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Better Management is Better Medicine®

Financial Strategies to Protect Your Equine Practice – 2009

Making your practice more profitable isn't about luck. You don't roll the dice and hope to meet your financial goals for the year. Being profitable is about playing the right hand at the right moment and making changes in your practice that maximize your profitability. So use these seven strategies to ensure your practice will be flush with success.

Enhance Consistency. Differences in medical philosophies baffle doctors, staff, and clients and can lead to shortcomings in patient care. Say your standard is to perform annual dental exams and floating of teeth on all your patients. But only two of four doctors follow the protocol. This puts half your patients at a medical disadvantage. Don't make people guess what you want. Define your standards of care, get them in writing, and use them as a teaching tool to communicate your expectations to doctors and staff. Your goals are to provide high-quality care, nurture lasting client relationships, cultivate happy, productive doctors and staff, and enjoy a fun, profitable practice.

Develop a Budget. Define your goals for spending and revenue growth. Set revenue and expense goals and then share them with the team members who'll help you achieve them. And don't forget to measure and analyze your performance. Create a systematic approach to reviewing your monthly results, and develop an action plan to respond to problems or opportunities you identify during this review.

Encourage Staff Contributions. Every team member at your practice must be knowledgeable about your standards for the sake of consistency and continuity. It's up to you to teach and mentor your team members and communicate your expectations for upholding those standards of care. An effective training program ensures that new team members start off on the right foot and become successful. Regular internal and external CE encourages team members to grow and will net your practice major rewards in the future. Improving staff expertise frees you to focus on other things – like seeing more patients, taking a lunch break or ending the day on time.

Monitor and Capture Charges. Billing clients for all care provided is an opportunity to improve profit without raising fees. Track how often and by how much you're missing charges by completing a Case Review. Pull a random sample of 10 haul-in cases, 10 hospital cases, and 10 farm visits (if you're 100% ambulatory, pull 30 farm cases) for each doctor. Divide the cases among your healthcare team and ask them to compare the medical record of services provided to the client's invoice for services billed. Make a copy of the invoice and write a list at the bottom of the care that was provided for free (either intentionally or unintentionally) and the amount of the usual fee. Discuss and identify why the charges were missed. Are the doctors recording charges at the time of



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treatment – or waiting until later? Are they waiting until discharge to record charges for hospitalized cases? What discounts are doctors giving? Are your team members creating estimates on the fly and underestimating prices? These scenarios lead to missed charges. Once you have an idea of why charges are slipping through the cracks, develop an action plan to improve how your practice charges for care provided.

Increase Compliance. Send consistent messages to clients with concise, clear, and specific recommendations. Clients should hear the same message from everyone on your team. If your standard is six-month exams for all patients, and the doctor explains that during the visit but the assistant says, “See you next year,” the client will be confused. Set compliance targets for the services you perform most often and that are most important to your patients and monitor the results. Provide timely reminders about important services. Proactively take the lead with your clients by offering to schedule the next appointment at the end of the visit instead of waiting for the client to ask about additional care or other services.

Pay Attention to Inventory. Ideally, medical supplies, laboratory costs, and drugs will represent about 22 percent of your yearly revenue. And, you’ll have \$10,000 to \$14,000 worth, or about one month’s supply, of drugs and medical supplies per doctor on hand at any given time. If your amounts are higher, you have an opportunity to improve your profit. Think lean – but not too lean. You don’t want the frustration of continually running out of commonly used items.

Develop an Exit Strategy. It may be years before you plan to sell part or all of your practice. But the sooner you start planning, the stronger your position when you’re ready to sell and the more attractive your practice will be to potential buyers. One veterinarian I’ve been consulting with isn’t planning to sell his practice for years – he’s not even close to retirement. But we valued his practice for planning purposes; he wanted to see where he was and identify opportunities to improve the practice so he could be positioned as well as possible when the time comes to sell. So first, plan for profit. A big portion of your practice value is tied to profit, and profitable practices sell for more.

Next, think about who will buy your practice. Will you sell to an associate? Will you sell to an outsider? The type of buyer you want will impact your exit strategy. If your succession plan includes developing future owners from within your practice, then mentoring for ownership is an important part of your leadership role.



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These strategies will help your practice build a solid foundation and stay on track for continued financial success. And with a steady foundation, your house of cards won't come tumbling down. You don't need to gamble to be successful. Instead, make slow, steady, and deliberate steps to save for that rainy day and plan for the future. Do that and you'll have an unbeatable hand.

To obtain additional information:

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