

Ideas for Offsetting Lost Product Sales

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The bottom line

- Your existing clients represent a huge, untapped resource.
- The greatest opportunity in your practice is with existing clients.
- Extraordinary revenue potential walks through your front door each day – and those clients already know your name, address, phone number, and have given you money before. You’ve already done the hard work – attracting and retaining them in the first place.

The opportunity

Even in very high-performing veterinary practices, hundreds of thousands of dollars “walk out the door” each year in terms of services and products that weren’t recommended or delivered, or if they were provided, were never charged for. These are existing clients, with existing pets. Doing more or going deeper with existing clients is far easier – and far more productive and cost-effective than attracting new clients.

Consider the following untapped profit centers

- Laboratory (including semi-annual senior screening, mandatory pre-anesthetic testing, offering screens as part of the annual wellness examination, and following-up testing with chronically dispensed, long-term medications)
- Oral care
- Behavioral care
- Strategic de-worming
- Nutrition
- Flea/tick control
- Heartworm preventive

Closing the gaps

Let’s consider a simple profit center management example. Assume your laboratory produces about 15% of your gross revenue. I’d prefer to see the laboratory producing at least 20% of gross income. In this case, profit center management has identified a costly gap. Focusing on and closing this gap adds tens of thousands of dollars to your bottom line – not to mention better diagnoses, healthier pets, happier clients, and more fulfilled health care team members. As a side note, the laboratory (in-house and reference) has been the fastest growing profit center in the last decade, and is expected to be the fastest growing profit center in the future. And lab work is arguably the most profitable thing that happens in a veterinary practice. So, this is an example of focusing on something that really matters.

Let’s further assume that after checking multiple industry sources (e.g. AAHA’s *Veterinary Fee Reference*), you’re convinced that your laboratory fees are fair and reasonable. In other words, your underperformance in the lab cannot be explained by low fees. Instead, your gap is best explained by your medical protocols – or lack thereof.

What are the others doing better or differently in practices where the laboratory generates 20% or more of the total gross income? Based on observation, here’s my top tips for closing your lab gap:

1. Consider including pre-surgical laboratory screens. Let’s face it, if pet owners rejected pre-surgical screens, Banfield wouldn’t require them in its nearly 800 locations. They see more than 100,000 patients each week. Their two decades of experience and evidence very clearly establishes the pet owner’s ability and willingness to pay for that level of care.
2. Consider offering annual wellness screens. If the client says “No thanks,” you’re no worse off than had you not made the offer. If the client says “Yes, let’s go ahead and do it,” you’ll have baseline values. And very likely, about 10% of the apparently healthy pets will harbor abnormalities – leading to further diagnostics and treatment. Again, using Banfield as a barometer of pet owner preferences, the following is included in their *Basic Wellness Plan*:
 - Blood cell count
 - Differential exam of blood cells
 - Liver screen
 - Kidney screen
 - Calcium/phosphorous screen
 - Cholesterol screen

- Diabetes screen

Help your client visualize the power of tracking these values over time with a simple grid in your medical record, as follows:

	Date	Date	Date	Date	Date	Date
BUN						
CREAT						
PHOS						
ALT						
ALK PHOS						
GLUCOSE						
HCT						
T4						
BP						

1. Consider requiring semi-annual screens for senior patients. Fewer than one in ten practices change the reminder frequency and content for senior pets. If you want to see senior pets more often, you have to invite their owners via a reminder. Consult the American Animal Hospital Association's Senior Care Guidelines (see www.aahanet.org). According to those guidelines, baseline tests for healthy-appearing senior pets include:
 - Complete blood count
 - Urinalysis (UA), including sediment examination
 - Culture and sensitivity testing, if indicated by UA
 - Fecal analysis (ideally by centrifugation)
 - Blood urea nitrogen
 - Creatinine
 - Alanine aminotransferase
 - Alkaline phosphatase
 - Glucose
 - Total calcium
 - Total protein
 - Albumin
 - Bilirubin
 - Total thyroxine (T4) – cat

2. Potassium – cat

Remind clients for screens for their pets on long-term medications. Your standard of care should at least equal the lab work recommended by the drug manufacturer. Sending reminders for follow-up lab work encourages “White Coat” compliance – pet owners know you’ll be looking at these values periodically, so they are more likely to give the medication as directed. Sending reminders for periodic lab work also mitigates your professional liability. It’s not enough to intend to catch the client when she stops in for a refill – without her pet!

While this session focused on laboratory, I could’ve performed the same profit center analysis on surgery, dentistry, pharmacy, imaging/radiology, boarding, grooming, etc. Profit center management is a quick, easy, simple, and effective tool that helps you diagnose – and ultimately treat – the health of your business. I prescribe profit center management for the wellness of your practice!

References/Suggested reading

The Path to High-Quality Care – AAHA Press
 AAHA Senior Care Guidelines (www.aahanet.org)
 Influence – Robert Cialdini, PhD