



NEWSLETTER

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Knowing Your Position

In veterinary practice, most of us spend the bulk of our time diagnosing and treating patients. After all, we spent some years studying veterinary science at University with the purpose of achieving this goal. What we did not prepare ourselves for was the fact that many of us would own, manage or at least participate in business activities for which we have had no formal training at all other than attending short practice management workshops and seminars. We may or may not be performing well - most of us do not know! Generally we do not know what is standard for veterinary practices, nor how we compare to this standard! A major part of business is knowing how you perform and how your performance compares to other similar businesses. By identifying this you can determine your current *marketing position*. This has several benefits:

1. You have a better understanding of your performance and position within the industry
2. You can aim to change or improve this position
3. Changes in your practice have a benchmark by which you can measure improvement

Take for example the drug companies such as Merial or Novartis. These major players will be able to tell you what market share they have now, how that has changed and what they predict they will have in the future.

Financial position versus marketing position

MPV Consulting is mainly concerned with marketing within practices and consequently our survey relates to marketing performance. This is different, but related to, financial performance. One could argue the relative advantages of marketing surveys and financial surveys but the reality is that they are both valuable. Perhaps marketing performance is more meaningful to the average veterinarian because it is a direct measure of the performance between your veterinary practice and your clients rather than accounting figures on paper. Marketing comparisons will measure performance of veterinarians, clients, growth and efficiency. This does not deride the importance of accounting performance at all – they are both important aspects of business.

Criteria for comparison

Many criteria exist that a veterinary practice may choose as a performance measure. Often these criteria are internally focused, by which we mean that they are measurements of performance within your own practice. These criteria are primarily important to you personally rather than performance compared to the overall veterinary community. Again, both are important! No single statistic is an accurate measure of performance but rather a group of statistics is required to give a more in depth overview. Often veterinarians have asked me “What reports should I run from practice my management software?”. The answer is - “What information do you want?”. No veterinary practice should ever allow practice management software to dictate how the practice operates! You should make

MPV Annual
Performance
Survey 2006



Now that the financial year has ended it is time to look at performance for the previous year and as a result MPV Consulting would like to invite you to participate in the *MPV Annual Veterinary Performance Survey*. There are many benefits in participating in this survey that are detailed in this newsletter and other literature distributed with the survey. In particular, the survey will examine how your practice has performed compared to other practices but at the same time it will teach many veterinarians how to extract meaningful statistics from their practice management software. The survey is a simple procedure that will assist you to determine key performance indicators for your own practice and will then give you an opportunity to compare these to a larger industry standard. You will receive 22 separate key statistical results that are compared to profile groups similar to your own veterinary practice.

The MPV Annual Fees Survey from earlier in the year attracted nearly 20% of all practices in Australia as participants and we are again hoping for a high participation rate for the Performance Survey. Should you have any queries on the Survey please feel free to give me a call. We will endeavour to assist in any manner possible.

Rob White B.V.Sc CDE

- The *Annual Performance Survey* will give you **22 key performance indicators** compared to the overall veterinary community

active decisions on what you want from your practice and how you would like to manage it. Then use practice management software as a tool to both achieve and measure the desired results.

Good marketing performance statistics should have the following characteristics:

1. Measure performance of client/business relationships
2. Consistency in method of how they measure performance over various time periods
3. Measure performance strategies that **YOU** as the manager have chosen
4. Flexibility so that changes in strategy can be measured in the same manner
5. Include both *broader* and more focused *specific* performance criteria
6. Ability to measure performance retrospectively should strategy change

Industry Standards

Similarly, to the internal reports, what constitutes an industry standard could vary immensely depending on each person's point of view. Collection of information for the overall industry should have the following criteria:

1. Must be simple for an average veterinary practice to collect data
2. It should focus on the *bigger overall picture* rather than being too specific
3. Should bear direct relationship to the type of business involved and its clients

It is common for industry standards to use both financial and/or statistical measures.

Aspects of Veterinary Business

At the most basic level, the main business activities in veterinary practice can be divided into 3 groups:

1. Veterinary products & services – the products & services we perform as a direct result of having a qualification as a veterinary surgeon
2. Non-veterinary services – the supplementary business services that are offered as an adjunct to being a veterinarian but do not necessarily require a qualification. For example boarding, grooming etc
3. Retail – which are sales of tangible products not directly related to qualified veterinary practice but related to pet and animal care. For example worming, flea control, pet care etc

Each practice owner may choose to collect information on a more specific basis than these criteria but at an industry level these are necessary for basic performance analysis.

Client Performance

At the end of the day, your gross practice revenue performance depends on the number of clients attending your practice and the amount they spend. The marketing effort should be based on the value of the client rather than the value of the individual transactions. As a result, one of the measures of performance for industry standards involves client performance. This is also an important tool to measure success of strategies aimed at improving active client numbers and/or overall client expenditure. Client performance has strategic implications for most practices. For example: if a clinic keeps generating more and more clients then it will require more staff and overheads in order to service this on going growth. This may or may not be desirable to all clinics. Some may choose to focus more heavily on improvement of performance from a static client base.

Veterinarian Performance

A qualified veterinarian is the key ingredient that makes a veterinary practice a veterinary practice. They are the reason that animal owners use veterinary services in the first place. This means of course that such a fundamental component needs to have performance measured both within the business and comparatively to industry standards. For true growth, not only should the veterinary business as a whole be growing, but also individual veterinary performance should be improving as well.

Growth

Statistics presented for a fixed period may tell a practice manager where they stand at any given time, they may not necessarily divulge where the future of the practice is heading. Growth is a key measurement in its own right! All statistics produced for marketing should have the ability to determine both direction and intensity. If a marketing activity is undertaken then analysis of growth is a viable method of measuring the impact of the new strategy.

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