



REARING UP AGAINST THE RECESSION

Jenny Moffett reports from the Royal Canin Vet Business Forum held at La Grande-Motte, France, where the recession, and how vets can no longer bury their heads in the sand, was high on the agenda

Call it what you like – recession, depression or financial Armageddon – 2009 will be a challenging time for Irish businesses, including veterinary practices. However, it's by no means all doom and gloom; across the world different sections of the industry are tackling the problem in different ways. In companion animal practice, for example, vets have been advised to increase their practice efficiency and concentrate on building their client relationships with attention to offering 'value for money'. Indeed the recession was a hot topic of

conversation at a recent vet business forum held by Royal Canin. The pet nutrition company normally hosts an annual CPD event tackling clinical subjects. In past years these have included kidney disease and dermatology issues, but this year's event concentrated on business and management skills and was heavily subscribed. Almost 300 vets, a record for the event, travelled to the south of France from across Europe and South America to hear the advice of veterinary practice management experts.

VALUE FOR MONEY

Opening speaker Philippe Baralon, founder of French veterinary consulting group Phylum, highlighted the changing role of the veterinary practitioner: "The societal role for the vet is changing. We still have to care for the sick or injured animal but, more and more, our role is to enable animals to fulfil their social role as part of a family."

According to Baralon, 'value for money' is still more important to most clients than flat fees. There are some clients that will always want to go for the cheapest option, but others will place more emphasis on the quality of the service they receive, as long as it is at an acceptable price. During difficult economic times, according to Baralon, it is a better solution to place yourself as a practice with 'high-value positioning', demonstrating to the client that they are getting more 'bang for their buck' at your practice. This, he says, can be done in two main ways. Firstly, it is important to explain material services to clients. If owners don't know what you are doing, how can they make a judgement of the service they receive? Baralon advocates spelling out these services to clients by making sure that your bills and estimates are broken down so that everything that has been done or used is visible. Secondly, when you are doing a health check on an animal during a vaccination visit, go through each step of the examination, explaining what you are looking at and why.

HAPPY CLIENTS

This message of 'value for money' was also high on the agenda for Antje Blattner. Blattner, co-founder of German practice management company VetKom: "When a client comes to reception, he makes an internal decision. He looks at the prices and asks: 'What did I get for this price?' If he decides it's OK, you have a happy client." A happy client will return to your practice, and recommend you to his friends, no less. Blattner was at the event to guide vets in the art of talking about money. Now, more than ever, she says, vets should be less backward about coming forward when it comes to money issues. Blattner says that when it comes to talking about fees and payments, "Vets are like a penguin on dry land – we feel clumsy."

Why is this? According to Blattner, vets can feel an emotional conflict between 'helping' and 'billing' their clients. In addition, they may not have the business or communication skills to complement the clinical skills that they have spent years developing. There is also a question of rejection, she says. If we suspect a client may not have the money for a particular procedure, even if it's the best-practice option available, we may not highlight its value. But, this is neither a good clinical, nor business, move. Blattner says: "If you don't offer services, you will always have a no. Only if you offer the best service each, and every time, will you have the chance that [the client] will say yes." There were several take-home messages from Blattner's talk:

- Rules must be put in place regarding fees in a veterinary practice. How will services be paid for and when? What exceptions can there be, if any?

- An ethos of talking about money in the practice should be fostered. The easier you, or your staff, can bring money into a conversation with a client the better. It will make for less misunderstandings, and 'client disappointment,' when it comes to paying the bill.
- It's good to realise that there will always be conflicts and objections about bills but that 'prevention is better than cure' i.e., talking about estimated fees and payments options before an animal is discharged post-surgery or post-hospitalisation is easier than talking about it afterwards when a client is presented with a bill that was larger than expected.

A HEALTHY BUSINESS

The terms 'benchmarking' and 'performance indicators' are enough to put even the most business-minded of us to sleep but, during a recession, it's more important than ever to monitor the health signs of your business.

Pere Mercader, founder of Spanish market research company Veterinary Management Studies, says that vets should have close knowledge of their profit levels, growth rates and client turnover. "If a director of a company, where you held shares couldn't answer questions [about these indicators], you probably wouldn't be happy about this person running the company." He says it's all too easy to duck responsibility by saying that you don't have the skills, or the time, to address these matters, but monitoring your practice's financial direction is actually easier than one would think. Key areas to target efforts include: patient base evolution (i.e., what is the net patient flow into, or out of, the practice); income evolution and composition (which veterinary 'lines' are performing well or underperforming?); staff productivity; fixed costs; and, missed charges. Mercader singles out this last point for special attention. He says that if there's one thing that vets can do in the face of an economic crisis, it's to make sure that they charge consistently and fairly. Don't put your prices up, he advises, but make sure you get paid for what you do.

Using a simple spreadsheet, it's possible to look at a particular practice procedure, say a consultation. By looking at the list price of a consultation, the number performed and the total amount invoiced for consultations over a period of time, it's possible to get an average charge and see what was charged for consultations in reality. A consult might be €40 on the list price but, through discounting and wrong invoicing, you are only actually taking in €36 per consult. During his presentation Mercader used market research figures from Spanish vet practices to illustrate this point, calculating the average companion animal vet practice can lose over €10,700 each year to inefficient billing.

The event also facilitated another important function, to allow vets from across the world to air their concerns and discuss the challenges they have met in managing their practices. It turns out that what causes difficulties in Mexico can also trigger headaches in the UK and Israel. It is healthy and necessary to bring these topics onto the agenda for discussion because, as all vets should know, the ostrich 'head in the sand' approach will not work in 2009.