



LIVE OAK BANK

How many hours a week will you need to work to practice veterinary medicine and manage a hospital effectively?

•

Keep in mind that you may be required to work in excess of 50 hours a week in your first several years.

•

You may spend a great deal more time on practice management than you anticipated. Ten or more hours a week may need to be devoted to management tasks.

•

What hospital hours do you plan to keep, and how do you plan to organize your work day?

•

We recommend monthly budget projections for the remainder of your practice year, then setting a complete budget for the upcoming year.

•

Promote client convenience by offering extended and weekend hours.

•

Do not close over the lunch hour.

•

Maximize appointment availability by seeing appointments every 20 minutes or scheduling brief and extended examination slots

REVENUE

Track your gross revenue on a weekly, monthly and quarterly basis.

- **Successful practices see about \$600,000 in annual revenue per full time doctor in the practice. Review your average transaction charge daily, weekly and monthly.**

- **This number is the average of all invoices for doctor-associated patient visits and generally does not include over the counter purchases such as medication refills or prescription diets.**

- **If the average transaction charge is not 3.5 to 4 times your office examination fee, explore why. Are your fees set appropriately? Are you discounting, giving away services or missing charges? Are you and your staff struggling to gain client compliance with your recommendations?**

On a monthly basis, review the number of active clients in your data base, the number of patient visits, client retention statistics and the average number of visits per client. If you see negative trends, try to determine why and seek capable advice to help you correct your numbers. Every week, look at the number of new clients you gained.

- **For example, you should strive to see about 20-25 new clients per month for each full time doctor in the practice. If you are not securing enough new clients, you may need to re-think your marketing strategy. If you review this information regularly, you can make adjustments.**

Focus on driving revenue through providing medical and surgical services.

- **Benchmarks 2015* reports that “well-managed” practices derive less than 33% of gross revenue from the sale of medical products, over the counter products, pet diets, preventatives and boarding and grooming services.**

- **Due to increasing competition from providers such as PetMeds and warehouse stores, these sales will continue to represent less of the revenue “pie” for veterinary practices.**

-

You might consider offering your own online pharmacy on your practice website. This may be more convenient for your clients and should help you reduce inventory expense

PRICING AND FEES

A proper fee structure is the backbone of practice revenue and will be essential for your financial success. Consider setting fees for commonly “shopped” services, such as vaccines and exams, competitively with like providers in your community.

•

Make a list of “shopped” services including the examination charge, all canine and feline vaccines, intestinal parasite screening, deworming, heartworm testing, and canine and feline OHEs and neuters. Have friends and family members “mystery shop” for you. They can ask many of the same questions your staff members field when phone shoppers call your practice. Don’t set your fees for the remainder of your services randomly.

•

Use resources such as Benchmarks 2015* and the AAHA Veterinary Fee Reference (9th Ed.) for guidelines or hire a consultant who specializes in proper fee setting to assist you. Be sure to mark-up prescribed medications, injectable medications, preventive care products, laboratory services, diets and over-the-counter products appropriately. Mark-ups generally are between 2 and 3 times your cost.

You may need to avoid increasing existing fees for up to six months after assuming ownership to maintain continuity.

•

If you need to increase fees, do so slowly. Start with no more than a 2.5% increase to test for resistance from the existing client base