



## WUTCHIETT TUMBLIN AND ASSOCIATES

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### Competing with Low-Cost Spay and Neuter Clinics – 2011

Low-cost high-volume spay and neuter clinics. You can't compete with them on fees. Their competitive edge is those unbeatable low prices. So what's your competitive edge? What value do you provide that the low-cost clinics don't? Your clients probably don't understand the technical differences between your medicine and the low-cost clinic down the street, so you'll need to wow clients with your stellar customer service and educate them in regards to the superior quality of medicine you provide.

First, make sure your shopped fees are in a competitive range for your area. Shopped fees generally include vaccination prices and spay and neuter procedures. (The rest of your non-shopped value-based fees can be calculated as a ratio of your exam fee. See *Benchmarks 2009 – A Study of well-Managed Practices®* for more specifics on value-based fees.) You can see how your practice compares to others in your area by conducting a Community Survey. Have your front-desk staff (and your techs and assistants as this is a good exercise for them too) call practices in your area that have services and a level of care comparable to your practice. They'll call as potential clients and ask the various fees for canine and feline vaccinations and spay and neuter procedures. This exercise must be conducted anonymously because you don't want to violate federal and state antitrust laws.\*

After your team has completed their calls, list the fee information for the items you surveyed for your practice and for the other area practices side-by-side so you can compare them. Highlight the fees that were higher than your practice in one color, and the fees that were lower in another. This should give you a good idea of where you stand in comparison to the other area practices. (For more information on conducting Community Surveys, see "**How to Conduct a Community Survey.**") Remember, your fees can be the highest in the area as long as you provide value that legitimizes that price. If clients don't think the value they receive matches the price they pay, they will leave to find that value elsewhere.

Prove that the price you're charging is worth it by providing quality care and focusing first on your patients' and clients' needs. Explain why you're doing what you're doing during the exam. Explain the benefits of diagnostic tests, dental procedures, and the various amenities of your boarding and grooming facilities. Make every interaction about the client and the pet. You might love your new digital radiograph, but Mrs. Ballor will only see dollar signs when you start talking about its capabilities. Instead, explain how your equipment will help you determine the cause of her beloved Frankie's back pain. Ensure all communication (face-to-face, phone, Facebook, Twitter, email) revolves around what you can do for your clients.

Providing value to clients involves giving them information about the best care for their pet. But don't confuse them. Offering multiple options won't allow clients to find the perfect solution; it will actually cause them to spend less. The easiest thing for people to do when they're confused is nothing, so



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after you say something important, such as your top recommendation for a pet's treatment, leave it at that. Focus on that necessary care over the course of your conversation with the client, and then give him or her time to think about what you've said. We unfortunately often think silence is awkward, but it's necessary to process information. If the client turns down the necessary care described to them, provide a second recommendation. Repeat the process of a focused recommendation, followed by silence for your client to process the secondary option.

You may not be able to match prices with low-cost clinics, but you can provide superior value by giving people a reason to choose your practice. Consider the attractiveness of your building, landscaping, reception area, the appearance of your staff and doctors, the lighting, smells, and colors of your facility. All of these contribute to your clients' impression of your practice, and impressions are deceptively important.

To determine why smart people make illogical decisions, veterinary practice management consultant Karyn Gavzer of KG Marketing & Training, Inc. took a look at the emerging field of neuroeconomics. This discipline combines neuroscience, economics, and psychology to determine how the brain processes emotions and how feelings affect the rational portion of your mind. The brain's connection between feelings and actions is closer than the connection between thoughts and actions. For example, to arrive at a logical decision we have to consciously think through the situation, whereas feelings unconsciously move us to decisions. Given that emotions have such a powerful influence on the way we act, make sure your clients' feelings toward your practice are good ones!

Focus on the relationship you have with your clients. A relationship draws people back to your practice, even if your prices are slightly higher. Clients usually can't grade you on your medicine, but they are experts on determining whether their relationship with you is good. Do you call clients and patients by name? Are phone calls returned? Do you make clients feel valued? Do you listen to their concerns half- or whole-heartedly? Clients can tell if you're listening, or if you care, based on your body language. Multitasking while the client is talking sends the message that you have more important things to do than listen to them. Eye contact, head nodding, and responses to questions show you are engaged in their concerns. And smile! People will smile back and you'll both have a better day. Also, be sure your team knows how important they are to the client relationship. The fastest, cheapest, and best way to market your services is through your staff members. Teach them that the practice's success depends on their actions every day in every client (and coworker) interaction. And be sure you model the behavior you're seeking from your staff.

Further develop your relationship with clients by asking, and listening, to what they want and need. In general terms they want appreciation, attention, respect, and to be impressed. For specifics clients may not come right out and tell you, but, says Karyn Gavzer, listen to the questions they're asking. If they ask if you have hours before 8 a.m., take note. That's something they'd prefer. Of course clients may be more willing to let you know what's wrong, or what they love about you, if they can be



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guaranteed anonymity. Use third party surveys from companies such as ACT or SurveyMonkey to help keep you cognizant of your shortcomings and your successes.

Say your shopped fees are in an acceptable range for your area, and you provide incredible value to your clients, but they still defect to the low-cost clinics for vaccinations, spays, and neuters. How can you draw them back to your practice? Continue to highlight the quality of care you provide and the benefit of having the pet's health record available in case of a bad reaction to anesthesia or a vaccine. Emphasize your convenient hours, and if you offer on-call emergency services for clients, call attention to the benefit of having your regular doctors available at a moment's notice. If clients still leave for cheaper prices, don't despair. They may return when they realize how good they had it at your practice.

You can compete with low-cost clinics. Their competitive advantage may be low fees, but yours is your stellar service and quality of care. The market is big enough for both of you, just be sure your shopped prices are in an acceptable range for you area, and justify those prices through your pleasant facility, friendly staff, high quality of care, client-focused service, and close relationships with clients. With value like that your clients won't be swayed to the competition, and you'll enjoy happy, well-served clients, not to mention improved profit!

### **Figure 1 – What Clients Appreciate**

What do clients appreciate the most about your practice? Here's what Benchmarks 2010 participants said:

- Quality of care
- Personalized touch
- Compassion
- Convenience
- Friendliness
- Focus on client communication



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### **Figure 2 – Enhancing the Client Experience**

Name one idea suggested by your staff that the hospital implemented in the past year to enhance the client experience. Here's what *Benchmarks 2010* participants said:

- Providing educational materials
- Communicating via phone, e-mail, and so on
- Offering refreshments
- Increasing convenience
- Enhancing website
- Improving scheduling
- Improving the facility

### ***Online Tool: How to Conduct a Community Survey***

*The Community Survey, a market research project, educates team members about the importance of a caller's impressions of a practice based on how his or her call is handled. It also provides a range of comparison fees for price-sensitive services in your community.*

*Periodically ask your healthcare team to survey five to six other practices in your area that have a level of care comparable to your practice. Make the calls anonymously, preferably away from the practice. Do this for two reasons: 1) so your team members have the opportunity to truly experience what it's like to be a potential client of the practice they're calling; and 2) to ensure compliance with federal and state antitrust laws. (See note below.)*

*Assign two or more team members to each practice so you get multiple perspectives of each hospital and ask each team member to call at least three practices. Divide the fees (canine and feline exam fees, vaccination fees, and spay and neuter procedure fees) among the callers. For example, one team member would be responsible for gathering information about canine vaccinations for his or her three practices, another would be responsible for the feline vaccination information for his or her three practices, and so on. When surveying spay and neuter procedures be sure to ask what is included in the listed price – not all practices include the same things. Have each team member rate the receptionist receiving his or her call based on knowledge, friendliness, and effectiveness. What's the team member's impression of this practice based on how the receptionist handled the call? If your team members were looking for a hospital for their pets, would they choose this practice? Why or why not? Did the receptionist handling the call offer to schedule an appointment?*

*Discuss the results of the community survey in your next staff meeting and consider how to apply what your team members learned. Then consider how callers would rate your practice. Healthcare teams that complete community surveys as a continuing education program usually comment that they like when the receptionist handling their call creates a dialogue by asking questions. They also*



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*note the importance of clear, concise responses to their questions. Staff members have mentioned, "Some receptionists were difficult to get any information from. And being placed on hold immediately left us with a poor impression of the practice."*

*Next, analyze the results of the community survey by highlighting the fees that are higher than yours in one color and the fees that are lower than yours in another color. Now you can quickly see where your fees are in comparison to other practices. For spay and neuter procedures, determine whether the same things are included in each price. In general, look for bloodwork, antibiotics, anesthesia, hospitalization, and pain medications. Make sure all of the components that are included in your hospital's total procedure cost are also included in the surveyed practice's costs, and as necessary, add or subtract the cost of the components from the surveyed practice's prices so you can compare apples to apples. If you do not have this additional detail just compare the prices to the best of your ability.*

*Use the information from the community survey to guide your independent decisions about pricing competitive services in your practice. Ideally, your fees should fall between the middle and the high end of the range, depending on the quality of client service and patient care you offer. Remember that it's fine to charge as much as 10 percent to 15 percent more than other practices in your community as long as you offer a corresponding level of client service and patient care.*

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*\*Note: A community survey is intended to assist your independent decision about your practice. One very strong word of caution: Federal and state antitrust laws are designed to promote competition by prohibiting certain restraints of trade. Price fixing (or agreements among competitors concerning price or any part of price, such as discounts or credit terms) can result in criminal fines, imprisonment, and triple damages for offenders. Agreements about price do not have to be in writing. Oral agreements or "knowing winks" are enough to prove violation. Competitors should never openly discuss their prices with another because they may create the appearance of an agreement of prices.*

### **To obtain additional information:**

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