less “bring pet in so we can check it over”
• Vets: Many pets recover without treatment
• Those that don’t recover may require more serious care
  – “I’m seeing pets three days sicker.”
Impact of Internet Information

- Look online first if pet sick or injured
  - 12% Completely Agree
  - 27% Somewhat Agree
  - 25% Neither A or D
  - 17% Somewhat Disagree
  - 19% Completely Disagree

- After vet visit, almost always go online
  - 5% Completely Agree
  - 15% Somewhat Agree
  - 29% Neither A or D
  - 21% Somewhat Disagree
  - 28% Completely Disagree

- With Internet, don't rely on vet as much
  - 3% Completely Agree
  - 12% Somewhat Agree
  - 30% Neither A or D
  - 26% Somewhat Disagree
  - 30% Completely Disagree

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Importance of Internet Information

• Nearly all pet owners use the Internet
  – E-mail, Facebook, Google, etc.

• Veterinary practices need to be as Internet-oriented as clients – clients expect it
  – Robust website
  – E-mail communications, including reminders
  – Appointment calendar accessible via web

• Designate Electronic Receptionist?

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4. You are in a test of wills with cats.

And cats are winning.
Fewer Cats Have Primary Clinic, Visit Less

Dog Survey Pet

Routinely go outdoors: 91%
Rarely go outdoors: 90%
Never go outdoors: 83%

Cat Survey Pet

Routinely go outdoors: 84%
Rarely go outdoors: 86%
Never go outdoors: 82%

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Getting Cat to Vet is Problem

Travel/Arrival at the Clinic was identified as a key friction point

- It defines the experience of a cat owner
- Key point of differentiation between lighter and heavier users
- It is where the opportunity for dissatisfaction is initiated
- An area where “suggested improvements” were common

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Attitudes Toward Vet Visits

- Would not take if vaccination not needed
  - Dog: 33.3
  - Cat: 40.9

- Would only take if sick
  - Dog: 26.2
  - Cat: 37.6

- Just thinking about it is stressful
  - Dog: 23.7
  - Cat: 39.4

- Pet hates going to vet
  - Dog: 37.5
  - Cat: 58.2

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Most Recent Vet Visit, Years

Dog

- <1: 86
- 1-2: 10
- 3-4: 31
- 5+: 1

Cat

- <1: 64
- 1-2: 22
- 3-4: 7
- 5+: 8

Bayer Veterinary Care Usage Study

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5. Need for Exams Not Understood

• Vet = Shots
  – Change in vaccine habit not replaced by exam habit

• Many owners don’t understand how often pet should have exam, why, and what the benefits to pet and owner are

Bayer Veterinary Care Usage Study
Attitudes Towards Routine Exams

- Except for shots, would not take to vet: 10% Completely Agree, 26% Somewhat Agree, 30% Neither A or D, 18% Somewhat Disagree, 16% Completely Disagree
- Would only take if sick: 10% Completely Agree, 23% Somewhat Agree, 18% Neither A or D, 24% Somewhat Disagree, 26% Completely Disagree
- Pets usually get better on own: 2% Completely Agree, 19% Somewhat Agree, 37% Neither A or D, 26% Somewhat Disagree, 16% Completely Disagree
- Routine checkups unnecessary: 9% Completely Agree, 15% Somewhat Agree, 23% Neither A or D, 21% Somewhat Disagree, 32% Completely Disagree
- Indoor pets don't need checkups: 4% Completely Agree, 11% Somewhat Agree, 18% Neither A or D, 26% Somewhat Disagree, 42% Completely Disagree
- Without checkups, pet more likely to get sick: 11% Completely Agree, 20% Somewhat Agree, 36% Neither A or D, 21% Somewhat Disagree, 13% Completely Disagree

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Pet Owners Consciously Deciding Not To Go

Dogs (n=957)

- More Often: 10%
- Less Often: 12%

Cats (n=866)

- More Often: 6%
- Less Often: 18%

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## Perceive Indoor Pets Need Less Vet Care

<table>
<thead>
<tr>
<th>Dog Survey Pet</th>
<th>Cat Survey Pet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Live indoors and routinely go outdoors (n=876)</td>
<td>Live indoors and routinely go outdoors (n=584)</td>
</tr>
<tr>
<td>86%</td>
<td>66%</td>
</tr>
<tr>
<td>Live indoors and rarely go outdoors (n=159)</td>
<td>Live indoors and rarely go outdoors (n=171)</td>
</tr>
<tr>
<td>83%</td>
<td>68%</td>
</tr>
<tr>
<td>Live indoors and never go outdoors (n=22*)</td>
<td>Live indoors and never go outdoors (n=285)</td>
</tr>
<tr>
<td>75%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Less than 12 months | More than 12 months

Q4. Using your best estimate, how long ago did [SURVEY PET] last visit a veterinary clinic? Base: All survey pets that have ever visited the veterinarian (Dogs n=1057) (Cats n=1041)

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Older Animals, Especially Cats, at Risk

Q8. Generally speaking, would you say you take [SURVEY PET] to its primary veterinary clinic more often, less often or the same amount as two years ago?

Base: All survey pets that have a primary veterinarian (Cats n=862)

- **Cat Survey Pet**
  - <3 years old (n=243): 7% (Top 2 Box) and 13% (Bottom 2 Box)
  - 3 - 8 years old (n=416): 4% (Top 2 Box) and 18% (Bottom 2 Box)
  - 9+ years old (n=203): 10% (Top 2 Box) and 21% (Bottom 2 Box)

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6. The “Sticker Shock” Issue

• Contrary to common belief, demand for veterinary services is not inelastic

• **Frequency** and **size** of fee increases are factors

• “All of a sudden, the price just skyrocketed. You could go when it was 60 bucks, now I can’t get out for less than $150.”

Bayer Veterinary Care Usage Study
Cost Perceptions

Costs usually much higher than expected
- Completely Agree: 19%
- Somewhat Agree: 34%
- Neither A or D: 28%
- Somewhat Disagree: 13%
- Completely Disagree: 6%

Always looking for less expensive vet options
- Completely Agree: 8%
- Somewhat Agree: 18%
- Neither A or D: 30%
- Somewhat Disagree: 19%
- Completely Disagree: 25%

Would switch for less expensive vet
- Completely Agree: 10%
- Somewhat Agree: 16%
- Neither A or D: 25%
- Somewhat Disagree: 21%
- Completely Disagree: 28%

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Dr. Karen E. Felsted, CPA, MS, CVPM
CEO-National Commission on Veterinary Economic Issues

INCREASING VETERINARY VISITS

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Lessons Learned

• There is no “typical” pet owner — different owners want different things
  — Much overlap in what pet owners want
  — Very difficult to truly identify who goes in which category

• Focus on implementing the following solutions
  — Every client, every patient, every record, every time
Why Visits Are Declining

Client Factors
• Don’t understand need
• “Sticker shock”
• Feline resistance

Environmental Factors
• Recession
• Fragmentation of veterinary services
• Internet Information

Bayer Veterinary Care Usage Study

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I Would Take My Dog to the Vet More Often if.....

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>If I knew I could prevent problems and expensive treatment later</td>
<td>59%</td>
</tr>
<tr>
<td>If I was convinced it would help my pet live longer</td>
<td>59%</td>
</tr>
<tr>
<td>Each visit was less expensive</td>
<td>47%</td>
</tr>
<tr>
<td>I really believed my pet needed exams more often</td>
<td>44%</td>
</tr>
<tr>
<td>It wasn’t so stressful for me and my pet</td>
<td>22%</td>
</tr>
<tr>
<td>My pet didn’t dislike it so much</td>
<td>19%</td>
</tr>
<tr>
<td>The clinic was more conveniently located</td>
<td>17%</td>
</tr>
<tr>
<td>The visits did not take so long</td>
<td>15%</td>
</tr>
<tr>
<td>The clinic was a more pleasant place</td>
<td>13%</td>
</tr>
<tr>
<td>The receptionist at the veterinary clinic was friendlier</td>
<td>12%</td>
</tr>
<tr>
<td>The veterinarian was nicer</td>
<td>11%</td>
</tr>
</tbody>
</table>

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I Would Take My Cat to the Vet More Often if…..

- If I knew I could prevent problems and... 56%
- Each visit was less expensive 54%
- If I was convinced it would help my pet... 53%
- I really believed my pet needed exams... 49%
- It is wasn’t so stressful for me and my pet 28%
- My pet didn’t dislike it so much 26%
- The visits did not take so long 17%
- The clinic was more conveniently located 17%
- The clinic was a more pleasant place 15%
- The veterinarian was nicer 11%
- The receptionist at the veterinary clinic... 10%

Top 2 Box (Completely/ Somewhat Agree)

Bayer Veterinary Care Usage Study

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# Increasing Dog Visits: Things Veterinarians Can Do

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitive product prices</td>
<td>51%</td>
</tr>
<tr>
<td>Wellness plan billed monthly</td>
<td>46%</td>
</tr>
<tr>
<td>Full-year health program</td>
<td>42%</td>
</tr>
<tr>
<td>Extended business hours</td>
<td>41%</td>
</tr>
<tr>
<td>Information about financing programs</td>
<td>29%</td>
</tr>
<tr>
<td>Online appointment scheduling</td>
<td>28%</td>
</tr>
<tr>
<td>Pet health records online</td>
<td>27%</td>
</tr>
<tr>
<td>Drop-off appointments</td>
<td>26%</td>
</tr>
<tr>
<td>Certain days or hours reserved for cat only or dog only</td>
<td>8%</td>
</tr>
<tr>
<td>Play area for kids</td>
<td>3%</td>
</tr>
</tbody>
</table>

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Increasing Cat Visits: Things Veterinarians Can Do

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extended business hours</td>
<td>45%</td>
</tr>
<tr>
<td>Wellness plan billed monthly</td>
<td>44%</td>
</tr>
<tr>
<td>Competitive product prices</td>
<td>43%</td>
</tr>
<tr>
<td>Full-year health program</td>
<td>37%</td>
</tr>
<tr>
<td>Drop-off appointments</td>
<td>32%</td>
</tr>
<tr>
<td>Information about financing programs</td>
<td>29%</td>
</tr>
<tr>
<td>Pet health records online</td>
<td>25%</td>
</tr>
<tr>
<td>Online appointment scheduling</td>
<td>24%</td>
</tr>
<tr>
<td>Certain days or hours reserved for cat only or dog only</td>
<td>18%</td>
</tr>
<tr>
<td>Play area for kids</td>
<td>3%</td>
</tr>
</tbody>
</table>

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Five Key Solutions

• Track visits and related metrics monthly
• Develop and communicate a profession wide mantra regarding need for exams and other care
• Manage pricing and communicate value to avoid “sticker shock”
• “Friend” the cats in your practice
• Make it easy for clients to schedule and keep appointments
Track Visits and Related Metrics Monthly

• Can’t manage what you don’t measure

• Visits and transactions are not the same — need to track both
  — Visit = pet coming to the practice for an exam or procedure (annual physical, dental, surgery)
  — Transaction = any invoice

• Visits may be more difficult to identify in your practice management software
  — Review available reports
  — Talk to your software help desk about options
Track Visits Related Metrics Monthly

• Related metrics
  – Transactions
  – Transactions/visits per active client
  – New clients
  – Active clients
• Caveat: No single metric can give you all the info you need to better manage your practice
• Don’t forget to calculate profitability

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Pet Owners Are Very Misinformed

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Exams: Pet Owners Don’t Get It

If my pet did not need to be vaccinated every year, I would not take it to the veterinarian as often:

- Completely agree: 10%
- Somewhat agree: 26%
- Neither agree nor disagree: 30%
- Somewhat disagree: 18%
- Completely disagree: 16%

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Educating Pet Owners About the Need for Exams and Other Care

• Profession-wide efforts
  – Develop mantra similar to “twice a year dental cleaning” or USDA “Five a Day”
  – Identify and disseminate science-based information regarding need for exams and other wellness care
  – Initiate research in areas where science-based information is lacking
  – Reduce fragmented information initiatives—profession should work together to provide ONE go-to resource about pet health care

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Educating Pet Owners About the Need for Exams and Other Care

• Practice efforts
  – Identify science-based information regarding need for exams and other wellness care
  – Educate clients about WHY exams and wellness care are so important
    • Prevention of future problems
    • Longer life for pet
    • Happier/healthier pet now
  – Educate clients about WHAT the exam includes and how this helps you help their pet

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Educating Pet Owners About the Need for Exams and Other Care

• Practice efforts
  – Develop client-friendly communication materials in multiple media formats
    • People take in information differently
      – Hearing, reading, seeing
      – Brochures, website, podcasts, posters & models
    • Don’t underestimate the power of the Internet as an information source
      – Refer to your website
      – Refer to other websites you trust
      – Social media
Educating Pet Owners About the Need for Exams and Other Care

- **Practice efforts**
  - Train doctors and staff members to talk in a pet-owner friendly manner about common recommendations and conditions
  - Develop one message to be communicated by all doctors/staff in a practice
  - Expand reminder system
    - Types of items for which reminders are sent
    - Language that communicates value
    - Different formats—e-mail, texts, phone calls, mail

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Price is an Issue

- Would switch vets if found one less expensive
- Would try another clinic if they had a coupon or special
- Always looking for less expensive option for vet services/products

Agree/somewhat agree Neutral

26% 25% 25% 26%
30% 25% 26%
30%

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I Would Take my Pet to the Vet More Often if Each Visit was Less Expensive

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Cost and Value Attributes Weaker

Value for money spent and payment options are identified as most significant room for improvement. Waiting room comfort (for both owner and pet) are also key drivers where veterinarians tend to perform less well on.

Veterinarians tend to perform well on relationship attributes, all of which are key drivers of “complete” satisfaction.

Attributes with below average correlations were not included in the performance grid analysis as they are less important.

Top 2 Box: Satisfaction/Agreement

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Price is an Issue

• Absolute price and escalation
  – “All of a sudden, the price just skyrocketed. You could go when it was 60 bucks, now I can’t get out for less than $150.”
• Pricing is a component of an integrated marketing and business plan, not a stand alone business strategy
  – “My business dropped by 20% last year so I raised my prices by 20%.”
• No “one size fits all approach” to pricing
• Across the board, large annual price increases aren’t a long-term viable strategy

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Price is an Issue

• Formulate pricing approach based on practice niche, value, and competitive strategy
  — Must know what your niche is, why you are different from other practices and why your clients should pay more

• Must analyze the impact of YOUR prices on YOUR clients
  — Pricing problem
  — Value problem
  — Financing problem

• Price increases are not the only way to improve profits

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Need to Look at Alternate Strategies

• “Things my veterinarian could do that would make me most likely to take my pet to the practice more often”
  – “If I had a payment plan where I would be billed in equal monthly installments for a year’s regular veterinary services.” (46% dog owners, 44% cat owners)
  – “Prices for products (flea & tick products, specialty pet foods, supplements) are competitive with what I find elsewhere.” (51% dog owners, 43% cat owners)

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Alternate Strategies

• Routine care plans with monthly billing and set services included
• Targeted incentives for lapsed clients in slow months
• Lower exam fees — reduce barrier to entry
• Premium prices at peak times; lower prices during slower times
Communication of Value

My veterinarian communicates with me using language I understand

- 57% Completely agree
- 43% Not completely agree

My veterinarian clearly explains when I should bring my pet in for various procedures or tests

- 44% Completely agree
- 46% Not completely agree

Bayer Veterinary Care Usage Study

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Payment Options Make a Difference

• When clients are equipped with the ability to pay, pets receive improved care, veterinary teams can practice high-quality medicine, and business profitability improves

  – A 2006 study conducted by VPI showed that the company’s policyholders on average had 41 percent higher stop-treatment levels, scheduled 40 percent more veterinary visits, and spent twice as much on veterinary care over the life of their pets compared to non-policyholders

  – In a 2010 CareCredit survey, 71 percent of the firm’s cardholders said having a financing option affected their decisions regarding the level of treatment they provided their pets

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Start with a Written Financial Policy

• Should include forms of payment accepted, financing options available, when deposits are required, etc.

• Benefits
  — Clients who know what to expect are more likely to accept treatment because fear of cost is eliminated
  — Written document generally more clear and concise than oral information
  — Useful for staff training so all members of the team are on the same page

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Your Financial Policy
Get Started!

It’s free, It’s easy
And it only takes one short session
Understand and Educate Clients about Financial Options

• Financial option recommendations are no different from other services you recommend to clients
• Veterinarians and staff members must understand the products themselves in order to effectively recommend them
• Clients want a recommendation for a specific brand along with the reasons why your practice thinks this product is the best
A Veterinarian’s Guide to Pet Health Insurance

How pet insurance affects the practice, the client and the patient

John Volk, Senior Consultant, Brakke Consulting, Inc.
Christine Merle, DVM, MBA, CVP, Brakke Veterinary Practice Management Group

The purpose of this guide is to provide an objective overview of pet health insurance, and to help veterinarians and staff answer basic questions about it from clients.

Why consider pet insurance

Every veterinarian has faced a health care crisis in daily practice. A patient requires a complex, unplanned, expensive medical procedure, perhaps on an urgent basis. The emotional connection between the pet and its owner is obviously strong. Yet the family’s economic realities are in direct conflict with the medical imperatives. The client’s anguish is palpable. The options of forgoing the prescribed treatment or even euthanizing the animal are abhorrent to both client and veterinarian. These are no good choices.

The prospects of such a “healthcare crisis” becoming more frequent are inescapable. Veterinary costs are rising. According to a recent analysis published in Journal of the American Veterinary Medical Association, expenditures for veterinary services in real dollars virtually doubled between 1980 and 2005. The increase was measured in constant dollars, adjusted for inflation. For those households that routinely visit the veterinarian—your best clients—the increase was actually more: 124%!

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It Takes Extra Effort To Give Cats the Care They Need

• 13% more cats than dogs in the US
  – Minority of patients in most practices
• Cat owners:
  – Don’t think indoor cats get sick
  – Don’t think cats need veterinary care as they get older
  – Don’t understand that cats can hide symptoms
  – Are comfortable with longer period between exams

Bayer Veterinary Care Usage Study
Taking the Cat to the Vet is a Hassle

Bayer Veterinary Care Usage Study

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Be a Cat Friendly Practice

• Identify all the cats owned by your clients

• Train doctors and staff about cat issues and healthcare
  – AAFP/AAHA Feline Life Stage Guidelines

• Help owners comply with veterinary recommendations
  – Often ignored because owner does not understand necessity
  – CATegorical Care: An Owner’s Guide to America’s #1 Companion (Catalyst Council)
  – Consider compliance when selecting treatment

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Be a Cat Friendly Practice

• Promote cat friendly handling
  — How to acclimate cat to carrier and properly transport – owner
  — How to handle cat during exam – veterinary team
• Promote cat friendly reception areas and entrances

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Event Calendar
How Can I Help?

The CATalyst Council is reaching out to all parties - the pet healthcare community, shelter and welfare organizations, government, commercial groups, and the public - to ensure that cats receive the proper care and attention they need and deserve.

Sign up here!

News & Events
The CATalyst 2009 Top 10 Cat-Friendly Cities
March 27, 2009
What makes a cat-friendly city? The love and care cats receive, says the CATalyst Council. Today, the recently formed organization is set to raise the stature of America's number one companion, the cat, by announcing the CATalyst 2009 Top 10 Cat-Friendly Cities.
READ MORE

Watch Video
Where does your city rank?

Our Founding Associations
Our Partners

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Things That Make It Easy For Clients

• Book the next appointment before the pet leaves the practice and explain why
• Send reminders religiously—postcards, e-mail, text messages
• Make scheduling available online
• Remind clients by telephone and/or e-mail 48 hours before appointment
• Consider extended hours
• Let clients know you offer drop-off services
Getting Clients in the Door

- Track visits and related metrics monthly
- Develop and communicate a profession wide mantra regarding need for exams and other care
- Manage pricing and communication of value to avoid “sticker shock”
- “Friend” the cats in your practice
- Make it easy for clients to schedule and keep appointments