

Practice Pulse

May 2011

The official newsletter of the Veterinary Hospital Managers Association
Serving the profession for over 25 years



Upcoming Events

List Serve Discussion

June 2 - [Discounts - A Blessing and a Curse](#)

Webinar

June 22 - [Record Retention](#)

Annual Meeting & Conference

October 13-16 • [San Antonio, TX](#)

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Discounting Services: 2010 Survey Results

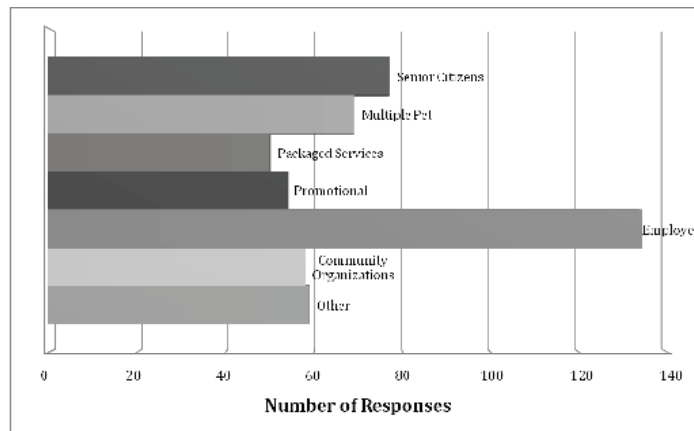
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General philosophies for discounting services in veterinary practices are left to the discretion of the practice owner – and, sometimes extended to the practice team. There have been many claims throughout our industry history that have concluded discounting as not being smart for business. Generally, there are two categories of discounts: planned and unplanned.

Planned discounts include a list of discounts, which are tied directly to a practice's marketing plan. Examples of these discounts may include: Senior Citizen, Multiple Pet, Packaged Services, Promotional, Employee and Community Organizations. These discounts should be tracked via the practice management software and statistics measured regularly to understand their effectiveness.

Unplanned discounts are typically applied at the POS (point of sale). Often, there is no written policy in place and the discount itself is a result of an emotional decision. Because these discounts are of an arbitrary nature, they are not always tracked or coded into the practice management software.



Survey results were surprising, despite practice owners and managers attempts to “cut the fat” and manage through the belly of a rough economic period, a variety of discount options have continued for services in veterinary practices according to 156 respondents.

95% of practices responded Yes and 5% responded No to the question; ***Do you offer ANY planned discounts in your practice?***

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Past newsletter articles are available on the VHMA Web site: www.vhma.org.

President's Message

Referring Clients? Do Your Homework



Do you or your veterinarians refer clients and their pets to specialists? It is fairly common in most general practice settings to refer client pets to a specialist for procedures and services that can be better served by a specialist. Before you make the next referral I recommend doing some of your own research so that you can better educate your clients about the value that a specialist can offer and also about the potential costs associated with it.

A recent call from a personal friend of mine made me re-think how we handle referrals at our practice. When her dog needed cruciate surgery, her veterinarian sent her to the specialist in the adjacent building who performed a competent and, to her, a seemingly expensive procedure. Six months later, her canine friend needed cruciate surgery on the other leg and again was referred to the same surgeon. This time she asked about the charges in advance and was now aware of another specialist in the area and she decided to check with them as well. The same procedure with the other specialist was \$500 less. In the end, she decided to go with the less expensive specialist and was very happy with the outcome. As a result of the referral she was aggravated with her general practice veterinarian because they did not provide her with enough details or options to make an informed decision.

When referring, recommend at least two specialists (if possible) and give clients the phone number and approximate costs, then let the client make their decision. Not only should this expand referrals back to you, but more importantly, as a practice builder, the client will believe you were really looking out for his or her best interest.

For many of you I understand this is a sensitive topic and I am certainly not suggesting that veterinarians should routinely recommend the lowest cost specialist. If the higher fee specialist is a better clinician, then they should be recommended as such. However, clients do appreciate hearing your input on multiple referral options and having “a say” in the decision. Taking a few extra steps now will get you a mile further down the road on the customer service aspect.

This point was personally driven home for me recently when my daughter's dentist recently recommended braces. As a part of the recommendation, the office provided us with contact information for three area specialists that they regularly recommend. I valued the dentist's professional input on each specialist as it related to their expertise, but also appreciated that I could make a more informed decision as it relates to my daughter's health care and the associated costs.

Have a great day and a profitable tomorrow!

Gerard J. Gervasi



Discounting Services: 2010 Survey Results

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Question:

Vendors are increasingly offering “free mailings” where the veterinary hospital is required to send their client database to a 3rd party (chosen by the vendor) who will print a mailer/ coupon/rebate for a product bought at your hospital, then destroy the client database information. Client databases have always been sacrosanct. Should a hospital consider such a promo? Where’s the guarantee that the information is destroyed vs. kept and utilized or kept and used if the company changes name (and isn’t bound to any agreement?). More and more vendors seem to want to use this to promote their products in hospitals.

Legal Advice:

“Sharing client or patient data is a practice that should be avoided in my view. Beyond any applicable privacy laws that may apply in your jurisdiction, every practitioner is required to honor rules of confidentiality which would, among other things, strictly prohibit the disclosure of such information except with the consent of your client. As well, your concerns about the security of the database and the ultimate destruction of it are valid issues that require careful scrutiny.”

Douglas C. Jack, Esq.

Posted 04/03/11. Please note the date of this post. The law changes frequently and as a result this may not reflect the current state of the law.

VHMA Legal Matters is a collection of legal advice posts that relate to common cases or situations that many practice managers encounter daily. Advice presented here is not intended to replace the need for your own attorney, but simply to help provide general advice as guidance. VHMA does not accept liability due to errors or omissions.

VHMA Legal Matters is free to VHMA members - scroll through our current posts or submit your own question.

Why do you offer planned discounts in your practice? Over 50% of the respondents claimed their planned discounts are intended to improve reputation, compliance and client loyalty. Of that number only half claim to document and measure the results. The responses indicated most practices that document and measure results are doing so by monitoring practice revenue. Fewer than a quarter of the practices had monitored new clients or procedures to have some idea of how discounts had impacted their profits. The challenges for those practices will arise in decision-making for marketing or client retention strategies.

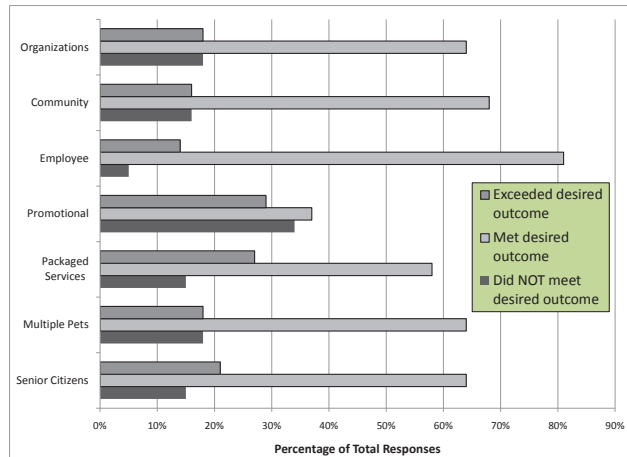
For example, client loyalty and practice reputation can be determined through client surveys. Employee benefit value can be determined through competitive benefits analysis and job satisfaction surveys. Client and patient compliance can be determined and marketed through practice management software. These efforts can be utilized, measured and be useful with or without the use of discounts.

Is there room for responsible discounting? Were expectations of the planned discounts met? The chart shows the satisfaction planned discounts bring to those who had responded:

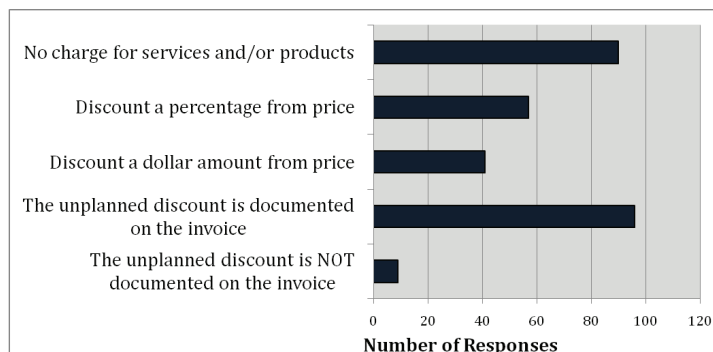
A significant number of responses showed discount results either met or exceeded expectations, nearly

one-third of the respondents did not know the COST to the practice or the annual revenue GAINED through their discount programs.

78% of practices responded Yes and 22% responded No to the question: ***Do you offer ANY unplanned discounts in your practice?***



The recipients of the unplanned discounts largely include clients with limited funds, long-term clients, friends, family and employees. Also, clients with high priced procedures receive discounts and this rounded out the top four recipient categories for unplanned discounts. Community organizations and “other” rated fifth and sixth in the 8-slot panel.



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Discounting Services: 2010 Survey Results

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When asked if decision-makers will revamp their discounting strategies for 2011, the responses were as follows:

	<u>Yes</u>	<u>No</u>
Will you make any changes to your planned discount program in 2011?	35%	64%
Will you make any changes to your unplanned discount programs in 2011?	25%	75%

In concluding the results for the planned discounts, 39% percent felt planned discounts can be successful when they are targeted to improve the performance of a practice. Taking measurement of their specific marketing plan will guide practice owners to adapt their discount philosophy so that it may have a healthy impact on their business.

Can be successful when they are targeted to improve the performance of a practice	39%
Are essential to meet client expectations and be competitive	18%
Can create negative perceptions about the value of your team and the quality of your services	9%
Attract pet owners that are price sensitive	21%
Increase work for your team and result in lower profits	13%

The discount survey was a collaboration between NCVEI, VHMA and VetPartners.