



Minding the metrics that matter

**Understanding
5 key “vital signs”**
of a financially healthy
veterinary practice

Today's veterinary landscape is more competitive than ever.

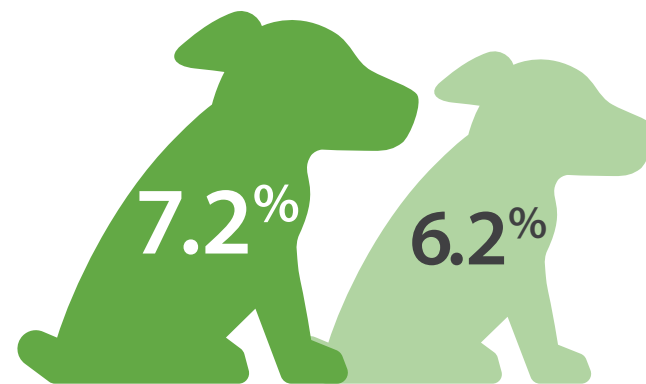
While the industry is maintaining a 6.2% growth rate, this falls below the 7.2% rate of growth the market was achieving until recently. The result? Many private veterinary practices are feeling the pinch.

Combine a slower growth rate with rising equipment, licenses and trained personnel costs and the grip tightens. There is also the reality of rising competition—with more than 73,000 veterinary practices in the United States... and growing.

So, what does all of this mean for today's veterinary practices?

The short answer is: To compete effectively and combat rising costs, you must run leaner and more efficiently than ever before.

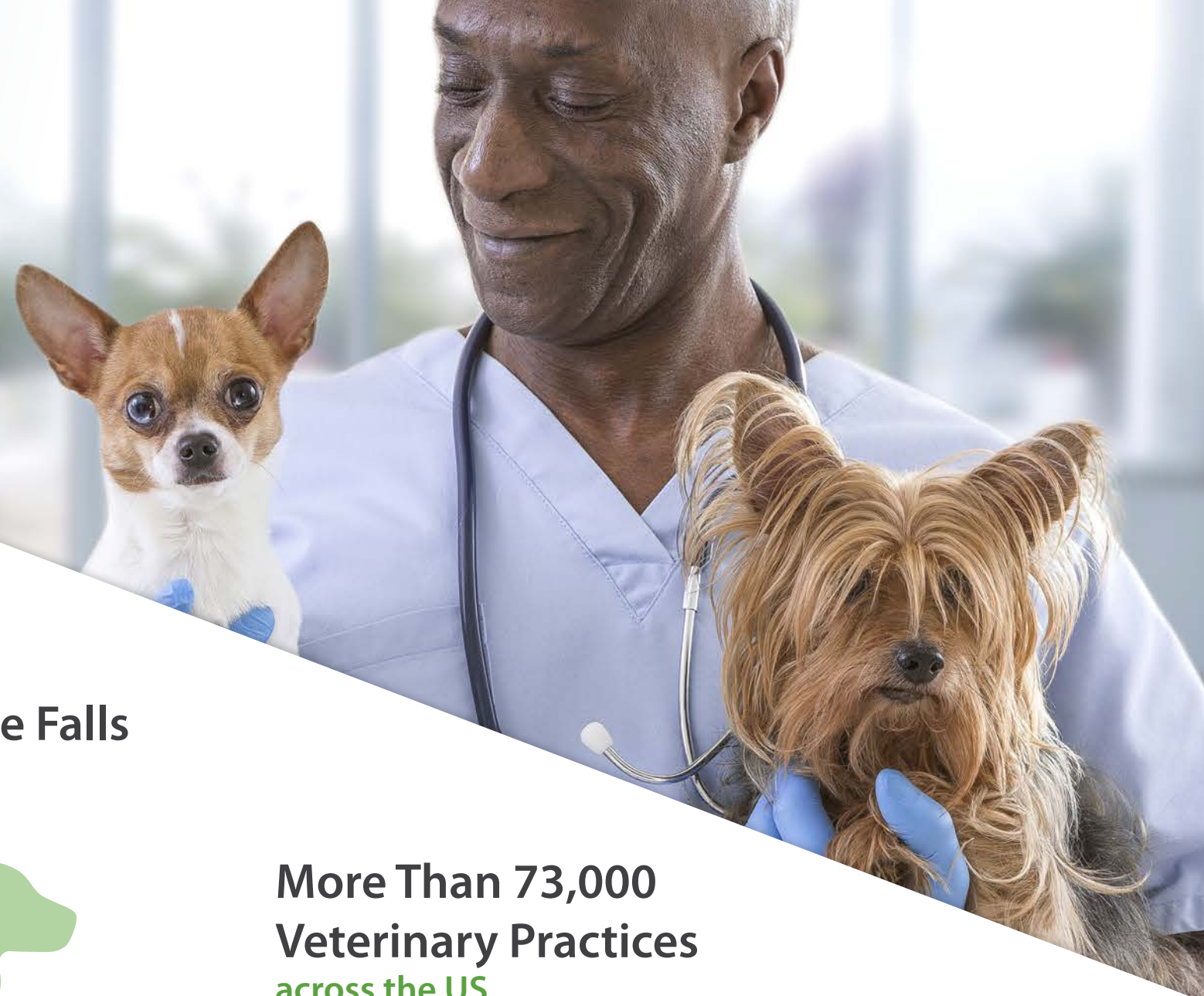
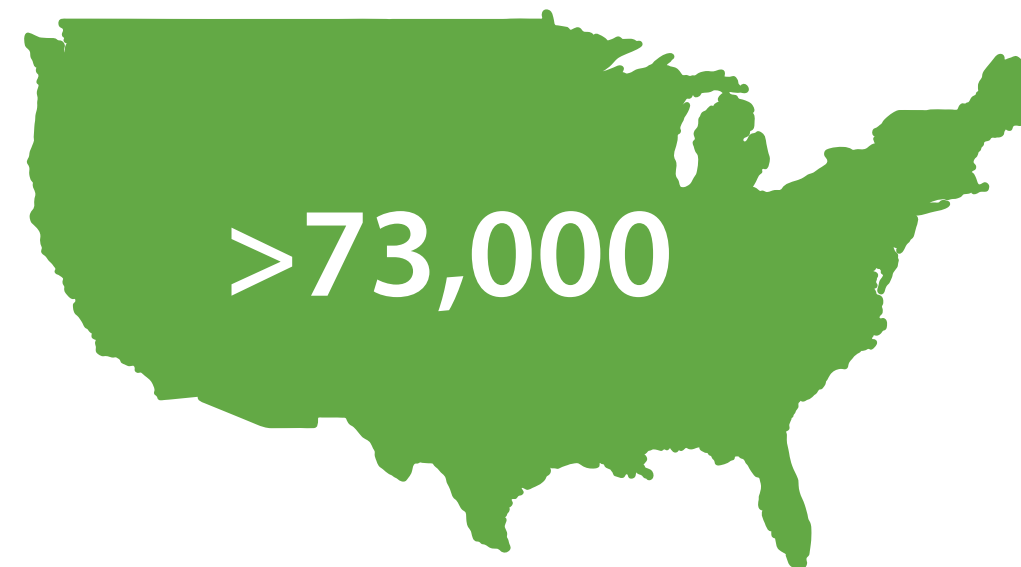
Industry Growth Rate Falls from 7.2% to 6.2%



**Increase
in Costs:**
equipment,
licenses and
trained personnel



**More Than 73,000
Veterinary Practices**
across the US



What are healthy practices doing?

Success within this new economy comes down to how you run your business. Winning veterinary practices are optimizing operations to maximize resources, reduce costs and, ultimately, bolster profitability.

How are they doing this?

They are minding the metrics that matter!

When we refer to “metrics,” we are referring to key performance indicators (KPIs). KPIs help determine the overall performance of your practice and the trends occurring within the business that impact achievement of goals. KPIs are exceptionally powerful because they ground decision makers in data—while empowering them to engage in a cycle of continuous improvement.

As veterinarians, you are diligent about measuring and monitoring your patients’ vital signs. Yet when it comes to the financial health of your practice, less attention is paid to monitoring your financial vital signs. But not to worry! This eBook was developed to help you understand the metrics that matter in your practice—the *financial vital signs* that

help keep your
practice *pawsitively*
healthy!



Vital Sign 1: Average Client Transaction (ACT)

Why it's important: This metric represents the average transaction (dollar amount) spent by clients. If you can increase ACT with each client, the result is a higher return on investment, which is far more cost-effective than consistently working to bring in new clients.

Need to improve this vital sign?

Actions to consider:

- ☐ Attach continuing care to each patient for routine maintenance.
- ☐ Increase specialty care revenues by spending a little more time with clients to explain the value of the care. Educating your clients is key here.
- ☐ Offer a flexible payment plan for costly procedures and specialty care.



Vital Sign 2: Active Clients

Why it's important: This metric represents the number of clients who are active (spending money) with your practice. Active clients are typically identified as those who have had an appointment in the past 12 months. This is an important vital sign to monitor because your number of active clients affects your current and future cash flow.

Need to improve this vital sign?

Actions to consider:

- ☐ Encourage clients to schedule their next appointment while still on-site. You can also offer an incentive to do so, such as a discount on the follow-up visit or by offering a free item upon scheduling (e.g., a doggie toothbrush or a small bag of treats).
- ☐ Ensure that clients are set up correctly in your system and continued-care dates are accurate. Be consistent about communicating care needs and due dates with clients throughout the year via the communication channel of the client's choice (e.g., text, email, phone, reminder card or a combination).
- ☐ Automate your communication process as much as possible to avoid human error and oversight of due dates.

Vital Sign 3: Number of Transactions Per Active Client

Why it's important: This metric allows you to track how many transactions are generated during a specific time frame per active client. This number is a strong indication of operational efficiency—bringing to light the difference between being busy and actually making money.

Need to improve this vital sign?

Actions to consider:

- ☐ Track production numbers of individual support staff and doctors to identify who is doing the work and what work is being performed. Work with under-performing individuals to increase production rates and re-train on procedures where needed.
- ☐ Set production goals and share those goals with all staff during weekly meetings to ensure everyone is on the same page.
- ☐ Incentivize staff with a group bonus program when numbers are met consistently.
- ☐ Consistently empower all staff to make suggestions on how to improve production rates.

Vital Sign 4: New Clients

Why it's important: This metric is important because it helps you forecast future growth and projected cash flow. The goal is to increase the number of new clients year over year.

Need to improve this vital sign?

Actions to consider:

- ❑ Implement a referral program in your practice. Actively ask existing clients for referrals. To accelerate referrals, consider offering clients an incentive, such as a \$10 gift card with each successful referral (e.g., Amazon or Starbucks). Be creative.
- ❑ Set a budget for marketing to prospective clients, and then build a strong marketing plan. Your plan could include digital marketing, sponsoring community events and even print marketing and advertising.
- ❑ Be intentional about your brand to attract prospects to your practice. Ensure that the exterior and interior of your business are clean, organized and up-to-date. Send out an informational newsletter to prospects. Host an open-house where prospective clients can tour your facility—while also getting a complimentary nail trim for their pet.

Vital Sign 5: Inventory Optimization

Why it's important: This metric helps you monitor profits from the products you sell. It is critical in terms of tracking inventory turnover and helping to monitor and control drug and medical supply costs.

Need to improve this vital sign?

Actions to consider:

- ❑ Implement an inventory management system to automate this process. This will help reduce manual work for staff, mitigate human error and help eliminate over-ordering of products.
- ❑ Review your product mix to mitigate product overlap. Having too many types of products or duplicate products can negatively impact your cash flow and lead to wasted inventory.
- ❑ Review drug and medical ordering procedures with staff to help manage costs. Also evaluate your overall process to ensure you are not missing charges.



Rest easy about your financial health.

With a sound understanding of key KPIs (*financial vital signs*) that are crucial to the health of your practice, you've taken the first big step toward fueling growth, productivity and profitability.

The next step is to adopt a proactive approach to improving under-performing areas of your business—because while your patients may have nine lives, your business doesn't.

Here's to the financial health of your veterinary practice!

We're growing everyday. Grow with us.



Questions? Contact us today!

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