

Developing common sense strategies for fiscal responsibility by Marsha L. Heinke, DVM

One might say that veterinary practice management has always been based on the old adage, "If one thing is certain, it is change". No question about it. The astute veterinary professional cannot afford to lag behind on the knowledge curve. Burgeoning scientific knowledge requires thoughtful attentiveness to practice procedures and protocols. In the for-profit realm of American business, the successful veterinary practice administrator must be equally attentive to how such scientific change can affect practice operations. Driving practice revenues to optimize after-tax profits for reinvestment in technology, people, plant and equipment may be the most essential challenge facing you.

Vaccine immunity duration debates are nothing new. Regardless of your personal stance today, scientific data will continue to accumulate. Hopefully, the confluence of research, vaccine manufacturer label directions, university recommendations and association guidelines will provide a uniform voice and recommendation.

In the meantime, it is apparent that each practice will be left to its own devices of intellect, responsible fiscal management and patient welfare advocacy. Your goal will be to design an evolving and flexible program solidly based on currently available data that allows practice personnel to make intelligent and reasoned recommendations and responses to client query.

A healthy and viable veterinary practice is always based in three significant foundation stones:

- Modern medical and surgical standards and protocols.
- Hospital philosophy and policies supporting staff and client education, effective communication, informed consent and recognition of the human-animal bond.
- Solid financial stewardship that allows the practice the capital means to enhance the lives of its clients, patients, employees, owners and community.

The purpose of this article is to focus on the third of these essential cornerstones: the economic realities of protocol changes, and how medical and surgical standards including reduced frequency of vaccination can be compatible with financial viability; and, yes, even success.

Although this article uses changing vaccine protocols as a platform for discussion, the same ideas can be applied to any rearrangement of services, products and ancillary care. Since change is a constant, you need the tools to manage that change with the least financial trauma to the practice unit. Abrupt change, forced down your throat without forethought or reasoning, can be disastrous.

Preparing for any change

Do not allow the fear of change to lead to your paralysis in making timely, reasoned decisions about how medical standards can evolve while still maintaining the financial stability of the practice. The medical, surgical and patient care standards by which your practice will abide should always be debated first, and on a proactive rather than reactive basis. The ongoing medical director-led discussion of vaccine protocols is only one issue pointing out the fact that a good strategy for evolving ideas of appropriate care do not happen overnight. Rather, such protocol changes are based on constant tweaks and refinements a practice administrator makes in response to repetitive internal debates of current levels of care and information to be relayed to staff and clients.

Decisions based first in finance will cause adverse outcomes. Only you in concert with other practice professional staff can make the conclusion about what will be offered and communicated to clients. The discussion is not a one-time event, but rather one that has continuum over time. Interim conclusions along that continuum form the basis for financial decisions made to drive practice revenues and maintain healthy cash flow.

Strategic, financial planning

A flexible financial planning model becomes an essential component of the continuum. The examples given in this article recognize that practice revenues are basically driven by two significant internal factors: transaction numbers and fee structure. Both change over time. The challenge is devising an empirical approach to deciding how changes in fee structure and transaction numbers relate to the bottom line measurement. Steady or improved service revenue realization becomes the ultimate quantification of a successful strategy.

The strategic planning tool featured in this article is nothing more than a mini, specific program for a portion of the practice's revenue generation. For years, we have espoused Program-Driven Budgets¹ as a powerful tool for planning revenues. The mini-program featured in this article focuses specifically on vaccine protocol changes for an adult dog wellness program.

The model can be used long-hand, but its most powerful application is through a computer spreadsheet program, such as Microsoft Excel. We have provided an interactive version of the template at the DVM Newsmagazine Web site (www.dvmnewsmagazine.com). We invite readers to explore its flexibility through on-line use. Extrapolate your own practice's situation by a changed vaccine protocol and fee structure.