

METROPOLITAN VETERINARY ASSOCIATES NEWSLETTER

VOLUME 6 ISSUE 4 • 2017 FALL EDITION

FOR PRACTICE MANAGERS AND OWNERS FINANCES AND OPERATIONS: TWO KEYS TO YOUR SUCCESS

By Terry O'Neil, *Partner-in-Charge, Veterinary Services*

Metropolitan Veterinary Associates is a member of Veterinary Study Groups (VSG) whose mission is “To be the leading provider of support to independent practices in their pursuit of extraordinary success through study groups”. Through their partnership with Katz, Sapper & Miller, we’re happy to share information to ensure the health of your hospital.

Running a successful veterinary hospital requires more than a heartfelt desire to provide pets with an optimal level of care. Here are a few simple ways you can help improve your hospital's overall financial and operational performance.

3 BASICS OF BETTER FINANCIAL PERFORMANCE

1. Budgeting. Improved financial performance begins with proper budgeting. Budgeting is not a new financial tool, but it is surprising how few hospitals use it properly. Creating a proper budget allows you to establish a formal financial

goal for the year. Having a budget in place will also help you make the required adjustments to keep your year-end goals in reach. We suggest you meet with your business advisor to determine reasonable goals for your hospital's revenue growth and expenses.

2. Monitoring. After you establish your goals, you have to monitor them. Discussions about monitoring usually generate three simple questions: When? What? How?

When should my company look at its key performance indicators (KPIs)?

Once every month, you should review your financials and compare your budget to your actual income statement. If you are targeting specific areas of improvement, such as labor or cost of sales, we recommend you review your KPI reports on a weekly or bi-weekly basis, so you can make real-time adjustments to improve your profits.

What specifically should I be monitoring?

The answer to this question depends on your hospital's specific areas of opportunity. Start with the areas that have the biggest impacts on your bottom line: revenue, labor and cost of sales. Compare your revenue against



Terry O'Neil

the same period from the previous year as well as your budgeted revenue goals. Is your labor cost warranted by your revenue? Does it fit within your benchmark and budgeted goals? Lastly, compare your cost of sales against your revenues. Are you hitting your budget goals?

How can I be expected to monitor my financial performance when being a veterinarian already constitutes a demanding full-time job?

Your main focus should be patient care, which is why it is important that you assemble the right team around you. Task your practice manager with creating a KPI that affords you a snapshot of your targeted areas of improvement. The report should provide a simplistic view of your hospital's performance/metrics.

Establish a regular weekly or bi-weekly meeting with your practice manager to review and discuss the report, current performance and goals.

3. Fees. When was the last time you reviewed your hospital's fee structure? Increasing fees is not always easy, but, at times, it is necessary and appropriate. As your fees stay the same, your costs continue to rise and your profits continue to shrink. We suggest you set aside time once each year to review your hospital's fee structure and mark-up percentages. When you decide to raise fees, focus first on your non-shopped services.

“IMPROVED FINANCIAL PERFORMANCE BEGINS WITH PROPER BUDGETING.

BUDGETING IS NOT A NEW FINANCIAL TOOL, BUT IT IS SURPRISING HOW FEW HOSPITALS USE IT PROPERLY.”

IMPROVING OPERATIONAL EFFICIENCY

Standards of Care. Creating a consistent standard of care within your hospital impacts your bottom line. Educating your doctors on hospital standards will ensure every patient receives the same high level of care. Patients should receive the same work-up, treatment plan and estimate or invoice regardless of which doctor they see. It is also important to review and compare average client transactions (ACTs) to ensure they are comparable (specialized medicine excepted). Outliers may present valuable opportunities to discuss best practices.

New Patients. New patients are vital to your hospital's growth and bottom line.

DVM Expense Percentages

The following benchmarks, compiled by KSM on behalf of VSG DATALink, compare average vs. top-performing companion veterinary hospitals.

	Average	Top
Revenue	100%	100%
Direct Costs¹	22.7%	21.2%
Labor & Benefits		
Owner ² & Non-Owner DVM	17.8%	16.2%
Non-DVM Staff	20.3%	16.9%
Payroll Taxes & Benefits	6.2%	4.9%
Total Labor & Benefits	44.3%	38%
Gross Profit	33%	40.8%
General & Administrative		
Advertising	1%	1%
Administrative & Fee Income Collection Costs	4.8%	4%
Rent ³	6%	6%
Facility & Equipment Costs	4%	3.3%
Other Employee Costs	0.9%	0.7%
Total General & Administrative	16.7%	15%
Earnings Before Interest, Taxes, Depreciation and Amortization	16.3%	25.8%

¹ Contingent upon the revenue components
² Normalized at 20% of owner production plus the lesser of the amount of management wages paid or 3% of revenue
³ Normalized at 6% of revenue

VSG DATALink is the financial data collection and analysis system for the Veterinary Management Group (VMG) practices. Nearly 440 VMG practices contributed to the benchmarks presented here. Learn more about VMG at veterinarystudygroups.com.

VSG | DATALINK
veterinary study groups



The information presented herein is general in nature and should not be acted upon without the advice of a professional.

© 2017 KSM Business Services, Inc.

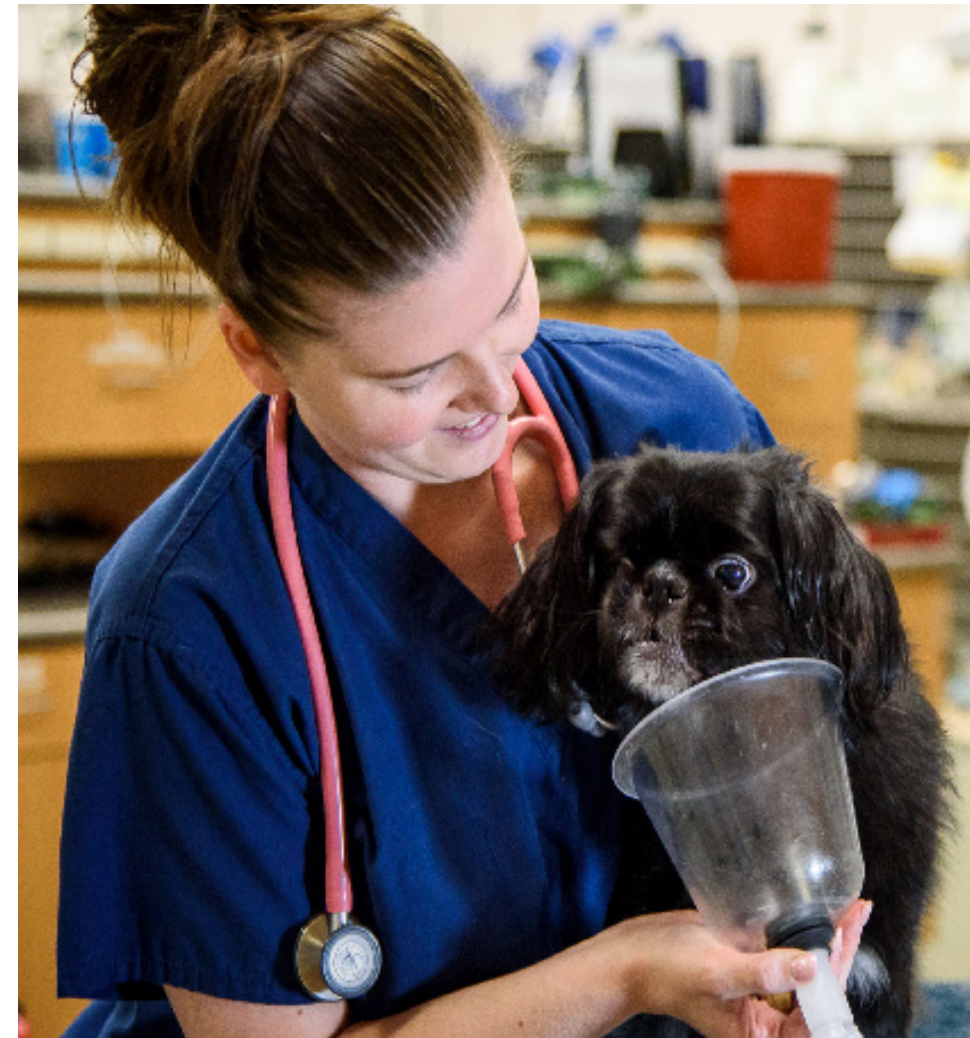
In our “Finances and Operations” Katz, Sapper & Miller experience, patients remain with the hospital for an average of five years. Be sure to review your hospital's new client numbers and analyze the effectiveness of your new business strategies. You may wish to consider consulting with a veterinary marketing professional to create a marketing plan.

Finally, take the time to educate your staff about how important new patients are to your hospital's future.

Compliance. How much revenue is your hospital missing out on through

“HOSPITAL MARKETING IS USUALLY FOCUSED ON GETTING NEW PATIENTS IN THE DOOR.”

patient non-compliance? Hospital marketing is usually focused on getting new patients in the door, but you should also take the time to focus on current patient compliance. Take the time to evaluate your hospital's reminder system and monitor your compliance percentages. 🐾



UPCOMING CONTINUING EDUCATION

My Pet Can't Breathe! Is it Cardiac or Pulmonary?

Open to Veterinary Technicians

Date: Thursday, November 30, 2017

Time: Registration and Dinner 6pm | Seminar Begins 6:30pm

Where: Chadwick's Restaurant & Bar | 2750 Egypt Road | Audubon

Credits: 2 PVMA CE Credits

Speaker: Risa Roland, DVM, DACVIM (Cardiology)

The objective of this lecture is to review the causes of respiratory difficulty due to both respiratory and cardiac diseases. We will cover the historical and physical examination findings, diagnostic tests and therapeutic approaches to manage patients with respiratory difficulty due to cardiac and respiratory disease. The lecture will end with case studies highlighting patients with respiratory difficulty.

FOR MORE INFORMATION AND TO REGISTER VISIT METRO-VET.COM/CE

SPECIALIZED SERVICES

CARDIOLOGY

Marc Kraus, DVM, DACVIM (Cardiology)
 Michael Miller, MS, VMD, ABVP
 Risa Roland, DVM, DACVIM (Cardiology)

DENTISTRY

Corinne Durand, DVM

DERMATOLOGY

Karen B. Farver, DVM, DACVD

EMERGENCY AND CRITICAL CARE

James Buckman, PhD, VMD
 Allison Buysse, VMD
 Jason Chamberlin, VMD
 Robert Gaunt, VMD
 Lydia Gentry, DVM
 Katherine E. Hoff, DVM
 Jennifer McGough, VMD
 Rachel Morgan, DVM (Practice limited to E/CC)
 Marisa Suvannavejh, VMD

INTERNAL MEDICINE

John V. DeBiasio, DVM, DACVIM
 James F. Dougherty, MS, VMD
 Tabitha A. Hutton, DVM, MTR, DACVIM (SAIM)
 Leslie A. Kuczynski, VMD, DACVIM

INTERVENTIONAL RADIOLOGY

Risa Roland, DVM, DACVIM (Cardiology)

MINIMALLY INVASIVE SURGERY

John V. DeBiasio, DVM, DACVIM
 Leslie A. Kuczynski, VMD, DACVIM

NEUROLOGY

Melissa Logan, PhD, DVM, DACVIM (Neurology)

ONCOLOGY

Suzanne Rau, DVM, DACVIM (Oncology)

OPHTHALMOLOGY

Amanda Corr, VMD, DACVO
 Stephen L. Gross, VMD, DACVO

RADIOLOGY

Robert McLear, VMD, DACVR
 Lisa Suslak, VMD, DACVR

SURGERY

Lori W. Cabell, DVM, DACVS
 Kendra Hearon, VMD, DACVS-SA
 A. Jon Nannos, DVM
 Jacqui Niles, BVETMED, SAS, DACVS
 Catherine Popovitch, DVM, DACVS, DECVS
 Timothy M. Schwab, VMD, DACVS-SA
 Rebecca Wolf, VMD, DACVS-SA



PET LOSS SUPPORT GROUP

Here, we all understand the depth of loss one experiences when a beloved four-legged family member has passed. For that reason, Metropolitan Veterinary Associates provides a Pet Loss Support Group to help grieving owners in need. Our pet group is designed to provide grieving pet parents with a safe, confidential environment to share

their feelings with others who have experienced pet loss.

The group is operated by vets and veterinary nurses who have experience with pet loss. A board certified psychiatrist consults with us regarding the implementation of the group, however, our group leaders are not mental health care professionals.

Clients experiencing difficulty coping are urged to seek help from a mental healthcare professional. We can provide you with the names of health care professionals if needed.

Our Pet Loss Support Group meets on a varying schedule. **For dates please call the hospital at 610.666.1050 or visit metro-vet.com/petloss.**

MVA TO BRING HOLIDAY CHEER TO CHILDREN

On Wednesday, December 6th, MVA is hosting a holiday party for children with cancer at St. Christopher's Hospital for Children. With festive music, a tasty lunch, AND a visit from Santa himself, it's always a wonderful afternoon. And if Santa is coming, you know presents are too! We are accepting donations of unwrapped new toys and crafts to help ensure that each child will receive a gift. **Donations can be brought to the hospital by November 29th, or drop us a line for more information: info@metro-vet.com.**



St. Christopher's
Hospital for Children



610.666.1050



610.666.1199



WWW.METRO-VET.COM



2626 VAN BUREN AVENUE, NORRISTOWN, PA 19403

