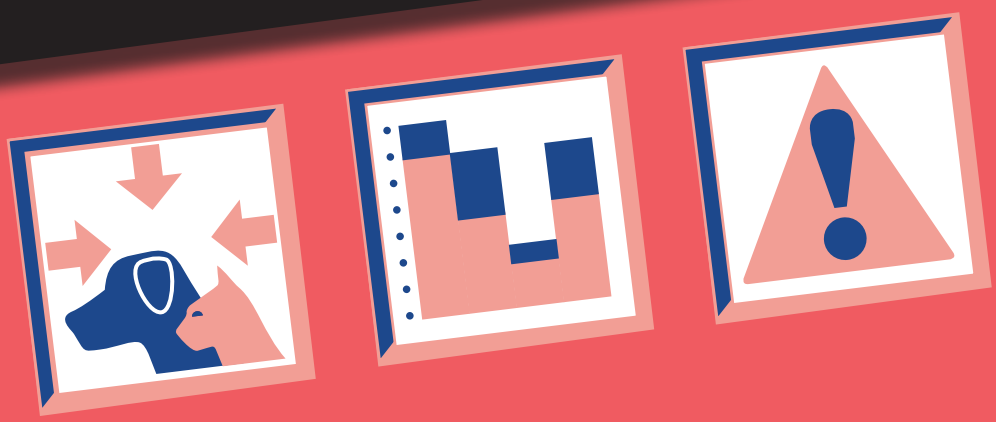
Third Edition

FIVE MINUTE VETERINARY CONSULT

Lowell Ackerman

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Edited by

Lowell Ackerman, DVM, DACVD, MBA, MPA, CVA, MRCVS

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Dedication

On a personal note, I'd like to dedicate this book to my incredible family – to my wonderful wife, Susan; to my phenomenal children, Nadia, Rebecca, and David.

On a professional note, I'd like to dedicate this edition to my colleagues who participated in this book – to the authors who gave generously of their time and talents to help produce this phenomenal resource for the veterinary profession.

Lowell Ackerman, DVM, DACVD, MBA, MPA, CVA, MRCVS

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Preface

This book was designed to help provide a valuable resource for veterinarians on all things management related, from understanding the marketplace in which we practice, to appreciating where money flows into a practice, and where it flows out. It is an appropriate source of information for practice owners, administrators, associates, staff and students.

Whether you want to know how to price a service, how to market it, how to prevent embezzlement, or the meaning of the term "shrinkage" as it applies to inventory, you'll find it within the pages of this book.

The veterinary marketplace has changed dramatically from only a few decades ago. Pets are considered as family members, more so than at any time in the past. The gender distribution within the profession has also changed dramatically, which has in turn altered the demographics not only of veterinary school classes, but the profession in general. Specialization within the profession has become more commonplace and the creation of specialty and referral hospitals has been robust across the country. Corporate practices are coming into their own, as are retail-anchored practices, and some are even spreading outside the confines of American borders. Benchmarks are available, so practices can now compare their own financial statistics with those of other practices in their region.

Yes, things are changing, and change is often difficult to assimilate, especially within the veterinary profession. Veterinary practice often stood as an anachronism, an attempt to hold back the escalation in healthcare costs as they pertain to animals. There was a belief that these costs needed to be kept artificially low, because pet owners would be unwilling to pay those costs for the sake of an animal. Yet, study after study has shown that this is not the case and owners do understand the high cost of healthcare and are often prepared to shoulder those costs … as long as they see the "value" in those expenditures and reasonable expectations have been established for them by veterinarians. The success of specialty practices and advanced modalities such as magnetic resonance imaging (MRI) that are now routinely used on animals is a testament to this reality. There is the realization that pet owners, like all consumers, are value shoppers. It is not the price tag that is an impediment to spending – pet owners just want appropriate value for their dollars spent and reasonable warning as to when such expenditures are expected.

The profession is indeed changing, and clients have changed, and the services available for pets have changed, but primary care veterinary practices are still very much as they have been in the past and face many challenges ahead. It is the goal of this book to provide veterinary practices with the factual information necessary to compete effectively in the marketplace and to demystify the business side of veterinary practice.

Compiling all this information in one volume was an immense task, and I am eternally grateful to my gifted colleagues who helped contribute to this incredible resource. It wasn't that long ago that practice management in veterinary medicine was a self-taught discipline with few factual reference sources. That has changed, and I am very proud to be involved in a project, along with the many authors of this book, that helps deliver this much-needed resource to the veterinary profession.

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About the Companion Website

This book is accompanied by a companion website:

www.fiveminutevet.com/practicemanagement

The website includes:
- A list of further resources
- A sample resumé
- A sample curriculum vitae
- A sample business plan
- A sample marketing plan
- A list of abbreviations
- The glossary in editable format

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Section 1

Marketplace

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1.1. MODELS OF VETERINARY PRACTICE



BASICS

OVERVIEW

In general, veterinary practices have changed very little over the past few decades. Although there are a number of corporate players in the field in the United States, probably representing 12–15% of small animal practices, the vast majority of veterinary practices in the country are owned as sole proprietorships, closely held corporations, or partnerships. The retail environment, on the other hand, has changed dramatically over the same period. Major retailers have entered bankruptcy protection, whereas online retailers and discount chains have evolved to better serve the perceived needs of the public.

Pet owners today want choices in the services they can request: 24-hour access to health-related information, the ability to price-shop for items they consider commodities, the opportunity to participate as equal partners in health decisions, and the ability to interact on their own schedules. Today's consumer also wants choice, variety, value, and time-saving options. These are often hard to accommodate in current veterinary practice models.

TERMS DEFINED

Commodity: An item that is considered interchangeable, and whose price is a reflection of supply and demand. For example, one 500 mg capsule of cephalexin is much like any other to a client, regardless of brand name and whether they get it at a veterinary hospital, at their local drug store, or through an online pharmacy.

Economy of Scale: The reduction in cost per unit that results when operational efficiencies allow increased production. Thus, there are savings, because as production increases, the cost of producing each additional unit decreases.

Economy of Scope: The reduction in cost that results when delivering two or more distinct goods or services, when the cost of doing so is less than that of delivering each separately. It is the efficiency attributed to variety and diversification rather than volume.

Full-Time Equivalent: A method of comparing practices based on a full-time schedule of 40 hours a week. If a practice has two veterinarians, one working 50 hours a week and one working 20 hours a week, that practice has 1.75 full-time equivalent veterinary positions [i.e., (50 + 20)/40].

Mom-and-Pop: A colloquial term for a small, closely held company in which the principals owning the business are also the principals working in the business.

Retail-Anchored Practice: A veterinary practice affiliated with a retail entity.



ISSUES AND OPTIONS

THE CURRENT SITUATION

- The veterinary small animal market in the United States is a highly fragmented environment of approximately 28,000 primary care practices. The majority of practices employ fewer than three full-time equivalent veterinarians.[1]
- The small number of veterinarians per practice does not bode well for the continued success of the current veterinary model. Operating a veterinary hospital is an expensive undertaking, and there are few economies of scale or scope to be derived from such small business ventures (see 2.1 – Workplace Management). Other small retail units, such as "mom-and-pop" drug stores or hardware stores, have largely been replaced by entities that have revolutionized those industries to better meet customer needs.
- Most veterinary practices in a community are remarkably similar, with little to differentiate one from another in the minds of consumers (see 6.15 – Practice Differentiation). They are often competing against one another for the same small market share, with new veterinary practices opening in local markets that can barely support the practices already in existence.
- The result is that communities often have many small veterinary practices with proportionately high overheads, because these practices tend to offer all veterinary services (e.g., surgery, hospitalization, radiography, etc.) and must be staffed accordingly. The competition puts downward pressure on prices while keeping hospital costs high. This leaves these small practices chasing the same resources that become harder and harder to attract: clients, trained staff, and associate (employed) veterinarians.
- The current model – in which clients who have pets with health problems schedule appointments with their primary care veterinarians, receive treatment, and/or are referred to specialists and then are expected to follow special instructions – is a system fraught with inefficiencies. It is one that has never worked particularly well, either in human medicine or veterinary medicine. Current studies of compliance in the veterinary industry, in which veterinary estimates of client compliance are far more optimistic than the facts suggest, attest to this (see 4.11 – Compliance and Adherence). Actually, few veterinary practices track compliance, increasing the likelihood that clients are not being adequately served by the practice or that they are receiving some of the needed services elsewhere (including nonveterinary outlets).

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• Today's veterinary graduates also confound the picture for current practice models. Many are seeking lifestyle benefits that are harder to come by in small practices: a shorter workweek, on-the-job mentoring, continuing education, and the potential for piecemeal equity ownership. These smaller practices can also be difficult to market when the owner wishes to sell. Corporate practices have their own criteria for practice acquisition that often does not include small practices, and valuations for these small practices no longer mirror past standards wherein the seller could expect to be paid based on a certain percentage of gross revenues. In addition, in recent years, there has even been the prospect of staff joining unions in some practices, suggesting that not everyone is satisfied with the current business model.
• Veterinary graduates these days also tend to concentrate in clinical practice. Although needs assessments suggest that there are no shortages of veterinarians in practice, need and opportunities exist in research, industry, and public health.[2]

THE MARKETPLACE

• Today's pet owner is also a savvy consumer, familiar with elite business practices such as those used by Walmart, eBay, Disney, Amazon, Internet pharmacies, and out-of-country pharmacies that offer lower rates (see 1.5 – Today's Pet Owner).
• In the American family of yesteryear there was a male head of the household, a female stay-at-home spouse, and two-plus children. With a stay-at-home mom, it was relatively easy to schedule a veterinary appointment during the workday. But things have changed. The typical American family no longer exists; most adults, both male and female, are working during normal business hours. And consumer debt is rising.
• As can be seen in other industries, consumers want selection, choice, value, and time-saving options, and they want it on their own schedules.

POTENTIAL FOR NEW MODELS

• Human physicians learned long ago that they could not be all things to all patients. These days, general practitioners rarely deliver babies, perform surgery, or do their own radiography. In many instances, offices of general practitioners do not even collect samples to send to the laboratory. Instead, the patient typically goes to the laboratory to have the sample drawn. Even something as basic as vaccination may be delegated to other entities, such as public health outlets and even retail pharmacies.
• For a similar system to work and be convenient for veterinary clients, there needs to be considerable consolidation in the industry, which is only now starting to take place in earnest. For most small veterinary practices, the examination rooms are the profit centers that drive the practice. Performing other duties in the clinic, even such things as radiography and surgery, are often only marginally profitable, and sometimes are actually money-losing ventures when a true profit-center analysis is done.
• Currently fewer than 20% of practices in the United States are corporate (see 1.21 – Corporate Veterinary Practices) but without compelling evidence that they are leveraging hospital numbers to attain true economies of scale and scope. Whether this will change as more and more hospitals are added or assimilated has yet to be determined. It has been suggested that when 25% of practices are corporate owned that this could actually represent 50% of all veterinary visits (https://brakkeconsulting.com).
• Retail-anchored practices have started to appear in some communities. These are independent veterinary practices that are directly affiliated with retail entities (e.g., pet stores, human pharmacies, big box retailers, etc.) and can benefit from extensive cross-promotion with the retailer with which they are affiliated. In many ways, these may pose more of a threat to traditional veterinary practices than corporate clinics, since they tend to concentrate on the more profitable outpatient care, which they often price competitively to attract retail business.
• Efficient models of veterinary practice have veterinarians performing the duties for which they are best suited and working in a collaborative fashion with other professionals to deliver more comprehensive care. Even in a two-doctor model, it will always be more efficient if one doctor is performing surgeries all day while the other is seeing clinical cases all day, rather than each doctor alternating between clinical and surgical duties. It is even more efficient if separate services are run as distinct profit centers. This would allow veterinarians to charge on the basis of their costs and not spread the costs of all hospital operations across the total client base. In too many veterinary hospitals, certain services (e.g., surgery, imaging, hospitalization) are subsidized by other services (e.g., pharmacy or laboratory), such that neither is appropriately priced to the consumer (one is unfairly high and the other is unfairly low). This, in turn, invites competition for the service that is priced unfairly high. Similarly, with enough general veterinary practitioners in a given hospital setting, there are economies of scale to permit the functioning of separate profit centers at fair prices to consumers and fair remuneration for practicing veterinarians (see 7.12 – Pricing Strategies).

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1.1. Models of Veterinary Practice

• Creating profit centers in large collaborative practices is not enough to fully meet the needs of pet-owning clients (see 9.5 – Profit Centers). A truly client-centered practice should also emphasize the following:
  ◦ Access to specialists: Clients are very aware of specialists in human medicine, but are not necessarily aware that the same kinds of services are available for animals. Clients should realize that specialists are an extension of their primary care veterinary hospital and that the specialists and primary care veterinarians will work together with them as a healthcare team (see 4.23 – The Extended Hospital Team – Making Referrals Work).
  ◦ Access to telehealth: There are many forms of telehealth available to both clients and veterinarians (see 4.24 – Telehealth).
  ◦ Access to reliable medical information: Veterinary practitioners traditionally have not done a very good job of educating their clients on the entire spectrum of healthcare options available. With websites and databases, it is now possible for veterinarians collectively to create an evidence-based resource in which clients can research the most effective drugs, treatments, and tests to address the patient's individual needs (see 4.8 – Pet-Specific Care). It may even be possible to give clients access to some aspects of their pets' medical records (see 10.9 – Blockchain). If clients do not get this kind of support from the veterinary profession they will seek it elsewhere, so it is best that this access be viewed as part of the solution rather than part of the problem.
  ◦ Access to health educators: There is a much-needed role in client education that is currently unmet in the profession. Clients need help with understanding care pathways and treatment plans (see 9.3 – Standards of Care and Care Pathways), having someone check on them periodically to see if they have questions or need a veterinary visit, and helping them navigate the veterinary healthcare arena. This kind of client advocate could be a veterinary nurse/technician or specially trained assistant, or could even be a network affiliate of a larger veterinary healthcare system. If veterinarians are concerned with compliance and client loyalty, this is an important consideration.
  ◦ Access to clients with similar concerns: Social media is very popular, and many people are comfortable hearing accounts from other individuals who share the same concerns. Sometimes, just hearing from another individual who has been through the process is enough to put clients at ease regarding procedures being contemplated. Having such a discussion moderated by a veterinarian or trained nurse/technician is even more valuable and helps stop medically inaccurate information from being disseminated.
  ◦ Access to training and behavior consultants: Surveys have shown that many pet owners do not initiate discussions with veterinarians about behavior problems, and the converse is also true. Behavior problems are the main cause of pets being relinquished, however, so training is a critical component of pet ownership that must not be ignored (see 5.14 – Discussing Behavior).

These are important changes, but they are not necessarily the only changes that need to be made to veterinary practice models in order to create a more effective healthcare delivery service.



EXAMPLES

A client who owns a Doberman pinscher pup searches a veterinary medical resource linked to the primary care veterinarian's website and learns that the breed is susceptible to von Willebrand disease, a bleeding disorder. The client sees that there is both a DNA test and a von Willebrand factor assay available, and initiates a discussion with the health educator assigned by the practice. They schedule an appointment for the tests to be run. It turns out that the dog does, in fact, have von Willebrand disease. The client joins a veterinary-supervised discussion group for the disorder and makes arrangements with the veterinary hospital to be appropriately prepared for upcoming neutering surgery. The veterinary hospital provides a higher level of care at higher revenue, and averts a potential emergency – all initiated by the client. The alternative may have been that the diagnosis was made following complications of the surgery, proving costly for both practice and client.



CAUTIONS

It is hard to make firm conclusions about models of veterinary practice that currently do not exist. Also, developments in human medicine may take decades to filter down to the veterinary profession, and not all may be appropriate.

What does seem clear is that the profession needs to engage in discussions with pet owners about the costs of veterinary care and pet health insurance, regardless of the individual model of veterinary practice.[3]



MISCELLANEOUS

ABBREVIATIONS

DNA: Deoxyribonucleic acid

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1.2. CHALLENGES TO THE PROFESSION



BASICS

OVERVIEW

By definition, a challenge is a call to battle. In addition to all the standard challenges to the profession, it is also important to consider the following:

- **Information glutted, knowledge starved:** The respect, credibility, and trust of veterinarians have all been battered by the media and the Internet. Unmoderated information can be misleading and downright dangerous.
- **Too many versus too few:** Some areas have an overabundance of veterinarians and others have a paucity, leading to a conflict between veterinary schools and the profession over the distribution of veterinary school graduates. There may also be a lack of minorities in the profession.
- **Profitability:** A business model may provide a living wage to hospital owners but in some cases does not provide a reasonable long-term ROI. About 50% of practices have low or limited value when it comes to a sale.
- **Prescribing:** There could be an assault on the veterinary drug dispensary as a profit center, including but not limited to federal bills that require the provision of written prescriptions for any drug being prescribed.
- **Debt:income ratio:** The escalating cost of education and student debt load contrasts with the ability of recent graduates to earn a reasonable wage to help retire debt.
- **Cost–value disconnect:** A conflict arises between the cost of care and the ability of the "average" consumer to afford it. A disconnect exists between the perceived value of the services and products sold by a veterinarian and the cost as determined in the mind of the consumer.
- **High-tech/low-touch methods:** New technologies and new tools coming in from outside of the profession include genetic testing, wearable collars, at-home diagnostic tests, telemedicine, etc.
- **Corporate consolidators:** These challenge the long-standing business model and the independent practice owner model.
- **Enough already:** All this can lead to burnout, substance abuse, suicide, shorter life expectancy within the profession of doctors and nurses/technicians.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

RESPECT AND TRUST

For many years, the veterinary profession was considered to be one of the most highly respected professions. It appears from recent media sources that the credibility, respect, and trust of veterinarians may have experienced some erosion.

The Internet, sometimes referred to as "Dr. Google" when diagnosis and treatment are concerned, allows consumers to query everything at any time, and for free. There are many websites challenging the need for the level of care that is being provided by veterinary practices. Specific questions include: Is there a need for blood testing, whether pre-anesthetic or baseline? Is there a tendency to over-treat in terminally ill cases? Is the more expensive and new surgical option that much better than what was used in the past? Even the level of day-to-day care that might be needed is under scrutiny.

Such myriad opinions can indirectly call into question the level and type of care provided by veterinarians (see 9.3 – Standards of Care and Care Pathways), which in turn can erode the level of trust that pet owners have for their veterinarian.

Internet resources can provide a wealth of information that does nothing more than muddy the waters for pet owner decision-making. Veterinary professionals and organized veterinary medicine need to create fact-based and knowledge-based resources for consumers that become the go-to resource and have been fully vetted and approved. Until we can be the trusted-veterinarian source for patient care we will have an uphill battle against the volume overload that raises more questions than answers.

Without a common agreement as to what is best patient care, there is inconsistency when it comes to the standard of care at all levels from wellness to sickness. And this inconsistency is within practices and between practices. Inconsistency at this level gives the Internet sources more credibility because the profession itself cannot agree as to what is best or what is right. And of course, with inconsistency comes inability – the inability to improve compliance by taking a firm stance on patient care and needs.

THE VETERINARY SCHOOL MODEL

Since 2013, the number of veterinary schools in the United States has grown, and a number of new veterinary schools are under serious consideration. At the same time, many of the existing veterinary schools have increased their graduating class size to address economic pressures. Thus, there are more veterinary school graduates than ever being produced in the United States. And in the last few years, the number of unique applications to veterinary schools has increased as well.

While the number of veterinary school graduates is projected to increase, in many areas of the United States veterinarians are unemployed or underemployed, whereas in others it is nearly impossible to find a new associate (employed veterinarian). In some states, there are more jobs listed than candidates looking for positions. How can you explain a glut and a dearth simultaneously? Supply and demand economics do not seem to make sense when applied to veterinary employment.

Veterinary colleges are challenged to be economically viable. In response to decreasing state and federal funding, they are increasing admission class sizes and increasing the cost of education for newly admitted as well as already enrolled students to help balance the budget.

There are definitely some underserved areas and professional focuses when it comes to veterinary care.[1] However, identifying candidates for these locations or areas of interest is not being addressed by increasing class size. Although more veterinarians are graduating with the same general concentration (clinical practice) this does not necessarily address the greater needs.

As the cost of education is going up, so is the student debt for graduates of veterinary schools. With debt hovering around $175,000 upon completion of veterinary school[2] and with salaries not growing as rapidly as debt, a vicious cycle is impending for the now 4,000 or so veterinary school graduates and the profession as a whole.

With regard to veterinary schools, another question is whether the entire process from start to finish is based upon selecting the best candidates to complete the veterinary education or the best candidates for the consumer (veterinarians or industry or school). In other words, does the admission process and educational process meet the needs for the end user at this point in time?

Taking this issue into another global veterinary issue: Is the current veterinary student gender-ation (gender and generation) adversely selected when it comes to business ownership or entrepreneurship? Is the student debt and the nature of those selected a barrier for entry to small business ownership? Taking this even further, if the current or recent gender-ation of graduates does not want to purchase veterinary businesses, who will? The VBMA (Veterinary Business Management

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Association (www.vbma.biz) has provided a student-run resource for business education within the veterinary schools. However, the veterinary schools themselves need to better integrate financial literacy and knowledge into the curriculum, not just for the potential entrepreneurs but for the requisite life skills of any university graduate.

THE VETERINARY BUSINESS MODEL

In the original so-called "mega-study,"[3] 19 standard business practices were noted as being associated with well-managed veterinary hospitals. It was also noted that almost 80% of practices use fewer than ten of those standard practices. Subsequent studies do not indicate much improvement in this area, even though it was statistically significant that those who used more standard practices were more profitable. For the most part, the veterinary business model remains entrenched in its 60-year-old approach to delivering veterinary care.

Profitability may not be directly correlated to happiness and career satisfaction, but it is definitely influential in these areas. The veterinary business model may not provide sufficient return on investment to meet the long-term needs of most veterinarian business owners, especially when it is time to sell their business. The current net profit margin for most practices does not provide return on investment commensurate with the risks involved (see 7.11 – Understanding Practice Profitability).

The veterinary delivery model is more labor intensive than virtually any other healthcare model. Veterinarians require more staff per doctor than medical physicians or dentists. This would be fine if the staff were delegated tasks that would make the practice more effective, efficient, and profitable. Although a registered dental hygienist can generate hundreds of thousands of dollars per year in practice revenue, a veterinary staff member is rarely allowed to fully utilize the skills they have. Veterinary hospitals that have fully leveraged staffs are the most profitable and report the highest level of staff satisfaction. Unfortunately, this model is not universally applied. Thus, as a rule, veterinary practices are "people heavy," and because payroll is the highest expense for the hospital, profitability wanes.

Another drain on profitability is the failure to make efficient use of the physical plant. Rent or mortgage is paid on 100% of the square footage. However, at any one point in time, only a small percentage of the area is being fully used. Although the exam rooms are in use for billable income, the surgery suite may sit unused for much of the day. When the surgery suite is in use, often times the exam rooms are unused. Additionally, many veterinary practices actually close their doors and are not available for periods of time during the day. The rent does not stop when business is not being transacted. A business model that finds greater use of the various areas, such as imaging, laboratory, exam rooms, surgery, and treatment, at all times of the day (and night), will have a greater return on the physical plant investment. And because the physical plant is also a large expense, this increased efficiency should improve profitability.

After payroll costs, the highest expense for most veterinary practices is the inventory of drugs and supplies. With the current markups in use by most hospitals, the sales of drugs and supplies by practices may not provide a positive net profit for the practice (see 9.15 – Pharmacy Management). Past issues in the pharmacy were the result of too much inventory sitting unsold, the physical space required for storage, overlapping product lines, and shrinkage, among other factors. In recent years, a new challenge to pharmacy profitability has arisen and provides a huge challenge to practice profits. This is the growth of online pharmacies, human pharmacies, and retailers. The in-practice dispensing of prescription drugs, flea control, heartworm control, and other products is being seriously challenged by outside competition (see 9.13 – Medication Dispensing, Compounding, and Prescribing Practices). How veterinarians respond to this challenge will determine how well the current veterinary business model survives in this hyper-competitive landscape.

Another challenge to success is that many veterinary hospitals are operated with only a small number of veterinarians. The inefficiencies previously noted are exacerbated in these small practices where the physical plant is underutilized, as is the staff. Affordability makes these practices most attractive for young veterinarians seeking to buy a practice. On the other hand, profitability in these small practices means the cash flow method for determining purchase price leads to practices that are frequently undervalued (in the owner's eyes) or overvalued (in the buyer's eyes).

With over 40% of new and recent graduates going on to postgraduate internships and/or residencies, the proliferation of veterinary specialists has also rocked the delivery model (see 1.25 – Specialty and Emergency Centers). Whereas in the pre-specialist era veterinarians did everything in their own practice (and still do in many rural practices), in urban settings the immediate availability of specialists in surgery, ophthalmology, dermatology, internal medicine, emergency/critical care, and so on, has started to push the general practitioner into the role of preventative care and triage physician, with everything else referred to the appropriate specialist. Specialty veterinary medicine is offering new options for pet owners when it comes to the treatment of many conditions. For those pet owners who can afford it, specialists provide the best care possible. For generalists, specialists have become the "go-to" doctors for much of what was done in general practice not that long ago.

Nontraditional sources of veterinary care are also becoming available with more prominence. With pets being spayed or neutered at shelters before placement, the spay–neuter income has been diluted. Add to that private, public, and not-for-profit spay and neuter clinics, and the revenue potential gets sliced even thinner. Of course, vaccination clinics have been around for a while, offering a direct challenge to practice income at pet stores, feed stores, parking lots, and so on.

The overall foundation of the veterinary practice is being rocked by all of this and calls into question the presence of a model that will provide for all stakeholders in a practice setting.

COST:VALUE DISCONNECT

Over the last 50 years or so, as the small animal practitioner plied his or her trade, improved skills, and offered higher levels of care, the cost of care escalated but was still long considered a "healthcare bargain," when compared with the services offered by our human health counterparts. However, with veterinary medicine still being a discretionary expense for pet owners, veterinary costs have certainly come under more scrutiny lately.

Over the last 10–15 years, veterinarians increased prices on a regular and continual basis at a rate higher than inflation. When prices were increased, the income for veterinarians also increased. These price increases usually encompassed all fees, although some of the more competitive services were raised at lower rates to remain in line with other practices.

Unfortunately, in many cases, the fee increases were not accompanied by a commensurate value increase to the pet owner. Thus, higher fees were often charged with no change in service, care, compassion, understanding, or education. The consumer has started to push back on care, and client visits to veterinary hospitals has dropped. Fewer veterinary visits, lower compliance, lower adherence, and more resistance to healthcare plans (estimates) will not bode well for the profession.

The cost of care question, which never seemed to be an issue previously, is now a real issue and further validates that the veterinary profession is not recession proof. It also will challenge the communication skills of many practices who were used to discussing a pet's needs without question and now will be facing questions from the client or even more second opinions before care is provided. It has also led to pet owners delaying care for conditions, and thus only increasing the cost of care because pets are coming in for care later than they should.

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1.2. Challenges to the Profession

Reconciling the disconnection between the cost of care and the value of care is a challenge at all levels of veterinary medicine. It will require a combination of organized veterinary medicine and industry support to address this issue.

CORPORATE-OWNED PRACTICES AND CORPORATE CONSOLIDATION

The presence of veterinary practices that are owned and operated by large financial backers may be considered a challenge or a benefit, depending on who you are speaking to. Veterinarians who have sold their practices and benefited from the deep pockets of a corporation may offer one opinion, whereas those who have had practices impacted by the presence of a corporate practice in their community may have another opinion.

Over the last 20 years, the increasing presence of corporate practices has concerned many practitioners. The concerns include: unfair competitive edge; loss of identity of the veterinary profession similar to other franchised businesses; diminishing standards of care; lower prices; higher salaries and challenges to meet the available benefits; and other factors. Even with these concerns, the number of corporate-owned practices is still less than the 15% of all practices that was once projected. It is still undetermined what role corporate veterinary practices will play in the future of veterinary medicine, but most of the fears regarding corporate practices remain unsubstantiated.

Corporate practices (see 1.21 – Corporate Veterinary Practices) provide a great model to learn from and veterinarians can emulate what has made them successful while making sure not to repeat their mistakes. The size of corporate practices can make them slow to change; the independent practice owner, in contrast, can start and stop on a dime to respond to their environment. It is in the hands of the independent practice owner to control their own destiny.

THE INDEPENDENT VETERINARY PRACTITIONER

Just as one could question whether corporations are a challenge, one might wonder why this is listed as a challenge. The single-doctor practice model has existed for decades. It is a model that human physicians followed for decades until various challenges they faced caused them to change.

A single doctor needs to balance business and clinical care, provide leadership and doctoring, manage day-to-day operations, and have long-term vision. And they do all this without having other professionals around to support them. The opportunities for survival, let alone growth, all depend upon the doctor coming to work every day, until the business can support a second doctor. The good news is there is no reason to share the profits. The bad news is that the profits are limited to the abilities of the doctor in charge.

With the gender-ational changes, the need to balance life and income has taken a front seat to many other priorities. In a single-doctor practice, the ability to balance life is challenged by the need to be profitable. The time needed to run a single-doctor practice comes from the time that would be spent at home or taking care of oneself. This business model has become less attractive because of the time challenges and the somewhat constrained profitability, based upon how much work one doctor can do.

FUTURE THINK

The high-tech world is investing a lot of money in the veterinary world at a variety of levels. Wearable collars that can track heart rate, respiratory rate, exercise levels, etc. allow for distant monitoring of pets. Urine cups impregnated with testing strips enable owners to check their pet's urine for abnormalities at home. Genetic screening can now detect hundreds of variants, from a very young age (see 4.8 – Pet-Specific Care). These and other "conveniences" may make veterinary visits seem obsolete. And then the growth of telemedicine can change the dynamic even further.

Telemedicine with its multitude of definitions already exists in veterinary medicine. How entrenched it becomes and to what level it impacts the cash flow of clinical practices is still to be determined. The veterinary medical boards and practice acts are going to be tested by new and updated definitions of the veterinary client patient relationship. The ability to use smartphones and tablets for examinations from a distance will tax the hands-on physical examination as the gold standard. Can this help practices provide more convenient care for patients and clients or will it further decrease client visits to the physical veterinary hospital? Will it eliminate state borders when it comes to veterinary licensure and leave us with a national license, since the veterinarian and the patient do not have to be in the same area, let alone state, when we are using technology? Numerous questions and more challenges arise.



EXAMPLES

To get a feeling for the public perception of the veterinary profession, all you have to do is listen. Whether they are online, at the bank or the grocery store, flying on an airplane or surfing the Internet, walking the dog, or visiting a pet store, consumers are increasingly ready to offer unsolicited comments about their veterinary experiences.

A major area that practices can benefit from is a better understanding and use of the plethora of data available in their practice management and accounting software (see 10.3 – Selecting Computer Software and 10.4 – Selecting Accounting/Financial Software). Understanding data and key performance indicators allows for goal setting, benchmarking, and tracking, which are all keystones to successful business management (see 7.8 – Key Performance Indicators). Efforts to standardize the chart of accounts, diagnostic codes, service codes, and other commonly used terms will enable all veterinary practices to use the same vernacular when talking about the relevant numbers. This will also make huge differences in helping the business of veterinary medicine become a real business and not just a hobby.



CAUTIONS

The areas noted above represent challenges that have been identified by the veterinary profession. Addressing these challenges and finding solutions will require an overarching effort from practitioners, organized veterinary medicine, industry supporters, and universities. The veterinary profession has been and continues to be a reactive profession and yet can be glacial in its speed. Taking a proactive approach and providing solutions to the above identified challenges and others may start to turn the Titanic away from the iceberg that looms.



MISCELLANEOUS

These challenges do not mean that the veterinary profession is not thriving. They are just indicators of the maturation process and the need for evolution within the profession. Additionally, the number and variety of challenges indicate that the world in which veterinary medicine survives is also changing rapidly. The long-term question examines what is needed for veterinary medicine to overcome the challenges, reconfigure or transform itself, and continue to flourish.

ABBREVIATIONS

ROI: Return on investment

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1.2. CHALLENGES TO THE PROFESSION

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1.3. TRENDS IN COMPANION ANIMAL VETERINARY PRACTICES



BASICS

OVERVIEW

The numbers and types of practice models for the ownership and management of veterinary practices have proliferated in recent years. These varied practice models will continue to diversify, and we will also see increased hybridization of models. No single model is likely to dominate, and in the aggregate these trends will lead to a decreased proportion of practices owned and operated as conventional small-companion-animal practices. Although it is not possible to predict all the future changes, it seems certain that certain trends will continue, including:

- the proliferation of larger practices;
- continued consolidation in general practice and referral practice at national, regional, and local level (increasingly driven by market forces including global capital and private equity's interest in veterinary medicine as an investment thesis along with competition for practices);
- more competition for clinical staff, notably emergency veterinarians, specialists, and technicians/nurses;
- more innovation of models or combinations of models intending to solve new or emerging business challenges, or targeting increasingly specific sectors of the care-delivery spectrum;
- generational trends, with Baby Boomer practice owners beginning to implement exit strategies and wealth liquidation as part of their retirement.

TERMS DEFINED

Competition: The process of two or more businesses vying for the same group or a fixed pool of customers.

Consolidation: The mergers or acquisitions of smaller companies into a single, larger company. Entities operating multiple practices within or across regions are often referred to as "consolidators."

Differentiation: A manner of creating competitive advantage through offering products or services that stand out from rival businesses through the quality, service level, or cost of the services. Offering a unique combination of services or a uniquely focused set of services are other means of differentiation.

Disintermediation: Giving the user or the consumer direct access to information that otherwise would require a mediator. This is often done through technological innovation.

Diversification: Attempting to gain increased sales through offering new products or services or by selling products or services into new markets.

Economies of Scale: The cost advantages an organization gains through expansion, or more simply doing things efficiently. Common economies of scale involve purchasing, managerial knowledge, and finance.

Generational Wealth: The development of significant stable financial resources which can be passed down to future family generations.

Humanization of Pets: The societal trend of treating pets more like human family members than as property or with lesser status than people.

Investment Thesis: The beliefs that investors decide to use when determining what investments to purchase or sell, when to take an action and why. An investment thesis helps investors establish goals for their investments, and measures whether they have been achieved, either in written form or simply as an idea.

Market Maturation: As a growth market for services or products begins to transition into a more stable market, this often marks a time when customer needs or demands are not evolving or growing rapidly. As a market shifts from growth to maturation, businesses need to adopt different strategies due to the nature of competition and the demands of the customer. Signs of mature markets often include competition, differentiation, and diversification.

Practice Models: The array of various aspects of ownership and management of veterinary practices including the practice size, and the scope and breadth of services or markets served.

Recurring Revenues: The portion of a company's revenue that is highly likely to continue in the future. This is revenue that is predictable, stable, and can be counted on in the future with a high degree of certainty. It usually does not require the major costs of new customer acquisition.

Roll-Up Merger: A roll-up (also known as a "roll up" or a "rollup") merger occurs when investors (often private equity firms) buy up companies in the same market and merge them together. Roll-ups combine multiple small companies into something bigger and better in order to enjoy economies of scale. Private equity firms use roll-ups to rationalize competition in crowded and/or fragmented markets and to combine companies with complementary capabilities into a full-service business.

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1.3. TRENDS IN COMPANION ANIMAL VETERINARY PRACTICES



ISSUES AND OPTIONS

A larger and more diverse selection of practice models exists today than ever before. Practice models evolve in responses to economic forces, including those within the profession as well as those in the general business community and even global forces related to the supply and demand for capital. Some of the forces contributing to the proliferation of practice models include generational preferences, market forces, and the supply of veterinarians.

GENERATIONAL PREFERENCES

Recent graduates have shown reduced interest in practice ownership, perhaps reflecting both their generational tendencies and an awareness of the challenges of business ownership (see 1.13 – Generational Differences). Real or perceived lack of access to capital may be an issue as graduate veterinarians manage increasingly large student debt burdens.

MARKET FORCES

In many metropolitan areas or regions the demand for veterinary services may be considered a "mature market," having reached a balance of supply and demand. Competition, differentiation, and diversification all become more prominent in mature markets. Increasingly, there are an array of global and national market forces that lead to increased practice consolidation along with the development of new practice models to exploit smaller or more specialized or fragmented niches.

The global and national market forces resulting in consolidation and business model diversification include:

- the existence of a global pool of capital in an environment where yields are low or even negative, essentially turning financial capital into something of a commodity;
- private equity as a high returning asset class for investors;
- the positive investment thesis for veterinary medicine as generally understood by private equity;
- societal trends, including humanization of pets/animals and the increased pace of translation of technology from human medicine to veterinary medicine;
- positive economic trends, including practice revenues as recurring revenues, based on relationships of practice owners with pet owners and pet owners with their long-lived pets and stability of cash flows through multiple economic cycles;
- competition as market forces and high levels of investment interest result in rising prices (valuations) for practices, simply based on supply and demand. These rising valuations produce unique opportunities to create and harvest generational wealth for many practice owners.

SUPPLY OF VETERINARIANS

Veterinary student enrollment has grown systematically and demand for veterinary services has largely recovered with the economy. Speculation about the supply of and demand for clinical veterinarians is rife within the profession and can be polarizing. In recent years, there has been a relative undersupply of clinical veterinarians, notably in the specialty and emergency practice sectors. This has led to stiff competition in clinician recruiting and hiring. Larger entities that can create and implement broader strategies for recruitment and retention of key clinical veterinarians may have a key advantage over smaller practices or groups.



EXAMPLES

CURRENT MODELS

Traditionally, the primary care (general) practice has been the most common practice model. Varying sizes of practices exist, including smaller practices owned and operated with one to three veterinarians and mid-sized or larger practices employing four or more, and sometimes as many as 25. Mobile and house-call practices also fall into the primary care practice category, often functioning as the smallest general practices.

Consolidated Practices

These are practices created by mergers with, and acquisitions of, other practices or practice groups. Consolidation is often driven by business imperatives such as profitability through economies of scale, revenue growth, and market competition. As practices grow in size, they may achieve a variety of business advantages unavailable to smaller practices. Current business tools and technology continue to increase the ease of operating multiple locations across a city, region, or country. Consolidation takes place at national, regional, and local levels.

Nationally and regionally, there are an increasing number of consolidators operating dozens to hundreds of practices (see 1.21 – Corporate Veterinary Practices). National and regional consolidators may be publicly traded or privately held and may have investment backing from any number of sources including private equity firms. In addition to acquiring existing practices, some national and regional practice groups start new hospitals. Consolidation is occurring locally, regionally, national and globally in many geographic markets, with certain practice groups owning and operating two to six hospitals. The difference between a general practice with multiple locations and a consolidated practice may be mostly one of semantics as both types increasingly focus on economies of scale and on growth strategies. Consolidated practices still own a relatively small proportion

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1.3. TRENDS IN COMPANION ANIMAL VETERINARY PRACTICES

of all practices but their growth is continuing and new consolidators continue to emerge. Increasingly, the profession is experiencing a consolidation of consolidators, notably with one large business having purchased four US veterinary consolidator groups.

Roll-Up Mergers

A distinct and increasingly common subtype of a consolidated practice, these are a part of the consolidation process that occurs as new market sectors mature. Larger practices (or groups of practices) are usually valued at a higher multiple of earnings than are smaller practices, so a private equity firm that has bought and integrated smaller businesses can sell the rolled-up practices at a profit. Many roll-up mergers focus only on acquisitions and refrain from implementing national systems or trying to drive improved practice operations. They may simply aim to achieve a specific size threshold that will allow increased valuation and sale to the next buyer or set of investors.

Species-Specific Practices

These focus on a single species of pet. Common examples are feline-only, canine-specific, and equine practices. Practices may also specialize in a particular group of species, such as avian or exotic-specific practices.

Care Segment-Specific Practices

These practices focus only on a certain segment of care or specific aspect of the pet's life cycle. This type of care is often delivered by animal shelters, spay–neuter clinics (for-profit and not-for-profit), vaccination clinics, hospice practices, and even urgent care practices. Increasingly, various for-profit practices are being developed to target low-cost care and veterinary care in the home. These are attracting substantial investment interest.

Other Management Structures

More recently, a number of new structures have emerged as structures for ownership and/or management of practices. These include the following:

- **Contracted management** occurs when a management company manages the business operations of the practice for a fee. This model may blend certain aspects of investment-backed entities (see Investment-backed entities), where the management fee may also include an equity interest in the practice. Contracted management is being practiced in primary care, specialty, and academic practice.
- **Group purchasing organizations (GPOs)** can be viewed as a subset of contracted management and also may be known as buying groups. GPOs work to improve profitability of participating practices through economies of scale in aggregating buying power, often focusing on drugs and medical supplies. They often develop offerings in other areas such as office supplies, laboratory services, and business services such as credit card processing, payroll processing, and even management services. GPOs currently operate in the United States, Canada, Australia, and the United Kingdom.
- **Investment-backed entities** invest private funds into existing practices, but purchase a partial interest in the practice, less than the complete ownership interest. Beyond providing financial capital for the owner, the entity brings management expertise and a focus on the business aspects of the practice. Several of these entities operate today. The original seller might then participate in the economic returns of future economic events.
- **Peer groups** are intended to facilitate general business knowledge for owners. These groups may also endeavor to improve profitability through operating as a GPO. At times, these groups may facilitate mergers or consolidation, either intentionally or as an unintentional outcome of bringing like-minded business owners together. Peer groups often focus on collaboration between practices similar in scope or mission (e.g., general practices, equine, feline, referral).
- **Specialty practices** have undergone a proliferation of practice models. Older models of specialty practice continue to exist and to thrive in certain circumstances. Examples of these models include "cooperatively owned" practices, where a group of local general practitioners own and operate the practice; the "condo model," where multiple practices operate under a single roof; and the "clustered model," where a group of separate practices are located in close proximity to one another to create a medical campus effect. There has been a steady movement to owner-operated referral practices such that the various specialty services are operated by a single entity, which is usually held closely by a single owner or small group of partners working in the practice. The owner-operated practices are often able to operate more nimbly than the older models of specialty practice. In many areas of the country, there are also specialists who work on a mobile basis, working regularly at many or a few general practices. Some fixed-location specialty practices provide certain services on a mobile basis.
- **Academia** has also undergone a proliferation of practice models. Some veterinary schools are expanding by operating standalone practices, which may be located at some distance from their primary campus location or even in a different region. Other practice models in the academic setting include contracted management and partnerships with private practices.

FUTURE MODELS

What lies ahead? Just as with the rest of the business community and society at large, the veterinary profession is undergoing transformation as entrepreneurship and technology are being brought to bear on all aspects of the profession. This results in attempts to create new business models through disintermediation and changing pet owner preferences along with use of data, telemedicine, and other technologies. It is impossible to predict which business models will be the most or least successful, but we can know for certain that the array of business models will continue to diversify.



CAUTIONS

If the model of smaller veterinarian practices continues to have diminished appeal to graduate veterinarians, then these practices will generally have diminished economic or resale value. If a cycle of diminished appeal leading to diminished value develops, this may hasten the proliferation of other models relative to the presence of the more traditional, smaller general practice model.

Companies executing a pure roll-up merger strategy face the risk that the business cycle will turn down and that they will hold practices that they do not have the ability to manage. This is likely to result in a discounted sale of these practices to entities that have focused on financial strength, systems development, and management expertise.

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No single practice model is best on an absolute basis because they each have relative advantages and disadvantages. The choice of business or practice model should be intentional and should match the needs of the individuals involved and the business plan and market sector. Ideally, the practice model should solve current challenges while being durable and flexible enough to meet future challenges. From time to time, veterinary practices may find that they need to change their model or their business plan to adapt to the needs of the pet owners and practice owners and to create the best conditions for success.



MISCELLANEOUS

ABBREVIATIONS

GPO: Group purchasing organization

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1.4. VETERINARY TRADE AREAS

BASICS

OVERVIEW

Knowing your practice's trade area or potential trade area can help with:

- planning a start-up practice and assessing the practice's market potential,
- developing focused marketing plans to help grow your practice and/or to increase your market penetration,
- crafting equitable and data-supported noncompete covenants (see 13.11 – Noncompetition), and
- identifying potential practice relocation sites and/or locations for satellite offices.

TERMS DEFINED

Trade Area: The geographic area from which the organization draws most of its customers and within which the organization's market penetration is the highest. The traditional benchmark for defining a trade area is the area that contains 80% of a business' clients. A trade area is also known as a "region of influence" or "catchment area."

ISSUES AND OPTIONS

IDENTIFYING YOUR TRADE AREA: EXISTING PRACTICE

Zip Code Counts

Zip code counts are a decent way to determine where your current clientele originate. Historically, trade areas were estimated by counting the number of clients in each zip code. This shows where your client densities are the highest, and works best when you have zip codes that cover small areas; large-area zip codes will be less descriptive. With current veterinary practice management software, client zip code counts are fairly easy to accomplish.

Better Method: Drive Times

See the section below on using drive times to estimate a trade area. When combined with a zip code count, this can help to refine your trade area boundaries.

Best Method: Address Mapping

Your practice management software contains a wealth of data, including the client address information. This data can be geocoded, or address mapped, so that you can see the actual distribution of your clients.

- By using actual practice data, the trade area can be more precisely identified, and it is much more reliable and supportable in legal situations. It is important to only use your active clients – those clients that have transacted at your practice in the last two years.
- To do the mapping, you can purchase mapping software or hire a qualified consultant to do it on your behalf. If you are not mapping all of your active clients, try to use a representative sample with a minimum of 1% of the total number of active clients.
- Once active clients are mapped, a polygon can be generated that contains 80% of the mapped clients. Figure 1-4-1 shows the actual client distribution of a practice and the resulting trade area boundary. The practice is located in the center, the dots are client locations, and the trade area boundary is the peripheral polygon.
- With active clients mapped and trade areas defined, it is possible to identify the portions of the trade area that have strong concentrations of clients and the holes where there are few clients – which represent opportunities to grow the practice. This also helps identify the best locations for relocation or satellite offices.

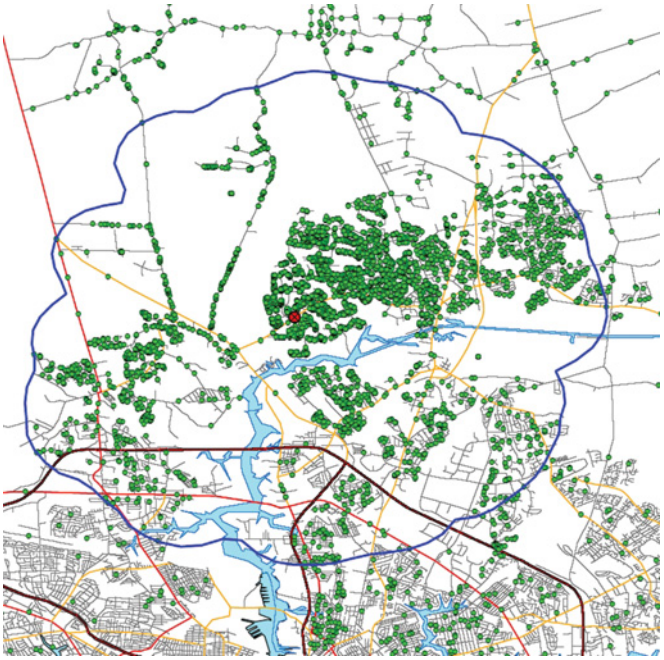


Figure 1-4-1.

Client distribution for a practice and the resulting trade area boundary.

IDENTIFYING YOUR TRADE AREA: START-UP PRACTICE

For a start-up practice, it is important to assess the location's market potential before you commit all of your time and resources. In other words, you need to determine if the area can support a new (or another) veterinary practice.

The first step in this assessment is to identify your potential trade area. Without client data, it is still possible to reasonably define a potential trade area where most of your clients will come from. There are two methods to establish a potential trade area for a new practice:

- **OK method: radius rings:** The traditional means of estimating a trade area boundary is to use a radius ring or rings such as a 3-mile radius ring or a 5-mile ring for a nonrural, small animal practice. While this is an easy method, it does not usually match well when compared with actual client distributions. The problem is that a simple radius does not take into account factors that will impact your clients, such as ease of access (the good and bad of the community's road network) and physical barriers (e.g., lakes, mountains, road-less areas).
- **Better method: drive times:** Using drive times to estimate the potential trade area's boundary takes into account factors that the radius ring does not. Also, when compared to known trade areas, drive time estimates have been shown to be a better representation than the radius ring. Figure 1-4-2 shows a comparison of a 5-mile radius ring and a 10-minute drive time. The practice's location on a main road helps provide easy access, which extends its potential trade areas in some directions, but limits it in others.

Selecting the most relevant drive time depends on several factors, including the types of services provided; whether the area is urban, suburban, or rural; traffic congestion, etc. In general, clients are typically willing to drive further in rural and suburban communities than in urban ones. The following guidelines are based on calculations from known practice trade areas:

- 10–12 minutes for a small animal practice

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1.4. VETERINARY TRADE AREAS

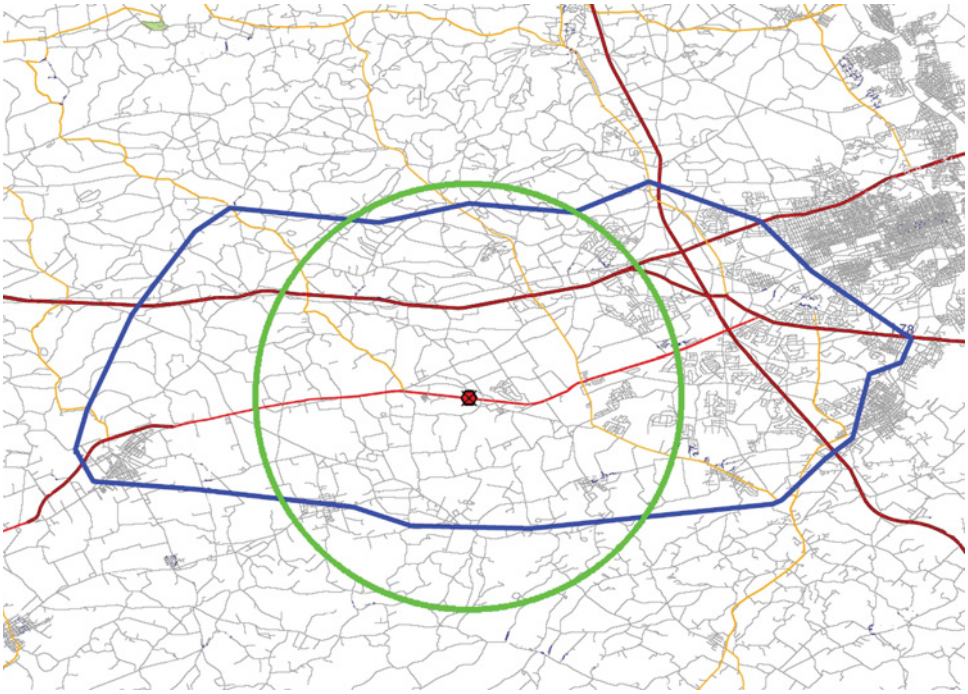


Figure 1-4-2.

Comparison between a 5-mile radius ring and a 10-minute drive time.

• 30–40 minutes for mobile and large animal practices, although the limit tends to be your preference with respect to how far you are willing to drive from one edge of the area to the other
• 30–40 minutes for a kennel or emergency practice
• 45 minutes or more for a specialty practice.

To estimate the trade area, start at the practice location, drive in the different directions for the designated times, and mark the locations on a map. For a more client-focused perspective, you may want to drive those routes twice – once at a low traffic time and once at the peak time. Alternatively, you can have the estimate done for you by a consultant with access to appropriate mapping software.

For a start-up practice, establishing the boundaries of your potential trade areas provides a foundation for analyzing the market potential of your planned practice. For an existing practice, knowing your trade area helps to keep you focused on where your clients are really coming from and where additional potential clients may be.

EXAMPLES

N/A

CAUTIONS

N/A

MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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1.5. TODAY'S PET OWNER



BASICS

OVERVIEW

Today's pet owner is an informed consumer and, more than at any time in the past, has the ability to acquire pet health information from sources other than a veterinarian. In years past there would certainly be books on pet care, and members of the "fancy" had access to periodicals targeted to purebred ownership and healthcare. However, now the Internet provides ready access to virtually limitless amounts of information and product sales. That surging volume of available information is not only confusing, but it can also adversely affect personal wellbeing, decision-making, and productivity, and it can serve as a major interruption in one's day.[1]

For veterinarians to compete effectively in such an environment of information overload, they must increasingly rely on value delivery, customer service, and acting as an advocate for pet owners – helping dog and cat owners navigate the confusing path toward optimal pet healthcare.

TERMS DEFINED

Demographics: Description of objective and quantifiable characteristics of an audience or population, such as age, marital status, household income, and pet-spending index.
Market Research: Determining attitudes and behaviors of various public segments and their causes in order to plan, implement, and measure activities to influence or change those attitudes and behaviors.
Medicalization: In veterinary medicine, this term has come to represent the percentage of animals that have been seen by a veterinarian at least once in a 12-month period. This is different from the sociologic use of the term to describe nonmedical issues that are described in medical terms of prevention, diagnosis, and treatment.
Psychographics: Research that attempts to explain behavior by analyzing people's personality traits and values.



ISSUES AND OPTIONS

Even though the numbers change slightly from year to year, America remains a nation of pet lovers. In the most recent demographics available, approximately 57% of households in the country owned a pet and close to two-thirds of those pet-owning households actually owned two or more pets.[2] This does vary a bit, depending on the survey selected, but it is fairly consistent with the other major survey, which contends that 68% of US households own a pet, representing approximately 90 million dogs and 94 million cats.[3]

MEDICALIZATION

Although the United States is clearly a country of pet lovers, that affection does not necessarily translate into regular veterinary visits. In addition, there is often a significant discrepancy between veterinary care provided for dogs versus what is done for cats.

Over 60% of pet owners consider their pet a family member, whereas 36% consider them companions, and only 1% consider them property.[2] With those kinds of numbers, one would expect very high levels of medicalization. In this context, medicalization refers to any level of veterinary care that a pet receives in a 12-month period, but obviously this does not necessarily represent optimal care.

Close to 75% of pet-owning households took their dogs to the veterinarian at least once a year for routine checkups and preventative care.[2] From that same study, only 45% of households owning cats had taken them to the veterinarian at least once a year. Feline visits have actually declined 13.5% from the same survey done five years previously, which means that most cats are not receiving the level of veterinary care needed, and the situation seems to be worsening.

One clear determinant of medicalization rates is the human–animal bond (see 1.19 – Importance of the Human–Animal Bond). Although households that owned dogs saw the veterinarian an average of 1.6 times a year, households that saw their dog as a family member had, on average, 2.9 veterinary visits a year, compared with 2.0 visits a year for households considering their dog a companion, and only 1.2 times a year for households considering their dog property.[2] The same benefit seems to hold true for cats as well. Households that owned cats saw the veterinarian an average of 1.6 times a year, whereas households that saw their cat as a family member had, on average, 1.9 visits a year, compared with 1.2 visits a year for households considering their cat a companion, and only 0.5 visits a year for households considering their cat property. In another study, owners with strong owner–pet bonds took their pets to veterinarians 40% more often than owners with weaker owner–pet bonds.[4]

From these studies, it is reasonable to suggest that promotion of the human–animal bond by practices is the best way to improve medicalization of existing patients. It is less clear how veterinarians, as a group, can help drive current nonusers of veterinary services to more closely bond with their pets and to seek appropriate veterinary attention.

DEMOGRAPHICS AND PSYCHOGRAPHICS

Although the standard family unit of one husband, one wife, and two-plus children has evolved considerably in the last half century, it is less clear that so-called nontraditional families are any less pet-friendly, and there is much evidence that total pet numbers and numbers of households owning pets are fairly steady. One thing that seems to be consistent across all age groups is who is ultimately taking responsibility for pet care. At a resounding 80.7%, the primary pet caretakers are female.[2]

The big question on the horizon for veterinary care is the generational differences yet to be observed as the Millennials (people born between 1982 and 1999, although there is no consensus on this range) become the next big generation of pet owners (see 1.13 – Generational Differences). As a cohort the Millennials comprise about 80 million people in the United States, a generation even bigger than the Baby Boomers, and it is not yet known with any certainty what their attitudes will be toward pet ownership and regular veterinary care. At present, the Millennials are the predominant pet-owning demographic, and there is at least preliminary evidence to suggest that they take the responsibility seriously and are prepared to spend accordingly.[5]

One thing that likely will change regarding the Millennials is how they will want to receive veterinary services. As a generation that grew up with the convenience of the Internet, smart devices, and social media, will the Millennials be content to bring their pets physically to a veterinary office when they otherwise seem to be well and not in need of specific services? By the same token, will veterinary offices need to evolve their business models from relying on owners physically bringing a pet to an office? Perhaps even telehealth options may need to be considered (see 4.24 – Telehealth).

SPENDING

From the most recent statistics available, the US pet industry represents sales of approximately $70 billion and of that, only about a quarter is spent on veterinary care.[3] Perhaps more compelling is the fact that although these same surveys indicate that pet spending has grown at a healthy pace, the growth in veterinary spending has been relatively anemic by comparison. This seems to indicate that although pet owners value their pets and spend consistently on them regardless of the economy, veterinary care may not be valued as highly as some other goods and services.

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1.5. TODAY'S PET OWNER

We have mentioned that visits to veterinary offices are a direct reflection of the human–animal bond (see 1.19 – Importance of the Human–Animal Bond), but the same is true of expenditures. Dog-owning households that considered dogs to be family members spent 1.6 times more on veterinary expenditures per household than those that considered their dogs to be companions and 2.3 times more than those that considered their dogs to be property.[2] In the same study, cat-owning households that considered cats to be family members spent 1.7 times more on veterinary expenditures per household than those that considered their cats to be companions, and 5.1 times more than those that considered cats to be property.

Veterinarians have also not done as good a job as needed at educating clients about the need for routine veterinary care (see 4.9 – Lifelong Excellence in Healthcare and 5.12 – Discussing Pet-Specific Care). Vaccination remains the main reason for pet owners to visit the veterinarian.[4] It can be confusing for owners when vaccination protocols change or when vaccination becomes available through alternate channels.

Even though there are more cats than dogs, because medicalization rates and expenditures per pet are higher in dogs than in cats, 68% of total veterinary expenditures are spent on dogs.[2] This represents both a challenge and also a great opportunity to become more feline-friendly and to reap the potential benefits of providing needed professional services to cat owners (see 4.13 – Creating a Feline-Friendly Focus and Facility).

A look at today's pet owners would not be complete without examining their attitudes to the current use of veterinary services. About 30% of dog owners and over 40% of cat owners would not take their otherwise healthy pets to the veterinarian if vaccinations were not necessary.[4] This suggests that veterinarians have not done an acceptable job in communicating the importance of regular veterinary visits, apart from vaccination.

According to the Bayer veterinary care usage study,[6] pet owners would be prepared to take their pets to the veterinarian more often if certain criteria are met. The following are the top four criteria, each followed by the percentage of owners that either completely or somewhat agreed:

- If they knew it would prevent problems and more expensive treatment later (59%)
- If convinced it would help their pet live longer (59%)
- If each visit was less expensive (47%)
- If they really believed their pet needed exams more often (44%).

In addition to all the other factors responsible for driving client visits and appropriate healthcare spending on pets is one factor that is completely under veterinary control. Lack of effective communication is one of the largest impediments to clients doing the right things for their pets. Clear and thorough communication with the client, including direct recommendations for action rather than vague suggestions, can ultimately increase compliance by as much as 40%.[4]



EXAMPLES

N/A



CAUTIONS

In addition to information overload, we are also seeing global changes in consumer behavior that are reflected in the actions of many customers today. There have been noticeable trends that are likely to affect spending on veterinary care for many years to come. These trends include[7]:

- a demand for simplicity (preference for simpler offerings with the greatest value);
- discretionary thrift (economizing activities, even by affluent consumers);
- the decline of deference (consumers' growing confidence in their own ability to find information and products, and make smart choices, without the need for experts);
- fickle consumption (erratic loyalty, with the belief that there are so many options available that there is no need to settle for what is immediately available).

Businesses that streamline the client experience by providing goods and services that make it easier for customers to buy and use them actually strengthen consumer loyalty and attract new customers who defect from less user-friendly competitors.[8] This suggests that veterinary practices need to concentrate on providing end-to-end solutions for pet owners, solving their problems, saving them time, providing what is actually needed, and continuously improving the process with the client's total satisfaction in mind.



MISCELLANEOUS

When it comes to today's pet owners, veterinarians need to convey value in their offerings, take time to educate clients on the immediate and lifelong healthcare needs of pets, and make clear recommendations as to what medical care is appropriate.

ABBREVIATIONS

N/A

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1.6. TODAY'S VETERINARIAN



BASICS

OVERVIEW

• The veterinary profession and the service providers who represent it have gone through a number of sweeping changes over the last few decades.
• There has been a marked shift who the "typical" veterinarian is, from predominantly male and from a rural background, to predominantly female, and from an urban background.
• There are approximately 3,000 graduates per year from US colleges of veterinary medicine, over 75% of whom are female. Of active practitioners 55% are female and 45% male.
• The average US veterinary student graduate now is 28 years old and female. This average graduate may or may not remain in the workforce as a full-time veterinarian and may or may not choose to embark at some point in their career on practice ownership.
• There is a greater influx of graduates from "for-profit" international schools returning to North America.
• An increased importance and reliance and prioritization of the human–animal bond has redefined the role of a pet and is changing the training and role of the veterinarian as well (see 1.19 – Importance of the Human–Animal Bond).
• With the emergence of social media channels and a changing demographic of clients, the veterinarian's role has evolved from one of being a guardian and providing information, to being a collaborator and clarifying information for today's clients (see 1.5 – Today's Pet Owner), many of whom will have made a conclusion or diagnosis prior to visiting the veterinarian.
• A higher proportion of new graduates are seeking internships before commencing work as employed practitioners for a number of reasons, including a lack of confidence upon graduation, no jobs to their liking, or seeking specialty training.
• As a result of the demographic shift, a higher proportion of job positions may be part time and many women in the profession will leave the profession and may re-enter the profession on a part-time basis following maternity leaves.
• By 2048 Millennials will represent 39% of the electorate, but only 13% aspire to move up a corporate ladder or become CEO of their own business.[1]
• Veterinarians today face more-, but not necessarily better-informed clients, information overload, and increasing client education effort through emerging technology.
• The core value equation for clients and challenge for veterinarians to delivery has not changed significantly in past few decades and is founded on having reliability, responsiveness, good knowledge, empathy, and meeting the client experience expectations when interacting with the staff and facility.



ISSUES AND OPTIONS

• A growing number of employers are corporate consolidators (see 1.21 – Corporate Veterinary Practices) and have created a significant competitive presence for ownership of practices when a practice is targeted for acquisition by a corporate combiner (see 1.2 – Challenges to the Profession). It is anticipated that by 2020 they will own roughly 20% of all companion animal practices.
• In 2006 there were approximately 1,700 veterinarians retiring per year; by 2026 that number will climb to over 2,500 per year.
• The veterinarian today has a number of business models to choose from, ranging from proprietary single veterinarian practices to large business enterprises owned at arm's length or by corporate consolidators (see 1.1 – Models of Veterinary Practice).
• Average starting salaries for full-time practitioners across all species of practices in 2017 was ~$67,000 a year; however, commission-based remuneration and benefits are often added onto this base salary.
• As the profession evolves from a time- and effort-based compensation system to a results-based compensation formula, more employed veterinarians must become accustomed to the concept they will be paid based on the economic activity they generate for the practice in a compensation format called "pro-sal" or "commission-based compensation."
• Salaries have not moved consistently with the GDP as the veterinary marketplace for new graduates faced a much more volatile market as the veterinary marketplace for new jobs has been slow to adapt.[2]
• The mean age of all practice owners, regardless of whether small animal practice, large animal practice, or equine, is over 60 years old.
• Veterinarians have the option to pursue many alternative career paths outside of traditional practice, including pharma, government and regulatory, research, teaching, full- and part-time positions.
• A combination of higher tuition fees, perceived lower salaries over the course of a career, more schools, and lower standards may lead to less-qualified and competent graduates.

STUDENT DEBT

• A veterinary graduate's student loan burden could exceed $175,000 on graduation and would take many years to pay off.
• There is a disparity in income needed between graduates with significant debt and those with no debt. Those with high levels of debt may find it impossible to work in practices where the salaries are typically lower.
• Debt is often incorrectly measured against starting salaries, whereas debt should be considered a cash flow management issue and measured against the "total return" and considered in context with the time value of money.
• The profession needs to continue to do a thorough and detailed job of educating and putting debt and the leverage it creates over time into context, not misleading individuals interested in veterinary medicine as to what their potential return on investment for the degree really is.
• The total return for a veterinary degree includes total wealth accumulation potential, status in society, standard of living achieved, and the social return of career satisfaction.
• Many newer and emerging debt management tactics for student debt exist, including income-based repayments, occasional forbearance opportunities, consolidation of loans, access to more flexible credit, and loan deferrals.

GENERATIONAL DIFFERENCES AND TRENDS

• In future years Millennials will have a progressively increased position of predominance demographically in the profession. They will approach being a veterinarian with their own values in mind, including being much more tech savvy, very civic oriented, and more conscious about social and client economic issues (see 1.13 – Generational Differences).
• From a business standpoint, Millennials are more entrepreneurial but with some reluctance to focus on moving up in an organization, more frugal, more compassionate, and very team oriented.
• Men and women entering the profession are driven by different motivations and influences. Men tend to look at debt-to-salary ratios and have a desire to work in a profession where they can act independently. Women more often enter because they have a love of animals, are attracted to science, and want to pursue a lifelong dream.[3]
• A 2016 survey of small businesses in the United States indicated that 72% of small business owners do not have an exit plan and 54% intend to leave in 10 years.[4] The veterinary profession may have a succession crisis, particularly in more rural areas and with smaller large animal practices.[5]

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• Unlike their post-WWII Baby Boomer counterparts, Millennials are more used to changing jobs and have less loyalty to an employer. This may work to the veterinary profession's advantage though, as they are more likely to view owning their own business as a means to better job security.

WILLINGNESS TO OWN A BUSINESS AND THE VETERINARY MARKETPLACE

• The cost of buying a profitable practice continues to increase. Practices demonstrate a variance on value based on their profitability and amount of risk, a reflection of the acumen of how well they are managed.
• Increased competitive presence from corporate buyers may "squeeze out" individuals who could find their ability to maneuver in the marketplace more limited.
• Periods of low interest rates and more formulaic means to assess a practice's value have resulted in shorter payback periods and quicker returns on investment than in the past, when rules of thumb largely determined practice values and transaction prices.
• There is a continuing deficit in general business knowledge of veterinarians and these skills are necessary for financial success.
• The most important metric for sustainability for the practice and business owner is true or normalized profitability to ensure continued employment, succession, and value.
• Equine and food animal practices continue to lag behind the companion animal industry when it comes to consolidation and are more fragmented, with many small practices across the country.
• Veterinarians who understand that the profession is a customer service profession using animal healthcare as its platform will also understand that professional and financial success and career satisfaction are about mastering client compliance and adherence.
• Many veterinarians represent second-income sources for a household and may have no interest in becoming practice owners.
• Consolidation is also happening on a smaller scale, with veterinarians able to maintain ownership of groups of practices, possibly as a prelude to a sale to a larger scale consolidator.

EXAMPLES

N/A

CAUTIONS

• Given a decline in or loss of government funding, many veterinary schools have and will continue to increase tuition levels, resulting in an increasing amount of student debt.
• Given a variance in performance metrics and profitability and value, analytics to mitigate and quantify risk for veterinarians contemplating buying a practice are essential to predict more certainty of results and qualify for financing.
• The rising cost of healthcare and cost burden on a practice could result in a lower proportion of veterinary staff members having access to healthcare benefits compared to other small businesses.
• There continue to be mixed opinions about the value of pet health insurance (see 8.11 – Pet Health Insurance). Insurance companies have streamlined their claims procedures but there continues to be concern about using veterinary practices as the marketing channels for insurance versus direct to consumer, and further concern that insurance companies with a greater share of the market may attempt to exert more control over fees.
• Service delivery modalities such as telemedicine will require a redefinition of the veterinarian client patient relationship.
• Some areas of the profession may experience a shortage in years to come and these underserviced areas include rural areas, research, and government positions.
• The legal definition of a pet is slowly evolving from chattel to be recognized as a living being with standing and this has resulted in the courts considering new legal precedents, including lawsuits for non-economic or emotional loss and punitive damages (see 13.19 – Ownership versus Guardianship).
• More paraprofessionals not regulated by standards expected of licensed veterinarians in all states are engaging in services traditionally protected or provided by veterinarians. These services include emerging alternative therapy modalities, including acupuncture, naturopathy, and homeopathy.

MISCELLANEOUS

ABBREVIATIONS

AAVMC: Association of American Veterinary Medical Colleges
AVMA: American Veterinary Medical Association
GDP: Gross domestic product

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1.7. TODAY'S VETERINARY STUDENTS



BASICS

OVERVIEW

• Today's veterinary students are bombarded by knowledge. Rote memorization is inconsistent with learning, yet content overload is a valid concern in modern-day veterinary curricula.[1]
• In addition, today's veterinary students are financially strapped. Economic stability is becoming harder to attain as the cost of veterinary education rises.
• The value of the veterinary degree is increasingly difficult to justify, particularly if courses do not prioritize skills that new graduates need in order to succeed in clinical practice.

TERMS DEFINED

Debt-to-income ratio: A measurement of financial stability. A debt-to-income ratio of zero indicates that debt matches income and there are no net gains or losses. Higher debt-to-income ratios indicate that debt exceeds income.



ISSUES AND OPTIONS

CONTENT OVERLOAD

• It is impossible for veterinary students to keep up with the growing body of knowledge and live up to the public perception that veterinarians must know everything, yet veterinary educators of traditional curricula may attempt to cover it all.
• This style of delivery has led to adoptive rather than adaptive learning: students memorize facts to pass assessments.
• Because students may not have actually learned the material, they may be unable to apply concepts to new course content or case studies.
• This adversely impacts health by increasing stress and fatigue, causing fluctuations in weight and altering sleep patterns.[2–6]
• Content overload also does little to prepare the new graduate for clinical practice, in which the graduate will be expected to construct knowledge through problem-solving.[7]

EDUCATIONAL DEBT AND LOW EARNING POTENTIAL

• Nearly 20% of veterinarians owe more than $200,000 in educational debt.[8]
• Factoring in the cost of a veterinary education, the average veterinarian's educational debt, and the interest repaid over time, a Bachelor of Science degree holder is expected to have higher career earnings than a veterinarian.[8–10]
• According to the 2015 American Veterinary Medical Association (AVMA) Report on Veterinary Debt and Income:
  ◦ the average educational debt for US veterinary graduates was $135,000[8] and it has risen to about $175,000 within a few years;
  ◦ the average starting salary for new graduates that had accepted a full-time position in private practice was $67,000;[8]
  ◦ the debt:income ratio (DIR) was 2.05:1, meaning that educational debt is twice starting salary.[11]
• Job positions as associate veterinarians do not average a positive return on educational investment compared to jobs in government and academia.[10]
• Practice ownership is more likely to raise the value of a veterinary degree; however, new graduates tend not to see practice ownership as feasible in the face of substantial, pre-existing educational debt.[9]
• DIR is higher for female veterinarians than for male veterinarians because women earn less than their male counterparts.[10]
• DIR is higher for graduates that enter into equine or food animal practice.[9]
• DIR is even greater for veterinary graduates who pursue advanced education because the average intern or resident earns 50% less than a colleague who enters into clinical practice.[12]
• Educational debt grows by an estimated $6,854 per year.[8] This growth in debt is occurring at a faster rate than that at which veterinary salaries increase.[8]
• One contributing factor is the rising cost of tuition: over the past 15 years, the average cost of tuition has more than doubled at AVMA-accredited colleges of veterinary medicine.
• There are also increasing numbers of veterinary graduates who are pursuing advanced education.
• Each year of advanced education costs an estimated $40,000–$50,000, and many veterinarians take up to an additional five years to achieve specialty board certification: 1–2 years of internship followed by 3 years of residency.[10,13,14]
• Rising interest rates of educational loans contribute to educational debt.[9,10]
• Monthly loan payments comprise a substantial amount of new graduates' income and may not be compatible with the quality of life that new graduates envisioned.[15]
• Salaries cannot keep pace with debt, yet new colleges of veterinary medicine continue to break ground, and class sizes of established schools increase.[10]

INCREASED DEMAND FOR NONTECHNICAL SKILLS

• The majority of veterinarians graduate to work in the service industry of clinical practice.[16]
• Long gone are the days when a paternalistic approach to patient care dominated the examination room.
• Today's veterinary client expects relationship-centered care, in which the client has a voice in decision-making and patient outcomes (see 1.5 – Today's Pet Owner).
• Today's veterinary client also values nontechnical skills as much as knowledge.[17]
• A team approach to case management, communication, leadership, proactivity, professionalism, and business acumen are essential for graduates to succeed in and be retained by the profession.[18–20]
• These so-called "soft skills" are not always prioritized by veterinary educators due to curricular time constraints, yet these skills can and should be taught.
• Nontechnical competence facilitates on-the-job performance and increases job satisfaction.
• In addition, employers often value nontechnical competence more than factual knowledge.[7]



EXAMPLES

• It is no longer sufficient to ask, "What do I need to know?" Instead, ask "How do I apply what I am learning?" or "How does this concept apply to that case?" As a direct result of technology, knowledge is easily accessible. Knowledge is no longer a limited resource; it is available in excess. There is too much knowledge to sift through at any given point in time. The veterinary student and graduate must therefore learn how to discriminate between irrelevant and relevant, poor- and high-quality, or inaccurate and factual information.[21]
• Construct knowledge rather than reproduce it. Trade the short-term gain of cramming for a test with the long-term gain of conceptual learning. Lay the foundation of one or more concepts. Create bridges between them. Investigate how each course links to another and how concepts from one course are interdependent upon and relate back to concepts in another. Be an active, adaptive learner who can critically think and problem-solve rather than robotically recite.

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• Recognize that there is no end to learning. You will never know it all. Instead, redefine educational value. Value the process of getting to the answer more than the answer itself. Accept that learning is a continuum and that lifelong learning is an obligation of the profession rather than a choice.
• Make an educated decision concerning your pursuit of a veterinary degree. What are your professional and personal goals? How do they align with the financial reality of selecting veterinary medicine as your chosen profession?
• Do not dismiss nontechnical skills as being "soft" or "nice-to-haves." They are teachable "must-haves" that can be learned and will contribute to success in the profession.



CAUTIONS

• Today's veterinary students are under a significant amount of pressure. Mental health issues and suicide are appreciable concerns in the veterinary profession.[5,22] Additionally, veterinary turnover is high.
• Veterinary students need to be aware of potential triggers for stress and address them early on in their professional journey to develop adaptive rather than maladaptive responses.
• One aspect of being adaptive is recognizing how to learn effectively and strategically so that material is gained, refined, and mastered rather than tabled and purged in the aftermath of examination.
• Moreover, to build career resilience, students must guard against silencing their concerns and be proactive about establishing an individualized plan for reaching professional and personal success.



MISCELLANEOUS

ABBREVIATIONS

AVMA: American Veterinary Medical Association
DIR: Debt-to-income ratio

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1.8. Internships and Residencies



BASICS

OVERVIEW

• The Veterinary Internship and Residency Matching Program (VIRMP) was established by the American Association of Veterinary Clinicians (AAVC) to pair prospective interns and residents with participating programs.[1] Participation within the program is voluntary and includes teaching hospitals as well as private practices.
• Applicants rank programs that they would be willing to attend, and participating programs rank applicants. From these rankings, VIRMP creates computerized "matches."
• Over 1,500 applicants applied for 1,330 internship positions in VIRMP in 2017 compared to 473 applications for 175 positions in 1988.[2,3]
• There were 1,091 applications through VIRMP for residencies in 2017 to fill 379 positions.[3]
• In addition, the American Association of Equine Practitioners (AAEP) Avenues Program lists over 150 practices that offer equine-specific internships.[4]
• Companion animals are the focus of 59.3% of internships; 32.1% have an equine focus. Food and mixed animal, exotic and wildlife internships are less commonly available and/or pursued.[5]
• Most internships are rotating: interns cycle through multiple hospital services. Less than 5% of internships focus on one area, such as internal medicine (4.6%) or surgery (3.5%).[5]
• A 2012 survey of US veterinarians sponsored by the American Veterinary Medical Association (AVMA) confirmed that one-in-four respondents completed an internship immediately following graduation. Of these respondents:
  ◦ 36.6% became interns to pursue residencies[5]
  ◦ 35.6% became interns to practice high-quality medicine[5]
  ◦ 24.0% became interns because they did not feel prepared to practice medicine[5]
  ◦ 1.1% became interns because they felt it would lead to higher salaries in clinical practice.[5]
• The average intern earns 50% or less than a new graduate in clinical practice, but has longer shifts and workweeks; 85.9% of interns in private referral practices and 74.3% of interns in university teaching hospitals work 60 hours/week or more.[5]
• The majority of interns (85.4%) report satisfaction with their internship,[5] but there is no regulatory body to oversee program quality.[2]
• Successful residents of approved programs are eligible to take the examinations for board certification. However, use of the term "board-eligible" is discouraged or prohibited by most specialty colleges and boards.
• There are currently 22 AVMA-recognized specialty organizations. These represent 41 specialties.[6]
• Residency-trained veterinarians earn significantly more than those without.[7]

TERMS DEFINED

Internship: A one-year, postgraduate, supervised educational learning opportunity within clinical practice to enhance the graduate's exposure to case management and/or to prepare the graduate for specialty training.
Residency: A two- to three-year period of supervised, advanced training in a concentrated discipline of veterinary medicine with the intent to qualify for specialty certification. An internship may or may not precede a residency.



ISSUES AND OPTIONS

• Many graduates are not "day-one" ready.
• Entering into clinical practice straight out of veterinary school is a giant leap.
• Graduates may be uncertain how to apply textbook knowledge to actual cases and may find it difficult to be solely responsible for case management.

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1.8. Internships and Residencies

• Critical thinking and technical skills may not have fully developed, and time management is often a concern. The pace of private practice exceeds the pace of a typical day in a teaching hospital. It is a steep learning curve to weather the unpredictability of a clinic day and manage a schedule that is often derailed by emergencies.
• Many new graduates do not feel practice-ready, competent, or confident in their ability to execute day-one skills including:[5,8]
  ◦ physical examination
  ◦ venipuncture
  ◦ intravenous catheter placement
  ◦ abdominocentesis
  ◦ rectal palpation
  ◦ lameness diagnosis
  ◦ communication.
• Most new graduates believe that mastering interpersonal skills is important to their professional success, but they often struggle with these so-called "people skills."[9]
• Delivering bad news, managing cases with financial constraints, and discussing euthanasia are challenges for new graduates.[9]
• An additional challenge for graduates entering the field of equine medicine and surgery is that horse owners tend to be very knowledgeable about their animal and its condition. This may cause new graduates to lose confidence in themselves or feel that a client is questioning their competence.[4]
• Employers agree that communication is the most important contributor to professional success.[4,9] They also find that new graduates often struggle with this content area.[4,10]
• In particular, new graduates are uncertain how to manage "difficult" or emotional clients, or how to simplify descriptions of complicated procedures into basic, everyday language.[10]
• Employers expect new graduates to be practice-ready; however, the reality is that few are.

THE VALUE OF ADVANCED EDUCATION

• Opportunities for advanced education in veterinary medicine are increasingly available and attractive to new graduates.
• Internships provide graduates with transition time and mentorship: graduates can refine their skills under the direct supervision of more experienced colleagues.[4]
• Compared to new graduates, veterinarians who complete internships are more likely to consider themselves to be extremely or very competent in general and advanced clinical skills.[5]
• In addition, internships provide value by improving the candidate's application to pursue a residency.[11]
• A little over one-third of graduates pursue internships as a stepping stone to residency.[5]

THE COST OF ADVANCED EDUCATION

• Veterinary education represents a significant financial investment (see 1.7 – Today's Veterinary Students).
• Interns are paid significantly less than their colleagues in clinical practice, regardless of the type of internship (private, referral, academic) and the species focus (companion animal, equine, production animal).[7,12]
• During the 2014–2015 academic year, the average intern in an academic setting was paid $26,572, and the average resident was paid $32,707. By comparison, the average salary for a new graduate in practice during that same time interval was $66,879.12
• In addition to lost earning power, graduates must consider the cost of relocation and accrued interest on outstanding student loans.
• Completing an internship does not translate into higher earning potential for the graduate unless the intern advances to a residency and becomes board-certified.[7]

QUALITY CONTROL

• Specialty colleges oversee residency programs.
• Specialty colleges ensure that programs uphold certain standards and meet predetermined requirements.[11]

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1.8. Internships and Residencies

• Applicants who are accepted into specialty programs should expect to receive adequate preparation toward board certification.[11]
• By contrast, internships are not externally regulated.[11,13,14]
• Any practice can offer and design an internship and post it in the VIRMP.[2,11]
• The quality of internships hinges solely upon internal monitoring.[13]
• High-quality internships provide value that compensates for the lower salary and longer workweek; poor-quality internships do not.[11]
• Complaints from interns about participating programs to the AAVC are rare.[2] The majority of these report that program descriptions are inaccurate.[2]
• Applicants rely upon written descriptions of internships in VIRMP to gauge program quality. However, AAVC provides no guarantee that listings are accurate.[2,11]
• To address the criticism that program descriptions should more accurately represent the experience of participating interns, the AVMA Internship Task Force developed an internship disclosure form and internship guidelines. These were hoped to encourage transparency from participating programs.[2]



EXAMPLES

GRADUATES

• Consider your reasons for pursuing advanced education in veterinary medicine: what do you hope to gain?
• Weigh the pros and cons of pursuing advanced education to determine if your goal is feasible in light of personal, professional, and financial considerations.
• Explore your options for programs listed in VIRMP in the autumn, the year before you anticipate starting your internship or residency.[14]
• Review program descriptions that apply to you: do they align with your goals for pursuing advanced education?
• Visit the program(s) to which you are considering applying and, if possible, complete externships. These are opportunities for you to "interview" each program to see if it is the "right" fit.
• Consult with former and current interns/residents in a private, informal setting. Have them elaborate on the program in terms of its strengths and weaknesses. Ask how well the program aligns with its online description.

PRACTICES

• Consider your reasons for offering advanced education.
• Evaluate the resources that you and your practice can offer the applicant:
  ◦ Opportunities for primary case responsibility and case review
  ◦ Adequate case-load with breadth and depth of case presentations
  ◦ Access to "standard of care" diagnostic and therapeutic equipment
  ◦ Appropriate training in advanced clinical skills
  ◦ Mentorship and direct supervision
  ◦ Access to in-house library
  ◦ Access to didactic training such as teaching rounds, presentations, seminars, journal club, and other forms of continuing education
  ◦ Availability of support staff, 24-hour patient care, and 24-hour emergency.
• Ask whether the value of your available resources exceeds the cost to the applicant.
• Determine how you will formally evaluate candidates' performance and growth.



CAUTIONS

Internships and residencies are investments of time and money. Unless the internship leads to a residency, the return on the investment of an internship will not be financially favorable. Understanding what your goal is before pursuing advanced education will help you to determine whether the value exceeds the cost and/or whether the opportunity is likely to meet expectations.



MISCELLANEOUS

ABBREVIATIONS

AAEP: American Association of Equine Practitioners
AAVC: American Association of Veterinary Clinicians
AVMA: American Veterinary Medical Association
VIRMP: Veterinary Internship and Residency Matching Program

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1.8. Internships and Residencies

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1.9. VETERINARY PARAPROFESSIONALS



BASICS

OVERVIEW

The veterinary technician or nurse is a critical member of the veterinary healthcare team. The veterinary nurse/technician profession has continued to expand and evolve to match the needs of the veterinary profession and innovative veterinary medicine. Today, veterinary medicine is highly sophisticated. Veterinary technicians/nurses provide a high level of medical care and assist the veterinarian in attaining acceptable profit margins. Obviously, the role of veterinary technician/nurse has evolved in scope of responsibilities and value to a practice. These paraprofessionals have become skilled practitioners of patient assessment and critical thinking, independently generating and enacting plans for patient nursing and care.

Veterinary nurses/technicians have also looked to further their knowledge and skill level especially in certain areas of veterinary medicine, thus resulting in higher levels of recognition. This drive to advance one's own knowledge and skill has resulted in the formation of veterinary technician specialties.

In 1994, The National Association of Veterinary Technicians in America (NAVTA) formed the Committee on Veterinary Technicians Specialties (CVTS). The CVTS is recognized by the American Veterinary Medical Association (AVMA). The CVTS provides guidelines to veterinary technician organizations to facilitate the formation of a specialty organization. Academies develop advanced pathways, which a candidate must follow and complete in order to be awarded the designation of VTS (Veterinary Technician Specialist) in their specific discipline. The first specialty academy to receive recognition was the Academy of Veterinary Emergency and Critical Care Technicians (AVECCT) in 1996. By 2018, there were 15 recognized Veterinary Technician Specialties, with more being discussed and explored.

As mentioned previously, the profession of veterinary technology has grown. Veterinary technicians were first titled animal health technicians, and are still referred to by that designation in Canada and elsewhere. The adjective "veterinary" referred exclusively to veterinarians until 1989, when the term veterinary technician was approved for use by the House of Delegates of the AVMA. Although the term veterinary technician is widely used, the credential is not standardized across the United States. Currently, a veterinary technician may be a licensed veterinary technician, a credentialed veterinary technician, a registered veterinary technician, or a licensed veterinary medical technician. The Veterinary Nurse Initiative introduced by NAVTA aims to standardize the credential for the profession in terms of credentialing requirements, title, and scope of practice throughout the United States.

There are many initiatives taking place within the profession, including the following:

- **Committee on Veterinary Technicians Specialties (CVTS):** This is a NAVTA committee providing guidelines to veterinary technician organizations to facilitate the formation of a specialty organization.
- **Veterinary Nurse Initiative (VNI):** This is a NAVTA-formed coalition to pursue legislative amendments in the 50 states.
- **Veterinary Technician Specialty Academy:** This is a NAVTA-recognized veterinary technician specialty academy which meets the standards established by the CVTS for certification of veterinary technicians in a specialized field of veterinary technology.
- **Veterinary Technician Specialist (VTS):** This is a veterinary technician who is certified in a medical skill set by a NAVTA-recognized veterinary technician specialty academy.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

VETERINARY TECHNICIAN SPECIALTIES

To pursue becoming a technician specialist, one must be committed to advanced learning and have the drive and passion for one's chosen specialty. The process is time consuming and hard work, requiring documentation of case logs, time requirements in the chosen area of medicine, continuing education requirements, and a certifying examination. The process takes at least two years. Veterinary technicians should pursue a VTS for personal, intrinsic reasons, not necessarily for extrinsic, monetary reasons, as those are not guaranteed. Becoming a specialty technician improves skills and results in professional accomplishment, and will help the individual to set themselves apart from colleagues who have not pursued further knowledge and skill training. However, attaining a VTS does not guarantee an increase in compensation.

Specialized veterinary technicians may have more success if they work in an environment suited for them. Veterinary technician specialists, if utilized properly, are valuable assets in specialized practices that tout their expertise to clients. They are also valuable and should be utilized in general practices where more services should equate to more patients, more visits should lead to increased revenue, and more money should translate to higher wages.

As of 2018, the NAVTA CVTS has recognized 15 areas of medicine in which veterinary technicians can specialize. These areas are:

1. Emergency and Critical Care
2. Anesthesia and Analgesia
3. Dentistry
4. Behavior
5. Internal Medicine
6. Surgery
7. Equine Nursing
8. Clinical Practice
9. Zoo Medicine
10. Nutrition
11. Clinical Pathology
12. Dermatology
13. Ophthalmology
14. Physical Rehabilitation
15. Laboratory Animal.

VETERINARY NURSE INITIATIVE

NAVTA seeks to unite the profession under a single title, credentialing requirements and scope of practice. Through the standardization and public awareness of the credential, the profession will make strides toward better recognition, mobility, and elevated practice standards, leading to better patient care and consumer protection.

The unified title will create a national and global standard for those Credentialed Veterinary Technicians and Veterinary Technician Specialists looking to advance their careers. NAVTA's VNI aims to create alignment within the veterinary profession as a whole, provide education for veterinarians, paraprofessionals, and consumers, and elevate the understanding of roles and responsibilities for patient care by veterinary nurses.

NAVTA will work hand in hand with the AVMA, American Association of Veterinary State Boards (AAVSB), professional veterinary organizations, and legislators to create common terminology, practice acts, policies, and procedures to ease the burden that could be placed on individual states and associations in credential governance.

Currently, veterinary technicians throughout the United States have varying credentialing requirements, titles, and scope of practice with little perceived value-related clarity of their roles in the eyes of the consumer. A single, unified title and a standardized credential

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throughout the nation is the next step to improve the level of patient care, align public perceptions of the veterinary nurse, and bring clarity to the field of veterinary medicine.

The VNI is not without debate. There are veterinary technicians who have voiced their concern and displeasure with the veterinary nurse designation. The discussion revolves around the duties and implications of the role of nurses in human medicine versus veterinary medicine. The term "technician" implies an individual has mastered the science and technology involved with the profession. The term "veterinary nurse" will incorporate the art of caring for our animal patients from a whole picture perspective in addition to the science and technology.

Outside of the United States, individuals who serve the role of veterinary technician are more commonly called veterinary nurses; their status as medical professionals is solidified and supported by some governments. Moreover, standardization with a title easily recognizable to the public aids in public awareness of the role. In human medicine, the term "nurse" is widely recognized to describe a group of medical professionals working in collaboration with physicians to treat a patient. It is believed the term "veterinary nurse" will in turn have similar association in the public's perception.

The process has begun, but it is anticipated that the VNI will take years of hard, patient, and professional work. Support at the national and local level from each individual in the profession is important in adding to the momentum of change.

To date, there have been no changes in the terminology. However, the coalition is currently defining the legislative strategy and planning for legislation reform efforts to begin.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

CVTS: Committee on Veterinary Technicians Specialties
NAVTA: National Association of Veterinary Technicians in America
VNI: Veterinary Nurse Initiative
VTS: Veterinary Technician Specialist

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1.10. VETERINARY STAFF



BASICS

OVERVIEW

• Veterinary practices are "powered" not only by veterinarians, but also by a number of very important paraprofessional and administrative staff.
• The ultimate profitability of a veterinary practice often depends on the successful leveraging of veterinary skills over its nonveterinary staff.
• Leveraging is critical because the veterinarian's time and availability comprise the limiting factor, or bottleneck, in delivering veterinary services.
• Pricing in the veterinary practice must be sufficient to adequately compensate all staff working in that practice. In too many instances, staff salaries are kept artificially low in an attempt to shield clients from the true costs of delivering high-quality medicine.

TERMS DEFINED

Hospital Administrator: Similar to practice manager, with more responsibility for veterinary doctors and technicians. This is an unregulated position in that credentials are not needed to use this title.
Office Manager: Administrative staff primarily responsible for reception, clerical, and nonmedical staff in a practice. There is no standard definition for this term, and it is unregulated, so anyone can refer to himself or herself as an office manager.
Practice Manager: Similar to an office manager, but typically with more responsibility for staff supervision and human resource issues. This is an unregulated term, although there is a certification program (Certified Veterinary Practice Manager) offered by the Veterinary Hospital Managers Association (VHMA).
Veterinary Assistant: A title sometimes used for individuals who have received training less than that required for identification as a credentialed veterinary technician, technologist, or nurse. There is no American Veterinary Medical Association (AVMA)-approved credentialing process for veterinary assistants at this time.
Veterinary Technician/Technologist/Nurse: A veterinary aide, often equated to a nurse, and referred to as a veterinary nurse in some countries. Typically, technicians receive an associate's or bachelor's degree from an AVMA-accredited program and are recognized in most state practice acts. However, in some areas there is no legal definition of technician/nurse nor is there mandatory registration, and any veterinary aide may use the term.



ISSUES AND OPTIONS

VETERINARY TECHNICIANS/TECHNOLOGISTS/ NURSES

• Veterinary nurses/technicians are the most important medical paraprofessionals in veterinary practice, and certified or registered technicians in most states can legally do everything in a veterinary practice except make a diagnosis or prognosis, prescribe drugs, or perform surgery (see 1.9 – Today's Veterinary Paraprofessionals).
• From both a medical and a financial perspective, veterinarians should do those tasks they alone are qualified to do – diagnose, prescribe, and perform surgery. All technical tasks, including laboratory work and radiography, can be delegated to technicians/nurses. The veterinary technician is educated and trained to support the veterinarian in surgical assisting, laboratory procedures, radiography, anesthesiology, prescribed treatment and nursing, and client education. Some veterinary technicians pursue additional credentials such as Veterinary Technician Specialist (VTS) in specialties such as emergency and critical care, anesthesiology, surgery, internal medicine, dermatology, behavior, dentistry, nutrition, and others, as recognized by the National Association of Veterinary Technicians in America (NAVTA). In turn, technicians can delegate tasks that do not require their skill levels to assistants, creating efficiency in the process.
• Veterinarians are the greatest limitation to the successful utilization of veterinary technicians/nurses. Too many veterinarians are reluctant to delegate clearly technical duties, such as blood collection, positioning for radiography, and administering prescribed medications, which serves to build inefficiency into the system and frustrate technicians in the process.
• There are very real problems with a system in which there is not a well-defined paraprofessional status. There would not be enough trained veterinary technicians if all veterinary practices were to decide to hire only graduates of technician programs. Many veterinary practices continue to train their own staff, some even to perform duties for which they are not qualified. An option is to enroll staff in the American Animal Hospital Association (AAHA) Distance Education Veterinary Technology Program (DEVTP; see https://www.aaha.org/professional/education/devtp.aspx). This is an AVMA-accredited associate's degree in veterinary technology offered through distance education.

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1.10. VETERINARY STAFF

• Other paraprofessional groups (e.g., nurses, dental hygienists) have been recognized for contributions to their respective professions, and veterinary technicians/nurses deserve the same recognition, respect, and potential for remuneration.

VETERINARY ASSISTANTS

• Veterinary assistants are a disparate collection of veterinary employees with skill levels below those of technicians/technologists/nurses. While there are distance and onsite programs providing diplomas for veterinary assistants, none are accredited by the AVMA at this time.
• Veterinary assistants act as support personnel to both veterinarians and veterinary technicians. Many assistants aid in the restraint and handling of animals, they feed and exercise the animals, and they help in other capacities commensurate with their training.
• If veterinary assistants are to have any dealings with the public, and most do, it is critical that they receive appropriate training. It is also mandatory that they receive specific safety training for tasks that they might occasionally perform, such as helping in radiographic procedures, handling laboratory specimens, exposure to animals with potentially communicable diseases, and dealing with a variety of chemicals and pharmaceutical agents.

RECEPTIONISTS

• Receptionists, also known as client service representatives, often present the first impression that clients have of a veterinary practice. They project the level of professionalism to be anticipated, because when a client visits with a pet, the receptionist is usually the first and last person with whom the client deals. This is a critical position, and one best not minimized by practices hoping to improve their customer service and profitability.
• Receptionists/client service representatives also field questions from clients on the telephone, so it is important that they have excellent communication skills and are able to handle a variety of questions and requests from clients. Accordingly, these front office professionals must be adequately trained on practice protocols and procedures so that the information they provide to clients mirrors that provided by the veterinary and paraprofessional staff.
• Because receptionists are so important to the effective operation of a veterinary practice, considerable time should be spent selecting candidates with excellent communication skills, a professional demeanor, and an honest desire to serve the pet-owning public. Receptionists are the gatekeepers to veterinary services in a practice, and whereas an excellent receptionist can effectively bond clients to a practice, less-skilled individuals can cost a clinic dearly.
• Just as technicians have career options outside the realm of clinical veterinary practice, professional client service representatives are also in high demand. It is unfortunate that many practices continue to hire relatively unskilled individuals for front office duty. In some respects, the receptionist/client service representative is actually more important than the veterinarians in helping clients to bond to the practice rather than to individual doctors.

VETERINARY MANAGERS

• Many veterinarians are not necessarily skilled in business matters, and the efficient management of hospital operations and administration can often be more cost-effectively delegated to others with appropriate training.
• Even when veterinarians are well skilled in business matters, there is often better financial return if they spend their time delivering veterinary medicine rather than trying to manage the day-to-day operation of a busy hospital.
• The lack of standardization of the titles and duties of veterinary managers within the profession has made it difficult to select managers based on credentials and duties to be performed. In general, office managers handle more administrative duties, such as making bank deposits and managing accounts receivable, while practice managers and administrators are more likely to be involved with strategic planning, equipment purchases, and reviewing and adjusting fees.
• The VHMA provides credentialing in terms of their Certified Veterinary Practice Manager (CVPM) designation.
• Many veterinary practices continue to train existing staff (receptionists, technicians, spouses) to be management staff. This is a less expensive alternative to professional management, but can be far more costly in the long term because small financial missteps tend to become magnified.
• Even when veterinary practices hire or train practice managers, it is critical that they also engage the services of an outside management consultant to monitor processes and provide unbiased advice and support for the in-hospital manager or administrator.

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EXAMPLES

A veterinary practice scheduled a specified number of cases each morning, leaving time for the doctor to periodically work with the technician/nurse to take radiographs, collect laboratory samples, and treat animals. The system worked well, according to the veterinarian, with the technician restraining the animals and the doctor doing the procedures. Unfortunately, most technicians lasted less than six months in the practice, and then a new technician needed to be hired and trained. This was affecting the productivity of the practice. A consultant was called in to investigate and advise, and to work with the practice manager in terms of staff allocation, training, and scheduling.

Following the consult, a new protocol was instituted in which the receptionist scheduled the doctor for full-time office appointments and a veterinary assistant was hired to support the technician. Now, when laboratory sample collection was needed, the assistant restrained the animal and the technician collected the samples. The paraprofessional team also did radiographs, patient treatments under the doctor's direction, and assisted the veterinarian in the examination room when needed.

As a result, the veterinarian became more productive, which was reflected in her production-based compensation. The technician felt fulfilled in her position and remained with the practice as a loyal and valued employee. The assistant learned new skills and became a valuable part of the healthcare team. The receptionist was happy because appointments ran on schedule and there were fewer complaints from clients regarding waiting times for their appointments. The practice manager oversaw a more effective hospital system, one that generated revenues far surpassing the costs of the additional staff member. The system was not only more efficient in terms of healthcare delivery to clients and pets, but was also more rewarding for the healthcare team and more profitable for the practice.



CAUTIONS

- Veterinary practices must compete with all other businesses in the retail marketplace for staff, not just with other veterinary practices. This means that salaries and benefit packages must be competitive.
- As a compensation guide, veterinary staff working in a practice should be able to afford the recommended medical care that practices advocate to their clients. In too many instances, veterinary staff cannot afford to properly care for their own animals by following recommended hospital guidelines.
- Most nonveterinary employees do not commit to lifelong employment at a clinic and some turnover should be expected. Sooner or later, many employees will explore new opportunities, and this should not be regarded as betrayal to the clinic. Support mutually beneficial tours of duty.



MISCELLANEOUS

- It is not enough that veterinary staff perform their own duties effectively and efficiently, they must also be capable of functioning as a healthcare team to truly deliver exceptional healthcare.
- Because veterinarians can only perform one duty at a time, they are often the rate-limiting step in delivering cost-effective care to animals. Leveraging the skills of the veterinarian across a diverse support staff allows additional quality care to be delivered, and in a more profitable manner.
- Veterinarians should be aware that their time is better spent seeing clients or performing procedures, rather than restraining animals, collecting laboratory samples, or providing all aspects of client education.

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• Similarly, it is possible to leverage the skills of veterinary technicians/nurses with the aid of veterinary assistants.

ABBREVIATIONS

AAHA: American Animal Hospital Association
AVMA: American Veterinary Medical Association
CVPM: Certified Veterinary Practice Manager
CVT: Certified Veterinary Technician
DEVTP: Distance Education Veterinary Technology Program
NAVTA: National Association of Veterinary Technicians in America
VHMA: Veterinary Hospital Managers Association
VTS: Veterinary Technician Specialist

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1.11. FUNCTIONING AS A HEALTHCARE TEAM



BASICS

OVERVIEW

• Each member of a veterinary healthcare team contributes to the goals of providing exceptional patient care and customer service and ensuring a successful business.
• A great team is formed by a group of people who have a shared purpose and who know how their individual roles fit with the others on the team.
• A dedicated, proficient team that understands basic practice management should be able to achieve extraordinary goals and boost the practice's compliance rate.
• Simply being a good technician, doctor, or surgeon is no longer enough. Success derives from a synergistic team composed of a committed, focused leader and a cohesive group that believes in the practice vision.
• Good communication is crucial to functioning as a whole unit. For a sure recipe for failure, mix several team members who do not know where the practice is going with a leader who does not communicate consistent expectations and consequences.
• Successful teamwork relies on clearly defined written job descriptions, ongoing training, and individual opportunities for self-improvement.
• Constructive, specific, and recurring performance evaluations provide accountability and direction and further define expectations.
• All practices should strive for compliance (see 4.11 – Compliance and Adherence), including clients complying with your medical recommendations and hospital team members complying with your practice's philosophy and business standards.

TERMS DEFINED

Skills-Based Compensation: A system of wages and raises based on achievement in different skill blocks as determined by the individual practice's need.
Standards of Performance: Written protocols regarding patient care, customer service, and team professionalism.
Total Quality Management: Consistent performance, expectations, and consequences of nonperformance from all staff and doctors.



ISSUES AND OPTIONS

PRACTICE LEADERSHIP

• A leader sets the practice's vision and goals (see 2.12 – Leadership). A manager communicates the vision to the staff so they can accomplish the practice's goals. A leader defines values, fosters professionalism, and sets benchmarks.
• A manager handles interpersonal conflicts and provides hands-on direction. A practice's leader and manager are not necessarily the same person, but every practice needs someone performing each role.
• Leaders must create a psychologically safe culture in which it is safe for any team member to raise issues, challenge ideas, and develop innovative solutions.
• Through good leadership, team members can better appreciate how their actions contribute to the larger good of providing exceptional patient care and client service.
• Through good leadership, the culture operates within a few strong core values of trust, respect, and accountability (both individual accountability and team accountability).
• An inspirational leader generates enthusiasm and excitement. An organizational leader plots the path to achieving goals. The strongest leaders meld both qualities.
• Effective leaders evaluate each unique situation and respond accordingly, mentor and motivate staff, and teach others. Top leaders recognize strengths and weaknesses in themselves and others then match complementary qualities that further benefit the practice while encouraging personal growth.
• Leaders seek out and proactively offer both positive and negative feedback. They hold themselves to a higher standard for patient care, customer service, performance, and self-mannerisms.
• A leader can create a dysfunctional team by not communicating consistent expectations and consequences.
• Fundamental among the "levels of leadership" is emotional intelligence (EI), according to author Daniel Goleman.[1] He defines EI as the ability to manage our relationships and ourselves effectively (see 2.15 – Emotional Intelligence). The five competencies of EI are:
  ◦ Self-awareness
  ◦ Self-regulation
  ◦ Self-motivation
  ◦ Empathy
  ◦ Effective relationships.

JOB DESCRIPTIONS

• Most employees support the practice's vision and want to please the team. Specific, detailed job descriptions outline exactly what they need to do to fulfill their duties (see 2.19 – Staff Performance Planning).
• Written job descriptions are crucial for smaller practices, in which one employee may assume several roles during a week or even a day. Included in the employee manual should be job descriptions for all positions, as a ready, accessible reference, and teams should be encouraged to use them when they must step outside of their own roles.
• Effectively written job descriptions include a detailed summary of the position and how it affects the practice, performance expectations, required and desired qualifications, and a thorough list of specific duties (in addition to some other duties the employee may assume during unique circumstances). Use them as a training outline.

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1.11. FUNCTIONING AS A HEALTHCARE TEAM

• Also included in job descriptions is a section that describes skills and/or competencies needed to perform the tasks. Skills are learned through education and performance. Competencies are traits or behaviors that must be displayed while performing the role.
• Established, written performance standards (PSs) detail behavior expectations and consequences for not following through. Benefits of having PSs include consistency of care, efficiency, and a standard to which practice leadership can measure performance and team members can understand consequences (see 3.19 – Staff Performance Evaluations).

TRAINING AND CONTINUING EDUCATION

• Hire for attitude and personal characteristics, and train for skills.
• Find and match a team member's niche with the practice's needs. Once the match is achieved, nurture and encourage each employee to grow and contribute to the hospital's goals.
• Proactively cash in on teachable moments and create them whenever possible.
• Take advantage of regular team meetings to incorporate training (see 3.10 – Staff Training). Encourage doctors and team members to share information from continuing education courses or conferences attended during these group meetings.
• Compensate employees who take on extra responsibilities and complete them outside of normal business hours. Pay for or reimburse self-improvement expenses.

PERFORMANCE APPRAISALS

• Traditional performance evaluations try to motivate a person based on historical data that is often subjective or nonspecific. A more effective process is to provide positive appraisals based on goal setting and accountability.
• Performance appraisals are an opportunity to talk about what is being done well, to celebrate successes, or to develop a plan to correct poor performance (see 3.19 – Staff Performance Evaluations).
• A two-part appraisal is most effective. The first part counts for 40–50% of the total review and is completed by the team member in advance to review goals and contributions and set the stage for his or her continued progress. The second part is filled out by the evaluator and measures operational tasks. It counts toward 50–60% of the total review.
• Just as you base wages on skills, you should base raises on skills enhancement. Evaluate individual raises on how well the employee has improved patient care, customer care, and the financial health of the practice.
• In addition to an annual meeting, conduct frequent check-ins. Frequent check-ins give managers and employees the opportunity to discuss goals, remove obstacles, and assess progress. They allow for a more agile business. Rather than waiting for the annual review, frequent check-ins quickly address what is happening now and how the employee fits into the big picture.

INTERVIEWS

• Conduct "stay interviews" with your team to discuss what keeps them staying at the practice, what motivates them, what they like best about the job, and what they would like to see changed.
• Stay interviews are a great way to spend some time with your team members and really listen to your best and brightest for ideas to improve the business and employee relations.
• "Exit interviews" are also helpful tools, not for convincing the person who is leaving to stay, but for addressing concerns that the remaining team members may be dealing with. The exit interview can be viewed as an opportunity for management to learn some important information to improve the culture of the practice.

MEETINGS

• Meetings are the most powerful team-building tool used to reinforce your practice mission to your team (see 2.11 – Making Meetings Work). Regular team meetings raise practice benchmarks, provide total quality management (TQM), increase profits, and improve compliance. You can address current practice or client issues, new medical developments and techniques, and training.
• Put team members in charge of presenting results from projects, such as tracking performance goals or establishing new procedures, to foster ownership and accountability.
• Make sure your meetings are productive and efficient – and end on time. An hour-long meeting with 13 support staff and two doctors carries significant costs in wages and lost revenue, even before you figure in the cost of refreshments! It is better to accomplish two or three things than trying to pile too much on the agenda. Therefore, have an agenda and post it for the team to review prior to the meeting date. Encourage preparation for the topics to be discussed in a safe and open environment.

MOTIVATION

• Appreciation for a job well done is a team-building tool doctors say they use liberally, but the support team say they do not see often enough (see 2.5 – Motivating the Healthcare Team).

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1.11. Functioning as a Healthcare Team

• Immediate and appropriate positive reinforcement motivates employees to strive harder, whereas incentives such as bonuses, days off with pay, or personalized gifts reward achievement in exceeding goals.
• Delegation gives leaders the chance to share that exhilaration one feels when achieving a goal. It also allows the practice a chance to develop its leaders by giving individuals a chance to take charge of a short-term project, learn leadership skills, and thus be more prepared to step in when a leadership position is vacated.
• Naturally self-motivated team members do not rely on outside recognition as much as others do. Understand and respect each person's needs, but do not heap hollow praises.
• Encourage team members' interests and ideas that can enhance your practice goals. Foster accountability and ownership by putting them in charge of a project complete with deadlines, guidelines, and budgets.
• Personalize incentives for each employee – what motivates one might backfire with another. Also, do not reward the entire team when only one or two individuals deserve the accolades.



EXAMPLES

EXAMPLE 1: IN THE BEGINNING

At the beginning of a training session, ask your team to complete a written test on the topic, but do not grade them. Review the correct answers together to identify and correct inconsistencies in procedure.

EXAMPLE 2: PERFORMANCE REVIEW

The employee should fill out the performance review form in advance:
• List what you consider your three biggest contributions to improve the hospital.
• List three accomplishments you made this past year of which you are most proud.
• List three ways you have improved client service during the past six months.
• List three times that you have stepped out of your comfort zone to overcome a tough situation.
• In the last six months, what self-improvements and CE (CPD) courses/books/meetings have you attended or read? How have you implemented these improvements?
• Are you on track for your CE/CPD goals? Include a copy of your skill lists.
• What are your CE/CPD goals for the next six months?
• List six new goals for the next year. What is your plan to accomplish them?
• What areas do you need to focus on for the next six months and the next year?
• List what projects/teams you would like to be involved in during the next year.

EXAMPLE 3: GOLDEN RULES

The following are "golden rules" for effective team meetings:
• Schedule meetings in advance with posted agendas.
• Rotate the meeting leader and note-taker to help the team take ownership and develop potential leaders.
• Prepare the meeting room in advance, including refreshments.
• Prepare audio/visual or written materials in advance and provide enough copies for all.
• Start and end on time.
• Create a fun, nonthreatening environment to encourage open exchanges.
• Allow enough time for comments, questions, and feedback.
• End with consensus, conclusions, and a summary.
• Provide clear follow-up action plans in writing.
• Always start and end the meeting with an upbeat message to motivate your team.



CAUTIONS

• Your team members consider veterinarians to be the practice authorities and will take performance cues from them. Lead by example, because the team watches your every move.
• The worst leaders and managers are those who try to please everyone. Good leaders willingly don the bad-guy hat occasionally to ensure their teams stay focused and directed.
• Drive for improvement must come from within. Some people are self-motivated and self-directed, while others are just not interested in going as far as you would like them to. Respect individual temperaments, but realize that for some employees you will need to push and push and push.

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• It takes more than one or two successful meetings or the perfect job description to function as a team. Team building is a continuous process filled with fluctuating performances and stress levels, which peak with each new hire or change. Do not get discouraged when it seems your efforts are failing. You build a team with much teeth gnashing and banging of heads against a wall.
• Remember, the more we learn, the more we realize how much we do not know. We will never be as wise as we thought we were at 16.



MISCELLANEOUS

ABBREVIATIONS

CE: Continuing education
CPD: Continuing professional development
EI: Emotional intelligence
PS: Performance standards
TQM: Total quality management

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1.12. DIFFERING PERSPECTIVES OF PRACTICE TEAMMATES



BASICS

OVERVIEW

Your veterinary practice is composed of a very diverse group of individuals. Just think about your team. You may very well be looking at four or five generations when you consider the ages of your team members. You also have the newly hired and the seasoned professionals, the full-time career employees, and the part-time parents returning to work now that the kids are in school. With so much diversity, how can a business possibly meet all the different needs of the practice team?

One mission of the business should be to create a workplace that will attract talent and keep team members engaged. In order to accomplish this feat and remain competitive in today's economy, your business must consider the needs of a diverse workforce. However, you cannot spend your resources concentrating only on the needs of your team because you also have to consider the needs of your clients, the patients, and the business.

By developing programs to address a few key areas important to your team, you can satisfy all of those stakeholders with "needs" – because a great team will deliver exceptional client service and help the business to thrive.

TERMS DEFINED

Absenteeism: The practice of regularly missing work without good reason.

Onboarding: Teaching a new hire the skills they need, the standards of care expected, and the correct way that things are done at your practice.

Presenteeism: The practice of being at work while ill or not performing to full potential while at work.



ISSUES AND OPTIONS

ONBOARDING

- Hiring new team members starts with an analysis of current staffing levels as compared to the needs of the business (see 3.7 – Effective Staff Recruitment). After all, you cannot hire what the business needs if you do not take the time to evaluate the strategic plan of the business (see 14.5 – Strategic Planning and Implementation) and the status of your personnel. Knowing your plan and your current team will allow you to successfully staff your facility.
- To maintain the right balance of individuals in your practice, you must have a performance appraisal system in place (see 3.19 – Staff Performance Evaluations), which not only assesses skills and knowledge, but also behaviors and attitude.
- Onboarding (see 3.9 – Staff Orientation (Onboarding and Integration)) is not a single event, it is a process that begins with the pre-hiring stage and continues through the first 12 months of a new hire's employment.
- Send new hires all key documents to complete prior to their start date. Cover the basic legal and policy rules and regulations.
- A newly hired person needs to feel a connection to the team and needs to perform their job well. Do not leave the onboarding process to just anyone in your practice. Establish a trained core group who is responsible for teaching a new hire the skills they need, the standards of care expected, and the correct way that "things are done around here" (rather than letting poor performers or those with bad attitudes influence the new hire) (see 3.11 – Structured On-the-Job Training).
- Connect the new hire with a colleague/mentor/coach instead of simply leaving them to get to know their colleagues and enter the different social groups in your practice (see 3.17 – Mentoring).
- Coach and teach team members how to communicate with their team, the clients, and even the pets. Take the time to provide new hires with a sense of organizational norms – in other words, the culture.
- Take the time to concentrate on building a great team through various team-building exercises, training, and open communication techniques.
- Teach for and expect accountability. Accountability to clearly defined performance standards is critical. It is needed by the business and other team members in order to deliver exceptional medical care to every patient, every time (see 2.6 – Accountability).
- Continue to coach long after the initial new hire process is over. Focus on accountability and self-management as you develop your team.

TEAM WELLNESS

- A healthy team is a productive team.
- Realize the complexity of employees' personal situations and the implications of these "distractions" on job performance and team morale.
- Absenteeism and presenteeism are both "attendance" issues affecting productivity and team morale.
- An employee who shows up for work but is not performing to their full potential is suffering from presenteeism. It is a situation whereby a person's job performance suffers due to conditions such as illness, fatigue, or stress from various physical, mental, and emotional factors.
- Habitual absenteeism or presenteeism requires management to work with the employee to resolve the issues, and also to pay attention to the rest of the team who may be going the extra mile to deliver high-quality services.
- Team members need understanding regarding certain issues affecting their personal wellness, but they also need options for managing those issues.
- Consider establishing an employee wellness program to deal with issues that employees face by giving them options such as:
  - flexible scheduling to help deal with family matters,
  - wellness tips and healthy meetings to discuss lifestyle changes that promote healthy living,
  - nutritional snack choices in the break room,
  - a plan for your management team to direct employees to additional assistance programs when the employee needs help with personal concerns.

ATTENTION TO HIGH-POTENTIALS

- High-potential employees need challenging assignments and opportunities to learn and grow.
- The business needs to develop leaders – individuals who will be able to step in or take over according to the changing needs of the team and the business.
- Management should cultivate team members with a potential for growth and advancement by aligning their interests and talents with the needs of the business.
- The establishment of a career-mapping program within the performance appraisal program may develop those team members designated as high-potentials.
- Programs to develop talent also help a business retain talent and explore other options for satisfying the changing needs of clients by utilizing the strengths of the team.

THE GENERATION MIX

- Different generations have different expectations of a work environment (see 1.13 – Generational Differences). Programs that factor these in are more likely to attract and retain talent.
- **Traditionals** (1925–1945) are your older team members who have forgone retirement and continue to stay active in the workplace. They tend to be frugal, work long hours, and strictly adhere to rules. They also welcome the opportunity to have flexibility in their work schedule and duties.

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1.12. DIFFERING PERSPECTIVES OF PRACTICE TEAMMATES

• **Baby Boomers** (1946–1964) most likely occupy management positions or are considered the "seasoned" employee. They are known to be workaholics, competitive, and rigid, and to find their identity in their chosen profession. They also welcome flexibility, personal growth, sabbaticals to explore hobbies and other interests, challenging assignments, and meaningful work.
• **Gen X** (1965–1981) employees are approaching the height of their careers and may be finding themselves at a crossroads in their career. They are known for being aloof, cynical, abrasive, and jaded. Typically they reject the conventional leadership of the Baby Boomers and feel that innovation is a top priority. They welcome networking, collaboration, and being able to choose their own path (highly self-directed).
• **Gen Y or Millennials** (1982–1999) are starting out in their chosen career and quickly advancing through the training program. They are known for being overly confident and optimistic, yet needing constant attention. They welcome continuous feedback and being able to navigate their own career paths. Millennials want personally fulfilling work that also permits them to be socially conscious. They are strongly associated with team activities.
• **Gen Z** employees are those born after 1999 and are the youngest generational cohort currently in the workforce. Your kennel team may be staffed with a number of Gen Z people. They are known for being technical savvy at their young age. They are group-oriented and easily integrate social networking into their daily lives.



EXAMPLES

• Onboarding programs are not just for new hires. Consider the importance for people taking on new duties or those promoted to management positions and create onboarding programs for them.
• Accountability needs to be a business priority and part of the core values. It begins with leadership, requires buy-in by the individual, relies on job descriptions and performance standards to communicate what is expected, incorporates continuous training in the business strategy, has systems in place to measure compliance, provides regular, constructive feedback, has consequences that are understood by the team, and creates a culture of trusting in each other.
• Absenteeism must be monitored and accountability to attendance expected. Certain absenteeism and presenteeism issues may be improved by instituting a Performance Improvement Plan and advocating involvement in employee wellness programs that address common issues such as diabetes, smoking cessation, stress, elder care, high cholesterol, and so on.
• Develop a program to regularly assess your team and identify high-potential employees.
• Use an assessment tool to identify unproductive team members, and then evaluate whether or not the practice can develop a performance improvement plan, or discuss terminating the work relationship.
• Developing leadership competencies is an essential ingredient in any program involving high-potentials.
• Use the generational mix to your advantage. Set up mentoring or coaching pairs: a Baby Boomer mentoring a Gen Y on leadership, or a Gen Y coaching a Baby Boomer on techno-gadgets, or a Traditional providing networking connections to the Gen X.
• Use the generational mix to develop your recognition and rewards program, understanding that one-size does not fit all. Obtain feedback from the groups and use their input to develop meaningful programs to motivate and engage all generational groups.
• "Needs" extend beyond the needs of the team members and include the needs of the client, needs of the pet, needs of the community, and needs of the business. Visit the mission "needs" of the business on an annual basis with the entire team – then evaluate needs of the team in relation to the needs of the business.



CAUTIONS

• The desires and needs of the different generations may be in direct conflict with the needs of the business.
• The same assessment tools cannot be used in every practice or for every situation. Talk to other professionals to explore available options and what will work best in your practice and with your team culture.
• Many wellness programs require some financial incentives to encourage team participation. Please check with a certified wellness program provider (such as your current insurance provider) or attorney before implementing any program.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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1.13. GENERATIONAL DIFFERENCES

BASICS

OVERVIEW

• Veterinary medicine is a field where there is often, even in smaller hospitals, a mix of the different generational categories. There are typically older, more experienced individuals in the ownership and management structure of a hospital and often a mix of generational representation in the veterinary, technical, and reception areas of the hospital.
• It is common for hospital owners to feel that the younger generation has an inferior work ethic, takes no responsibility for their actions, and simply does not care as much about their performance as the owners themselves do and did at that age. Conversely, younger workers often feel that management is out of touch, old fashioned, and too rigid for the younger staff to thrive, so they struggle with following the hierarchical structure in the practice.

TERMS DEFINED

Baby Boom Generation: Commonly called "Boomers," this generation of people was born after the end of World War II, between the years 1946 and 1964.
Generation X: People in this generation were born between 1965 and 1981, but more generally this includes anyone born in the 1960s and 1970s.
Generation Y or Millennials: This generation includes anyone born between 1982 and 1999.
Generation Z: Also known as the iGeneration or Net Generation, these are individuals born after 1999. They grew up in the post 9/11 era and have always had familiarity with communications and media technology. Their tendencies in the workforce have yet to be fully characterized.

ISSUES AND OPTIONS

Figure 1-13-1 shows a timeline for the three generations that currently dominate demographics in veterinary practices.
• One important point to understand about generational differences is that this is not a new phenomenon. Chances are that at some point during our younger years, no matter how old we are, our elders felt like we were impetuous kids with little work ethic or sense of responsibility. There has always been a perception that the younger generations possess different beliefs and values than those who are older. Although the contrasts may be a bit clearer due to some of the reasons discussed later in this chapter, there have always been and will likely always will be differences of opinion between older and younger individuals.

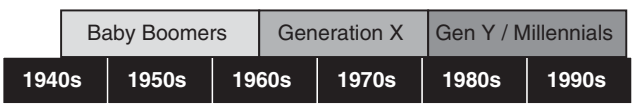


Figure 1-13-1.

The three main generations represented in today's veterinary practices.

• Many of the things people categorize as "generational differences" are simply differences of opinion on what is important. These views tend to shift as we grow older and, often, we have different priorities at different phases in our life.
• Another big factor in perceived generational differences is the comfort and proficiency with rapidly changing technology. The Baby Boomers remember rotary phones and record players whereas the Millennials grew up with personal computers, cell phones, and iPods.
• Most of the challenges that arise in the workplace due to generational differences have to do with using the same technology, following the same forms of communication, and existing within the same hierarchy (see 2.1 – Workplace Management). This leads to a meshing of values and beliefs, which often creates conflict and tension and can interfere with our quality of care as well as our client service level.

ADAPTIVE LEADERSHIP

• The people who deal best with a diverse generational work environment are adaptive leaders who are capable of working well with any diverse group, be it based on age, experience, ethnicity, religion, culture, or any other groups of individuals with different sets of beliefs.
• An adaptive leader understands that you cannot force others to mold themselves to your leadership style in order to be successful in your organization. This means you must adapt your leadership style to the needs of the people and the business, and that you must work with people as individuals and learn to help them engage based on their own style, goals, priorities, and strengths. Ultimately, it means that you become a leader who focuses more on what other people need to engage and be fulfilled at work, and less on how you believe they should behave based on how you would behave.
• Adaptive leaders are able to build organizations with enough flexibility that virtually any generation can be comfortable and can contribute to the success of the hospital.
• It is important to recognize that, even when someone is not like-minded to us, he or she can still contribute, innovate, make a difference, and help our practice achieve more. Sometimes, someone with completely different ideas and beliefs can do an even better job in certain roles than we ourselves could do.
• Becoming an adaptive leader is one of the best ways to create a veterinary practice that can employ any generation and become even more successful because of your ability to hire and engage diverse talent.

ENGAGEMENT

• Different generations will need different things from an employer in order to remain fully engaged and work toward the growth and success of the business. It is important to consider the various generations when you think about how to execute organizational changes, kick off new projects or marketing plans, make changes in job roles or duties, or even bring new team members into the hospital.
• Engagement is best created in a multi-generational hospital when changes are made collaboratively and the staff has input into the changes and how to implement them. This does not mean that decisions get made based on consensus but it does mean that people feel as if they had a say in shaping how things happen, and that they have some control over their work life.

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1.13. GENERATIONAL DIFFERENCES

	Boomers	Gen X	Millennials
Work	Work largely defines who you are	Work is what you do, but balance is important	Work is integrated with life, friends at work matter
Time	Overachieving is important no matter how much time it takes	Family time and work time should be separate with rigid lines	Can work in smaller increments and shift back and forth quickly from work to play
Communication	Long letters and emails	Brief, but complete	Short, to the point messaging in real time
Goals	Longer term, bigger picture	Short term or quarterly objectives	What is going on this weekend
Job	Career	Current role, but could change at some point	A good gig for now
Development	Get to a senior role and then manage others	Work my way up with varied experiences	Constantly try new things, learning is what jobs are for
Structure	Hierarchy with clear roles and titles	More of a team environment, but with clearly defined leadership	Flat organization with little hierarchy

Figure 1-13-2.

Features of the three most common generations represented in veterinary practices today.

• Creating an environment where people feel empowered to contribute ensures that no matter the generation, staff members will be able to express their views and that goes a long way toward helping them engage and feel good about the place where they work and the leaders with whom they work.

Figure 1-13-2 offers some examples of how each generation thinks about common workplace and life values. Understanding these differences is critical to becoming an adaptive leader.

Once you have a good understanding of these differences, it is important to begin creating a culture in your hospital where multiple generations can thrive and engage (see 2.26 – Changing Organizational Culture). Because people from different generations can have different motivators, communication patterns, and approaches to how they work, it is important to build a culture where they can work together and where the owners and managers can effectively improve everyone's performance over time. We must therefore look at several key factors that will drive individual motivation and engagement throughout the practice, taking into account everyone's values and viewpoints, not just the ones we relate to. In many cases, managers and owners communicate well with and "get" the people from their generation, whereas people from other generations leave managers scratching their heads.

The following sections discuss some concepts and examples that will help you manage across different generations and still build a high-performing practice. Although every generation can benefit from effective coaching as they change behavior, learn new skills, and improve performance, in a multi-generational veterinary practice there are some key points to keep in mind as we have coaching conversations.

GOALS

• One of the most powerful and engaging things we can do with any employee, regardless of when they were born, is to help them set meaningful and compelling goals for themselves. This not only allows them to focus on doing things differently today but also goes a long way toward building the kind of relationship that causes people to step up and do more for the business because working there has made a difference in their own lives.

• It is best for the individual staff member to set his or her own goals and for the manager/coach to provide input, but let the individual drive the conversation. This is a good practice anytime we coach others but becomes more critical when we are working with someone from a different generation. We may not be able to anticipate or even understand others' goals because they might differ greatly from what ours would be in their situation. For example, Boomers often feel a sense of loyalty to their employer and one goal might be to work their way into a management role and give back to the practice, as they become a more effective contributor to its growth. Millennials may operate more from an "in the moment" perspective and be motivated more by how their team perceives their value and their work. Clearly, we need to have very different coaching conversations with these individuals if we are to help them establish their work goals. We also need to connect their performance to different motivators to keep them fully engaged as employees. It is often difficult for Boomers to understand why the motivation does not naturally exist in everyone to do a good job because they were asked to do it and paid for it. In reality, people might be motivated more by contributing new ideas and seeing them come to fruition than by doing what they are asked to do.

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1.13. Generational Differences

Younger generations increasingly want to have a say in how the business operates and how things are executed, whereas many older employees are satisfied by excelling at the tasks they are given. Neither is right nor wrong, they are just very different and in our coaching we need to allow for people to play to their own strengths and their own sources of satisfaction.

• It is effective with any generation to start performance and coaching conversations with questions like: "What are the things that you would like to accomplish here as part of our team?" or "Two years from now what do you want to have learned or become better at as part of our hospital?" Many people have not given a lot of thought to these questions and they may need some time to contemplate them between conversations.

ACCOUNTABILITY

• Practice owners are commonly concerned with having more accountability throughout the hospital (see 2.6 – Accountability). Their expectation is that people take ownership for solving problems, improving processes and growing the practice. Coaching conversations can be a great way to create this sense of accountability, but how we coach can make a big difference in how much initiative people take. Often, employees bring problems to managers or owners in a practice and expect "management" to fix those problems. Effective coaching that asks questions like "What do you think the best way to solve this might be?" or "How can I help you best have that conversation with that person to work through your differences?" changes the whole dynamic of how problems are solved. Different generations may approach the solutions differently, but if we allow them to think through those solutions on their own by asking good questions, we do not have to try to come up with solutions that will please everyone. We can simply let them come up with their own solutions, within reason, which ensures that they select the path that suits them best and solves the problem. It also creates an environment where people close to the problem solve it, rather than pushing everything up to management for a decision. People will begin, after hearing the same kinds of questions over time, to think about solutions before they ever bring them up to management in the first place. Staff members can change pretty quickly in this regard.

• Managers will face the bigger challenge of letting others take accountability for things, especially if they are accustomed to being in control of everything. We have to make choices as leaders whether we want our team to have accountability or whether we want to keep it all for ourselves. Keeping it all means we have to have all of the answers. Sometimes Boomers can make that system work, where management solves all of the problems and knows what to do in every situation. In multi-generational businesses though, it is a real challenge to grow, evolve, and improve the efficiency of the business if one person or a very small group of managers has to touch every solution. We are much more effective as an organization if people take the initiative, solve problems, communicate horizontally about changes rather than up the chain of command, and feel ownership for making things better. Ultimately, when we have people from multiple generations on our team, we limit our growth and our ability to achieve our potential if all of the decision-making remains at the highest levels of the business.

SUPPORT

• Support from a coach or manager comes with different expectations, depending on which generation we are from. Some Boomers may feel like the paycheck is their reward and that's all they need whereas Gen Xs may care more about the praise they receive and how they compare to their peers. Millennials may want more input into the next project as a reward for executing the current one well. As owners and managers, we can cause significant change just by focusing on how we reward and support people in their efforts to contribute more and perform at a higher level. It is a helpful practice for us to leave our office a few times each day and focus solely on walking through the hospital and catching someone doing something right. The statement it makes about what good looks like in terms of performance is substantial and comes through loud and clear to the staff. For example, imagine we are working through an initiative where we are improving our client service levels. We have had a collaborative meeting on how we might do that, we have broken down and prioritized our efforts, and have committed as a team to execute five things differently in our daily interaction with clients. Noticing people who are stepping up and making those changes quickly will both cause them to speed up their own changes and clarify the behaviors that are desired for everyone around them. It serves to cement the new behaviors as part of the culture and give people feedback and clarity on what the expectations are.

• Coaching conversations with staff members who are struggling with changes or shifts they need to make should also come from a supportive place. The overarching message has to be: "I want to help you and that is my main goal. How do we work together to get you to the goals we outlined for you as a part of this team? What changes do you want to make and how do I support you in making those changes?" Once again, we create a sense of accountability while simultaneously providing support for the individual to operate more effectively.

The key to managing different generations of people is really no different from how we might manage people from different cultures, different backgrounds, or even just from another hospital where the environment and processes might have been very different. We should create a collaborative culture where everyone has input into how we make changes, coach effectively to ensure that we focus on each individual's goals, encourage a sense of accountability so people begin to solve problems and make changes on their own, and consistently provide support. Changing the way we lead the people in our hospital will greatly reduce our need to have every answer, solve every problem, and figure out how to help a group of very different people perform better.



EXAMPLES

N/A

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1.13. GENERATIONAL DIFFERENCES



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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1.14. GENDER ISSUES



BASICS

OVERVIEW

- Gender issues, though often subconscious, can adversely affect professional/personal relationships and career advancement.
- Traditional reviews have referenced attitudes toward males and females. The LGBTQ community is tacitly included in the following.
- Gender issues are global; they affect all cultures, educational levels, professions and socio-economic demographics.
- Contributing factors include cultural, national, religious, personal, and generational experiences.
- Particular male-dominated professions such as sciences, the military, and law enforcement are prone to culturally ingrained gender mismatch.
- Women comprise approximately half of the general labor force but hold a much smaller proportion of political and business decision-making positions.
- Occupations such as teacher, nurse, and support staff that have been traditionally female dominated continue to be so.
- Remediation for gender mismatch/bias is a function of self-awareness, willingness to accept change, and access to role models and mentors.
- Often blind to personal bias. Subconscious bias may be in stark contrast to conscious attitudes and professed beliefs. Stressful situations can exacerbate biases.
- Resistance to change can have various origins from fear of the unknown, complacency, and desire to maintain status quo to the belief that over time matters will resolve themselves.
- Role models have historically been few in numbers for individuals experiencing gender bias. Changes over time in these statistics are hard to predict.
- Gender issues are not a matter of black and white, wrong and right, male or female, straight or LGBTQ, but exist along a continuum.

TERMS DEFINED

Authenticity: Being genuine, truthful, honest.
Bias: Prejudice in favor of or against one thing, person, or group compared with another, usually in a way considered to be unfair.
Feminine/Female: Used interchangeably in this context. Having qualities or appearance traditionally associated with women, especially humility, self-deprecation, softness, and emotionality.
Masculine/Male: Used interchangeably in this context. Having qualities or appearance traditionally associated with men, especially strength, aggressiveness, and dominance.



ISSUES AND OPTIONS

Gender bias has been historically entrenched in veterinary medicine. The first US veterinary graduates appeared in the mid 1800s, but Dr. Mignon Nicholson was the first woman to be granted a degree in 1903. Four decades later, animosity toward women in the profession was palpable. In 1943, Dean Ward Giltner told a class of six women at Michigan State to go back to the kitchen and not take jobs away from men. Fast forward to 2007 when female veterinarians outnumbered men. Gender bias toward women and the LGBTQ community may not be as blatant but prejudice still is an undercurrent impeding job success and fulfillment.

Gender issues impact perceived and applied management/leadership practices. The different masculine and feminine stereotypic styles need to be recognized for their strengths and weaknesses with a blending being optimal.

TYPECAST COMPONENTS OF MANAGEMENT STYLES

Male

- Autonomy, self-promotion, task oriented, greater risk tolerance, toughness, penchant for verbal sparring.
- Origin of the male style: Boys praised for being assertive and independent. Boys want to be respected.

Female

- Seeks collaboration, risk averse, seeks perfectionism, person oriented, empathic, nurturing, belief that hard work will be recognized and rewarded, willingness to take one's turn.
- Origin of the female style: Girls are admired for being honest, humble, and respectful. Girls want to be liked.

Successful managers/leaders can be male or female, LGBTQ or straight. Awareness of your own and others' personal communications style, strengths/weaknesses, and potential bias increases your chances of being effective.

COMMUNICATIONS

How/why genders communicate are divergent.

- Masculine communication style is to transmit information/solve problems; give reports.
- Feminine approach is to express feelings, gain emotional relationships, establish intimacy; speak to build rapport.

When a man and a woman deliver the same speech, the man may be viewed as being more credible. The disparity is a function of tangible and intangible factors: word choice, thought organization, rate, tone, pitch, body language, self-confidence, personal bias, and life experiences.

Word Choice

- Fewer words are more effective. Speak words that count.
- Do not speak down to someone but use terms/phrases that are understandable. Continually reassess word choice during conversations. Learn to read body language to gauge if your message is hitting its mark or being lost.
- Use strong versus weak words/phrases:
  - Examples of weak words/phrases: feel, maybe, perhaps, recommend, what if, don't you think, in the future.
  - Examples of strong words/phrases: believe, advise, need, now.
- Do not phrase statements as questions. Make declarative statements. Do not end sentences with inflection.
- Use an unclutter speech style. Monitor speech patterns for filler words such as um, huh, ugh, you know, like.
- Sound assertive but not aggressive; be balanced not bitchy.

Thought Organization

- Pause. Think before speaking.
- If being questioned, repeat the query at the start of your reply. It gives your brain a chance to formulate an answer.
- Be concise and do not ramble.

Rate

- Women's speech tends to speed up more than men's when nervous. People worth listening to know this and speak more slowly than others.
  - Pace yourself
  - Breathe
  - Be aware of tone/pitch.
- Nervousness/intimidation/insecurity can raise the pitch of a voice and make the tone strident. Unconscious bias may be triggered in the listener causing them to turn off to what is being said. Typically, people prefer to listen to lower-pitched, melodic voices.
  - Listen more, speak less
  - Relax shoulders and throat
  - Slow down
  - Breathe.

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Body Language

"When a man speaks, people listen then look. When a woman speaks, people look and if they like what they see then listen" (Pauline Frederick (1908–1990), American journalist and author). Men often have the advantage with body language because of their usual more imposing physique and presence. As can be seen in politicians who excel at personifying confidence/presence, it is not so much what you say but how you come across.

Components of body language include:

- Touch
  - Hand shake is a demonstration of interpersonal courtesy and self-worth. It should be firm but not bone crushing. Best performed with steady eye contact. Timing should be long enough to register the color of the other person's eyes.
  - Respectful touch – significance varies dramatically with gender. For women it is a means of strengthening comradery. For men it implies a demonstration of power.
- Facial expression recognition
  - Women are generally more expert in interpreting facial expressions, with extended eye contact being the preferred method of deducing the intent of the discourse.
  - Men are often more astute at construing messages cloaked in spoken nuances and of utilizing "poker faces" in their business and personal dealings.
- Nodding is a simple act with the intuitive meaning of agreement but gender differences exist.
  - From a masculine perceptive a nod usually implies accord.
  - From a feminine mindset a nod is viewed as a sign of encouragement and a desire for additional disclosure of information.
  - Care must be taken when using a nod with the opposite sex as interpretation can drastically affect the interaction.

Self-Confidence

Self-confidence is an external manifestation of internal self-worth. You cannot communicate with confidence unless you believe in yourself. Research reveals that men more than women typically have a more inflated sense of self-worth secondary to positive self-talk.

- Men tend to tell themselves routinely that they are leaders, successful, and possess innate qualities and skills that guarantee their desired achievement.
- Men usually rank their job performance as being 35% better than it truly was.
- Women often engage in negative self-talk: I am not good enough, someone will find out that I am not qualified and that I don't know what I am doing. The classic "imposter syndrome."

Ways to boost self-confidence:

- When flustered … slow down, admit when you don't know (then find out and report back), stop talking.
- Listen. This is an opportunity to learn. Form of soft power displays that you do not need to speak. Stay attentive. When you do speak your words have greater significance.
- Become comfortable with silence.
- Stop apologizing. Overapologizing weakens the appearance of self-confidence.
  - Women are more inclined to apologize than men.
  - Rather than saying "I'm sorry," acknowledge the circumstance or make a declarative statement concerning the situation. This is especially important in meetings. When you have a thought to contribute, do not start your announcement with "Excuse me but …", try instead "I was thinking …".
- Focus on others. Often the other person is as uneasy in a situation as you are. By focusing on them, drawing them out in conversation, you put them at ease, the spot light is off you and it becomes a win/win proposition.

Personal Bias/Life Experiences

Life experiences can bias interactions with others. Extremely good or bad life events can result in irrational visceral reactions that cloud interpersonal communications. Little can be done to anticipate or counteract someone else's subconscious reaction to you. The only person you can control is yourself.

Communications Summary

- One gender is not superior to another in their ability to effectively communicate.
- Particular circumstances – to whom you are speaking and how/what you are attempting to – are best served by incorporating the archetypal styles of each gender.
- Identify your personal strengths and weakness. Convert a perceived weakness to a strength, emotionality to empathy, timidity to thoughtfulness.
- Modifications in your personal technique will take time, patience and effort.
  - Video your interactions in different scenarios and stress levels.
  - Review them with the audio on and off.
  - View them with honesty and in as dispassionate manner as possible. We are frequently more critical of ourselves than others are.
- Talk less, listen more.

NEGOTIATIONS

The pay gap between genders has long been recognized. The breach in salary parity is closing but still exists.

Overview

- Women outnumber men as practicing veterinarians and students.
- The majority of practice owners and decision-makers are men.
- Men earn more than women because:
  - US society assumes men will earn more and men are considered to be the primary breadwinners;
  - according to Census Bureau data in 2017 women earned 77.1 cents for every dollar earned by a man;
  - men have higher wage expectations.
- Success in negotiating early salaries has a dramatic immediate and long-term effect on career, personal fulfillment, and pocketbook.

Negotiating Styles

Styles fundamentally differ along gender lines.

- Women negotiate by what they feel is fair, men by what they want.
- Men are more self-assured, assertive, and successful in converting expectations into reality.
- Women are viewed less favorably than men when they negotiate in a manner similar to a man or when they ask for what they believe is equitable.

Securing pay/advancement/leadership equity despite gender is a function of timing, authenticity, self-promotion, networking, self-respect, ethics, moving outside of one's comfort zone, working well under pressure, perception by others, networking, and mentors.

Timing

- Women succeed more often than men but take longer to do it.
  - Men – shoot/ready/aim
  - Women – aim/ready/shoot
  - Perfectionism and imposter syndrome plague females more than males. Women feel they must meet 100% of all prerequisites; men much less.
- Timing affects the views of family life and work/life balance:
  - Women feel that more help at home will help them achieve balance; men believe increased personnel at work will do the same.
  - Women more often harbor fears of not being able to do it all and being unable to juggle potential career advancements.

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1.14. Gender Issues

- "Doing it all" can't be done by men or women.
  - Decide on your priorities … plan for them
  - Don't get overwhelmed
  - Stay focused and get enough sleep and exercise
  - Ask for help. This is not a sign of weakness but wisdom.

Authenticity

Seek authenticity over perfection. Share an appropriate amount of yourself in order to demonstrate your humanity and approachability. Feminine stereotypes that weaken a woman's (perceived) potential include:

- being overly solicitous to other's real or imagined needs,
- inserting yourself into other's lives when not requested,
- being excessively emotional.

Reframe stereotypes as being caring, empathetic and consensus builder. Do not try to be a friend to all at all times. It is better to be fair and consistent than popular.

Self-Promotion

- Verbal swaggering is often condoned in boys; humility and self-deprecation are the norm for girls.
- Advocate and define yourself. Do not let someone else do it for you.
- Self-promotion is not bragging if it is true.
- Stress your experience and activities in the context of work with others. Focus on how your efforts facilitated the group's success.

Comfort Zone

Do not wait to be asked. Seize opportunities. Challenges need to be viewed with curiosity and anticipation not dread. Not accepting a challenge may bias others to deny them to you in the future. Studies have shown that it is not the chances we take that we regret in the future, it is not taking them that causes more distress.

- Failure is integral to success. Failures leads to seeing possibilities that did not exist before.
- A willingness to fail is a sign of courage and strength.
- Fail fast, often, learn from it, and move on.
- Decision-making can lead to feelings of guilt. Make your best choices. Be willing to accept the consequences of your actions.
- Guilt makes us doubt ourselves and holds us back.

Working Under Pressure

Leaders/managers often guide others in directions that they would not otherwise pursue. The demands of the position can be daunting and filled with self-doubt, internal and external pressures, and criticism.

- Welcome constructive criticism. Do not take it personally. Learn from it.
- Learn to say no.
  - This is more difficult for a woman than a man.
  - Women have penchant for multi-tasking, which can lead to overload, resentment, and exhaustion.
  - Learn how deflect requests. Rather than saying no, say "I prefer be involved in another capacity."
  - Be willing to consult on a limited basis, on your terms.
  - Be discriminating as to which commitments you agree to.

Perception by Others

Grab some prime real estate. Sitting at the periphery of a conference table is tempting when confidence levels are low. Better to seat yourself near or at least directly across from the person with the greatest status. It demonstrates self-worth and increases your chances of interacting with a key decision-maker. You garner elevated importance by your sheer proximity.

- Women more than men suffer from the "disease to please." This can delay decision-making. Some solutions are to:
  - communicate frequently, openly, heed the ideas of others;
  - accept that choices made may not be universally pleasing;
  - not compromise principles. This undermines your credibility.
- Women often fear that power and femininity are not compatible.
  - An assertive man is considered bold.
  - An assertive woman is considered bitchy or hormonal.

A woman with attributes such as an aggressive speech pattern, dominant negotiating style, or unilateral decision-making is likely to experience a more severe reaction than a man who exhibits the same behaviors. A self-confident, empathetic, inclusive/caring approach is empowering to both sexes.

Networking/Mentors

Networking and mentors are some of the most effective means of countering bias. Both can advocate for you with their circle of decision-makers.

- People like doing business with people they know. Having others vouch for your character and abilities decreases the discomfort of the unfamiliar.
- Networks and mentors will vary with time.
- Diversity in networks and mentors extends their reach of influence. Secure people of various backgrounds, ethnicities, and genders.
- Be proactive. Establish networks and secure mentors before you need them.
- Mentors are not meant to provide the answers (see 3.17 – Mentoring). They should direct you to the correct questions, actively listen, provide constructive feedback, and give the occasional well-timed kick in the bum.

Negotiation Process

Advancements do not come automatically or just because you deserve them. You need to advocate for yourself and proactively negotiate for what you need and deserve. View the process as a challenge.

- Disagreements/conflicts are not personal but business. Remember to:
  - focus on the task at hand not the other person;
  - be prepared for push back, do your homework, have facts at hand that support your proposition;
  - maintain control of the conversation.
- Men are sometimes hesitant to negotiate with women because of the fear that they will become emotional or hold a grudge.
- Resolutions achieved through empathetic dialog are longer lasting and more equitable.
- Negotiation skills take practice (see 2.17 – Negotiating 101).

Negotiation Summary

- Negotiating involves the risk of conflict, disagreements and rejection.
- Misconceptions, misinterpretations, and lack of experience in process can dissuade individuals to initiate the process.
- Spend 70% in active listening, 20% in probing questioning, and 10% talking.
- Negotiating salary or career advancement can cause consternation; your perceived self-worth may not be appreciated equally by another. This can be paralyzing.
- The problem with negotiation is not with the negotiation process itself but how we view it. Consider it a challenge, as a learning endeavor. Remember to:
  - do your homework;
  - realize that there is never a perfect time and you will never be 100% ready;
  - promote yourself with confidence and with the assistance of a broad-based network of mentors.
  - negotiate with integrity and authenticity.

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EXAMPLES

• Conventional wisdom would say careers and advancement should be based on meritocracy. But studies have shown that if you have a woman's, minority, or ethnic-sounding name you are less likely to get the nod. Attempts at gender parity in orchestras have led to musicians being auditioned behind partitions and having the sound of their footfalls muffled so as to mask their gender. A Harvard School of Business experiment revealed that one job applicant was viewed as being less competent than another with the same exact qualifications solely because they had the name Heidi versus Howard.[1]
• Competency and qualifications are not synonymous. "Fake it till you make it" is a mantra that should be especially voiced by individuals for whom bias is an issue.
• Self-confidence elevates perceived aptitude and has been proven to be enhanced by the mere act of playing superhero. Stand with legs shoulder distance apart, hands on hips, head held high and chest out (do this in private). Measured levels of testosterone and self-assurance were found to increase in both sexes.
• The 10 "secrets of confidence" are a winning attitude, a sense of self, an understanding of others, a loyal group of friends and associates, a charming personality, the assurance to be self-promoting, the ability to negotiate to everyone's advantage, the instincts necessary to survive, the ability to lead, and a powerful presence.
• Negotiating a contract/raise or advocating for a leadership/management role can be intimating. The cost for not doing so, especially in the nascent career can literally cost you tens of thousands of dollars over a lifetime. Ask for what you need and deserve. Ask and act as though you were not afraid of what they might say. All they can do is say no. Then it is up to you to ask why.
• If you are from an ethnic minority group, a woman, a member of the LGBTQ community or someone else who was not expected to succeed but you did, it is your responsibility to serve as an example and to mentor to others. You can not be what you do not see.



CAUTIONS

• Veterinary medicine needs to reflect the demographics and culture of a community. Addressing issues of gender bias does not constitute giving one group special treatment but it does acknowledge a challenge that society and the profession must grapple with. Issues are best resolved through open effective communications, self-promotion, and self-realization of any bias. We need to recognize, celebrate, and support the success of others no matter whether male, female, straight, or LGBTQ.
• Gender bias is an amalgam of nature, nurture, culture, and social mores. Early socialization and life lessons – good or bad – mold who we are and how we react to the world and people around us. We have no control in how the world reacts to us. We can only control ourselves.
• We are all biased. Admit it. Work on it.



MISCELLANEOUS

ABBREVIATIONS

LGBTQ: Lesbian, gay, bisexual, transgender, questioning

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1.15. PERSONALITY PROFILING



BASICS

OVERVIEW

• Interacting well with clients and coworkers is an important part of any veterinarian's job. Knowing how to recognize and respect the innate differences in people is critical. Concepts explained to a group are interpreted and understood on an individual basis, and knowing how to tailor a message to different personality types improves the odds that the message will be received as intended.
• There are several personality type theories, but one of the most reliable and understandable is the MBTI (Myers–Briggs Type Indicator). Its developers set out nearly a century ago to identify basic differences in normal, healthy people that could be described uniquely and that would be observable over large groups of people and in many different cultures.
• Myers–Briggs types look at whether we are energized by being alone or with others, how we take in information, how we make decisions, and how we like to organize our world.
• There are no good or bad personality types; all 16 MBTI personality types are good – they are just different.
• Everyone exhibits characteristics of all the personality types at various times in order to be successful in our personal and professional lives, but our individual preferences are inborn and cause us to filter other people's behavior through our own preferences.
• Recognizing one's own preferences makes one more aware of the differences among people, helps us to respect others by knowing that they may not think or behave as we do, and allows us to recognize and acknowledge skills and traits that complement our own.
• If you knew, for example, that a specific individual gets more out of written than verbal instructions, why would you continue to give only verbal instructions? If you could figure out their preference, you likely would give that person information in writing to enhance his or her understanding of the material. The same is true for the 16 personality types: If you understand and can identify a person's preferences, you can then accommodate those preferences when you believe it makes a difference in the outcome of your interaction.
• Another common and important personality profiling option is DiSC, which can be used to better appreciate client and staff communication (see 5.2 – Identifying Client Communication Styles).

TERMS DEFINED

Myers–Briggs Type Indicator (MBTI): A well-established test instrument that measures the personality traits and preferences of normal, healthy people. The test is a personality inventory, not a test of skills or abilities. The MBTI relies on four scales, each of which is a continuum ranging from a slight to a very clear preference for a particular characteristic. The four scales are described in the next section. There are unofficial versions of the instrument available on the Internet, though their results may not be as reliable as the actual MBTI.

Myers–Briggs Type Indicator (MBTI) Personality Types: These types (16 in all) are the result of individual preferences on the four MBTI scales. An individual's personality type does not change over time; however, people may express their type in somewhat different ways at different times, and at different ages and stages of life.



ISSUES AND OPTIONS

PERSONALITY TYPES AND TERMS

The four dimensions that make up Myers–Briggs personality types are listed below. All of these are on a continuum and a preference can either be strong (near the edge on either side) or more moderate (nearer the center). Your preferences on the four scales define one of the 16 Myers–Briggs types that is said to be closest to your individual personality type. The author, for example, is an ISTP – someone who prefers Introversion, Sensing, Thinking, and Perceiving. Here are the four scales:

How People Are Energized
(E) Extraversion ——— Introversion (I)

The Kind of Information We Naturally Pay Attention To
(S) Sensing ——— Intuition (N)

How We Make Decisions
(T) Thinking ——— Feeling (F)

How We Like to Organize Our World
(J) Judging ——— Perceiving (P)

EXTRAVERT (E) VERSUS INTROVERT (I)

This continuum is not about who is talkative and who is not, even though that is a common misconception. Even outgoing people, the life-of-the-party types, can demonstrate a strong preference for introversion on the Myers–Briggs scale. They may simply be adept at functioning all along the continuum, so much so that everyone's first impression of their preference for extraversion or introversion can be incorrect. That's because this scale is actually about whether we prefer to focus on the outside world or on our inner thoughts and feelings, not how we act in a particular situation. The key to an introvert's preference is to ask what he or she generally does at the end of a long, stressful day. An introvert will frequently answer: "I go home and stay there." On the other hand, an extravert will seek out other people and places to recharge an internal battery. Ask yourself:
• Are you energized by interacting with other people or by being by yourself? At the end of a long, hard day at the clinic, would you rather meet some friends and go out on the town, or go home and hope no one calls? If being with other people energizes you, you likely have a preference for Extraversion (E). On the other hand, if you rejuvenate yourself at home in solitude and comparative privacy, you may be an Introvert (I).
• Are you more comfortable acting first, then thinking about it, or do you prefer to think things through before acting on them? If you act first, you may prefer Extraversion (E).
• Do you think out loud – do you explain your thought process as you make a decision, or do you analyze the options, make a decision, and then announce your conclusion? If you think out loud, you may be an Extravert (E). If you prefer to do your analysis inside your head, not sharing your thought process with other people, then you likely prefer Introversion (I).

People who prefer extraversion are more comfortable in the outside world. They want to share their ideas, their thought process, and their conclusions with others. They thrive on interacting with other people. People who prefer introversion, however, are most comfortable inside their head, dealing with their ideas, thoughts, and conclusions mentally, sharing only key points with the others. Neither introversion nor extraversion is inherently good or bad; they are just different, and you need to adjust your communication style in a way that acknowledges other people's preferences.

Remember this: If you don't know what an Extravert (E) is thinking, you haven't been listening. On the other hand, if you don't know what an Introvert (I) is thinking, you haven't asked.

If, on the basis of your Myers–Briggs personality type, you prefer extraversion, you cannot assume that others have incomplete or incorrect thoughts because they do not share those thoughts with you.

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You may, however, need to draw them out by asking specific questions or encouraging others to share their ideas.

On the other hand, if your personality type prefers introversion, try not to be annoyed with others who tell you more than you want to know. What sounds like babbling to you may simply be their way of working through a problem and reaching a conclusion. To do that comfortably, they need to share the process with you.

Watch your team interacting during staff meetings. Some are more vocal than others and you likely know their thoughts on the current discussion topic. But you will get different (and valuable) viewpoints by asking the "quieter" members for their thoughts.

SENSING (S) VERSUS INTUITION (N)

This scale can be the most difficult preference to identify. You will need good powers of observation to determine how best to give information to any one person. Again, do not rely on some generic definition of "sensing" or "intuition" to define this characteristic. In Myers–Briggs terms, this relates to the way we prefer to perceive or take in information.

- Do you rely on your five senses – what you see, hear, touch, taste, or smell – or do you rely on some sixth sense that allows you to see the big picture, not just the details? Sensors (S), or people who prefer sensing, pay attention to facts and details and are most persuaded by information they can see or hear. They tend to focus on the present: what is happening now. Intuitives (N), or people who prefer intuition, look for the connections, the underlying meaning, and the implications of a situation. They look past the details and are comfortable trusting their intuition and their instincts to correctly interpret the situation. These are "big picture" people who get bored with the details of ordinary life.
- Imagine looking at a photograph of a person standing by a car in front of a mountain range. The Sensor (S) would likely focus on the person and the car, whereas the panorama in the background would be secondary. An Intuitive (N) would take in the larger picture instantly and would likely focus on the panorama first, with the identity of the person and the car being secondarily important. A Sensor (S) would ask who is the person and what kind of car is he driving? An Intuitive (N) would wonder what a person with a car is doing at that location.
- Sensors (S) are gifted at accumulating and organizing data and at finding new applications for something that has already been invented. Because they are comfortable relying on facts from their own or others' experience, they can spot inconsistencies or discrepancies that merit further investigation. Intuitives (N) can be very creative, as they think in terms of possibilities and require less empirical proof to believe something is possible.

How does this affect you? What's your preference? If your staff wants to get you to make a decision, do they bring you facts and figures to support their position or do they ask you to focus on the results of implementing that decision? They likely have learned already whether you need facts and figures before making a decision (you are a Sensor [S]) or whether you are more likely to focus on the possibilities and ignore their supporting data (you are an Intuitive [N]).

The same is true when you need someone else to make a decision. Giving facts and details to Intuitives (N) is likely to bore them and make it difficult for them to act on your request. They need to know how that decision will impact other systems within the hospital or whether it will create new problems because of the interrelationships within the clinic. Likewise, asking Sensors (S) to make a decision without giving them all the relevant facts creates stress and may make them feel as though you are setting them up for failure. Without seeing or hearing the details and the facts that are the underpinnings of that decision, a Sensor (S) will be uncomfortable making any decision. He or she simply does not have enough information.

THINKING (T) VERSUS FEELING (F)

This preference has to do with how we make decisions and come to conclusions, but it does not imply that Thinkers (T) are heartless or that Feelers (F) are illogical. Each of us is more comfortable making decisions by relying on one of these two frameworks. People who prefer thinking (T) make decisions by analyzing the information related to the decision. They tend to be objective, weighing the information they have received, and making decisions on the basis of a logical thought process. On the other hand, people who prefer feeling (F) make decisions on the basis of a more personal, subjective set of values. They are concerned with the impact on people (i.e., what is pleasing, harmonious, supportive, and respectful of others).

- In your own environment do you make decisions more objectively, analyzing the pros and the cons (a Thinker [T]) or do you rely on what effect your decision will have on others (a Feeler [F])?
- Thinkers (T) derive great satisfaction from analyzing situations logically and objectively, and they are more comfortable making the tough decisions that are sometimes required in business. Feelers (F), on the other hand, thrive on harmony and will go out of their way to please other people. They are attuned to other's needs and feelings. The author's unscientific observations over many years suggest that there is a disproportionately large number of Feelers (F) in veterinary medicine compared with the general population. That is not surprising in view of the care and compassion that are critical for veterinarians and for the profession overall, but it may also help explain why veterinarians have trouble charging for the true value of their services (they don't want to displease the client).

Thinkers (T) are often drawn to careers that allow them to use their analytical skills, and in veterinary medicine Thinkers (T) are frequently attracted to the diagnostic element (the puzzle) of their jobs. Some even enjoy the business side of owning and operating a practice. Feelers (F) are often attracted to careers in service industries. Feelers (F) are very focused on the compassionate side of practice, whether dealing with animals, their owners, or the practice's employees.

Thinkers (T) are sometimes viewed by Feelers (F) as being cold and calculating, because they make decisions based on analysis and logic, with people issues representing only one factor to be considered. Thinkers (T) may say that Feelers (F) are too emotional, because they focus on the impact of their decisions on people and systems, not the facts or the analysis of the underlying data. Thinkers (T) also say that Feelers (F) take everything personally, so Thinkers (T) find it hard to train Feelers (F) or evaluate their performance without emotions getting in the way.

JUDGER (J) VERSUS PERCEIVER (P)

This factor describes the way we like to organize our world: planning it or winging it. The terms themselves are awkward because Judgers (J) are not necessarily judgmental and Perceivers (P) are not necessarily more perceptive than anyone else. Focus instead on the difference between a planned versus an unstructured lifestyle. This is one of the easiest traits to observe if you know what to look for – the clues will be all around you.

- Judgers (J) like to come to closure – that is, make a decision and move on. They like meetings to be structured, to start and end on time, and they tend to keep "to do" lists, deriving great satisfaction from crossing things off the list. Perceivers (P) enjoy the process of getting information and exploring possibilities. They enjoy brainstorming sessions and they like to keep their options open. They tend to take pleasure in starting a project, but not necessarily in finishing it.
- Judgers (J) prefer to work in organized workspaces, keep their work areas tidy, and enjoy working on one project at a time. Perceivers (P) are more comfortable dealing with multiple tasks and their workspaces look like nests – everything close at hand but generally untidy.

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1.15. Personality Profiling

• Judgers (J) have a keen sense of time, arrive at functions promptly, and have little patience with people who are late. Perceivers (P) are mostly oblivious to time, tend to be perennially late, and forget to go home when they are engrossed in a case or a project.
• Judgers (J) like to be in control in most situations and will step into leadership in order to make something happen. They frequently see choices as black or white, right or wrong. Perceivers (P) can have strong opinions, but tend to see situations in terms of shades of gray with lots of choices. They are flexible and stay open to other possibilities that might come up along the way.

Keep in mind that Judgers (J) are uncomfortable until a decision is made and Perceivers (P) are uncomfortable about rushing to a decision. Also, Judgers (J) and Perceivers (P) who share a workspace can experience lots of stress, because the Judger (J) wants it tidy and organized and the Perceiver (P) wants everything close at hand, placing much less value on having everything in its place. Understanding this basic difference among people allows both Perceivers (P) and Judgers (J) to become more tolerant when sharing a workspace (such as doctors' offices).

THE IMPLICATIONS OF MYERS–BRIGGS PERSONALITY TYPES IN A VETERINARY PRACTICE

• Consider personality types before assigning job responsibilities. Putting people into the wrong tasks forces them to work in awkward and stressful situations.
• Promoting a good technician who is an Intuitive (N) to an Office Manager position may not work for the employee or for the practice. Big picture people can become frustrated dealing with lots of detail.
• Conflicts among employees can often be traced to differences in personality types. If employees understand the basic types of differences, they are more likely to respect and tolerate these differences.
• If you're an Extravert (E), do you actually seek out the opinions of the Introverts (I) on your staff, or do you assume that if they had anything to say, they would speak up? The reality is that they may have lots of ideas that they have never voiced under the scrutiny of the entire staff in staff meetings.
• If you are a Thinker (T), you might find it useful to try ideas or changes in policy out on a Feeler (F) in your life to see if there are hidden messages that might inadvertently offend your staff. For example, leaving memos in people's boxes about even routine matters may seem cold or a "sneak attack" to a Feeler (F), even though you find the process routine and time-efficient.
• Over time, practices can develop a distinct personality as the owner hires people who are similar in personality type to his or her own. This is easy to do, because we are all most comfortable with people who think and act like we do, and we tend to hire them because they will "fit in well." However, research shows that the most effective work teams find strength in the differences among their members. The conflict that arises as your staff deals with issues and opportunities through their different filters can be very healthy, and that conflict can ensure that you will not miss a problem or pass up an opportunity that you and your staff truly could not see.
• The noted management guru Tom Peters advocates "taking a freak to lunch." What he means is that we should not always associate comfortably with people who think like we do and who work in environments like ours. We need to get out of our box by associating with people who are significantly different: different in age, background, career, culture, etc. – people who can help us see the world through different eyes. When's the last time you took a freak to lunch?
• Your clients may come from many walks of life, and they likely represent all 16 personality types. How much do you actually modify your communication style to accommodate those differences? Do you take a "one-size-fits-all" approach? If so, you are likely not reaching some of your clients as well as you could.
• With the current focus on compliance – that is, how well do clients take our advice and follow our recommendations – personality types take on increased importance. If the client did not follow your advice because you did not acknowledge his or her differences and tailor your approach accordingly, who is really to blame? Handing a list of postoperative instructions to an Intuitive (N), for example, might not lead to postoperative action. However, explaining how the follow-up enhances the effectiveness of the surgery itself and then going over the actual instructions verbally might give the person "the big picture." You may think it is obvious to read and implement the instructions you hand out, but does your client?

HOW MIGHT YOU INTRODUCE THE USE OF PERSONALITY TYPES IN YOUR HOSPITAL?

Even if the theory and concept of personality types intrigue you, there are some significant steps that need to be taken to use these concepts well. When first introduced to the MBTI, most people find it interesting but not necessarily useful. That is because it requires the user to learn new concepts and become conversant in the language and theory that underlie the instrument itself. People who attend seminars may have a hard time remembering their own four-letter type (ISTP, for example) after only a few days. Even if they remember their own type, they may still struggle to remember what the letters stand for and what preference each letter suggests. Therefore, consider taking the following actions:
• Because the actual MBTI instrument can only be administered by someone who has been qualified to do so, alternative ways of indicating MBTI types have been developed. Suggest, but do not require, that each staff member take an abbreviated version developed by David Keirsey called the Keirsey Temperament Sorter II, available in his book, *Please Understand Me II* (see the Recommended Reading list), or online at www.Keirsey.com. Both the licensed MBTI and Keirsey's sorter are designed only to suggest what a person's personality type may be. When reading the descriptions of the 16 types, people can generally recognize themselves in one or two of the descriptions, which likely will be the type suggested for each by the sorter. By having each staff person identify his or her type, there is a common base of knowledge established at the same time so that no one will feel excluded. Do not pressure a team member who refuses to take the test – some people feel threatened by the entire process at first – just continue to include them in the discussions as though they had used the sorter. In almost all cases, they will self-select their type from the discussions that follow. Similarly, no one should be required to disclose their suggested type to anyone else, unless they choose to do so. Most people will readily share the results of their sorter experience, but there should be no stigma against anyone who hesitates to do so. Sooner or later they will understand that the way we each behave every day gives clues to our type, so there is really no secret to be kept.
• Suggest that each person make an effort to remember his or her own four-letter type and be able to explain what each of the four letters represents. Some practices even suggest that staff members wear their type on a temporary name tag as the team members learn more about types. This is a great way to learn to recognize common behaviors for each type. It is also a great conversation starter with clients who are knowledgeable about personality types.
• Consider having a five-minute discussion at each staff meeting as a team member describes an experience (in or out of the clinic) where personality types were observable. This increases each person's awareness of the clues we all give as to how we are most comfortable in our daily environment.
• Also at staff meetings, encourage team members to incorporate personality theory into discussions about problems, issues, difficult client situations, etc. By learning to recognize personality types in action, each person can improve communication skills with clients and

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other staff members by tailoring the communication style and approach to fit the recipient, not the sender.

Over time, dividing up projects or assigning tasks gets easier as the group learns to capitalize on people's individual strengths. If the inventory needs to be counted, a Sensor (S) will be less intimidated by the detail than an Intuitive (N). If someone is needed to speak at a school about careers in veterinary medicine, an Extravert (E) is likely to be less intimidated by the process than an Introvert (I), although each could do the job well.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

MBTI: Myers–Briggs Type Indicator

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N/A

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1.16. VALUE DISCIPLINES



BASICS

OVERVIEW

• The concept of value disciplines was first introduced by Treacy and Wiersema in the *Harvard Business Review* in the early 1990s.[1]
• Value disciplines describe three different paths management may take to deliver value to their customers. Businesses that strive for market leadership focus efforts on one value discipline.
• The three value disciplines are: operational excellence, product leadership, and customer intimacy:
  ◦ Businesses that excel in operational excellence deliver quality products and services efficiently and at low costs.
  ◦ Businesses that excel in customer intimacy develop in-depth relationships with their customers and deliver products and services geared to a specific customer's desires.
  ◦ Businesses that excel in product leadership deliver innovative products and services to their customers.
• To compete and survive, a business must meet minimum standards in each of the value disciplines. To become a market leader, however, a business must go beyond minimum standards and excel in the delivery of one of the value disciplines. They must create superior customer value in the chosen value discipline.
• Businesses that strive only for minimal standards in all value disciplines will achieve only mediocre success.
• Businesses that try to excel at all three value disciplines will find themselves unfocused and unable to deliver their products and services in a competitive manner.
• Businesses that meet the minimum standards of all three value disciplines and excel in one value discipline become market leaders according to Treacy and Wiersema.
• In the past, clients judged value by quality and price. Today's clients judge value by much more – convenience, dependability, service, communication, and so forth.

TERMS DEFINED

Discipline: A branch of knowledge.
Value: Determined by what is important, desirable, and useful to clients.
Value Disciplines: Three ways businesses deliver superior value to their customers – operational excellence, customer intimacy, and product leadership.



ISSUES AND OPTIONS

• To be even remotely competitive, businesses must meet minimum performance standards in each of the value disciplines. Businesses that strive only to meet the minimum acceptable standards of value expected from clients in each of the value disciplines will be capable of only average or mediocre levels of performance (see 9.6 – Value-Added Analysis).
• Businesses that subscribe to the value disciplines philosophy become market leaders because they provide value to their clients well above the minimum acceptable standards in one of the value disciplines. Market leaders outperform their competitors in the chosen discipline, and remain competent in the other two dimensions.
• Managers must understand that minimum acceptable standards are constantly being raised by clients. Efforts must be made to continually meet the minimum standards of the future, which will always be higher than they are today. Likewise, a client's perception of superior value today will be the minimum standard of the future. A market leadership position requires management to continually strive for improvements in superior value to exceed the needs and expectations of clients in the future.
• Management on a path to market leadership must align the total organization to the chosen value discipline. Resources, processes, and systems must all revolve around the delivery of superior value within the value discipline category. The value disciplines model guides management in developing internal processes, systems, and organizational structure.
• Maintaining market leadership requires a continuous effort. There is no room for complacency once you have achieved a market leadership position.

THE THREE VALUE DISCIPLINES

Operational Excellence

• As the name suggests, this value discipline involves a value proposition to customers that emphasizes operational excellence. The focus is on processes and low costs; however, quality is not sacrificed to achieve low costs. In today's business environment, quality is a given. Under no circumstances is poor quality acceptable to consumers.
• Businesses that excel in operational excellence do not cater to the individual preferences of their clients; they cater to the masses.
• They are convenient and they are reliable.
• Processes are redesigned and technology is used to enhance operational excellence. All processes throughout the organization are targeted. Examples include client payments, supplier transactions, etc.
• Management applies continuous improvements to the processes, resulting in a steady stream of increased efficiencies.
• The focus of staff training is on operational efficiencies.
• Management strives to monitor performance to control costs and improve service quality.
• Operational excellence may be achieved by limiting the number of products and services offered to the customer or client.

Product Leadership

• Businesses that pursue a product leadership strategy possess the necessary knowledge and skills for product and service innovation, commercialization, and market exploitation.
• Constant innovation results in product leadership.
• Businesses embrace new technology.
• The time it takes to take a new product or service from concept to commercialization is minimized.
• Organizations that follow this path to delivering superior value to their customers and clients are risk takers. They are willing to cannibalize their own current product and service sales to bring the new product or service to market.
• Competitors' products and services become obsolete.
• Businesses operating within this value discipline recognize that customers need to be educated on the use and benefits of new products and services.
• Innovative products and services push normal performance boundaries.
• Employees are encouraged to develop new product and service offerings.

Customer Intimacy

• Businesses in this category cater to the individualized needs of each client; they do not cater to the masses.
• Clients are loyal because employees build strong interpersonal relationships with them – employees know specific details about each client.
• Employees are empowered to use creativity in meeting the demands of individual clients.
• Services are customized to specific customers (see 4.8 – Pet-Specific Care).
• Businesses in this category understand and anticipate customer needs (sometimes before the customer realizes their needs).
• Clients are willing to pay for individualized services.

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• Businesses generally offer a broad range of products and services to meet the needs of their clients.
• Organizations excelling in customer intimacy look at each client transaction in terms of the client's lifetime value to the business (see 4.9 – Lifelong Excellence in Healthcare).



EXAMPLES

EXAMPLE 1: OPERATIONAL EXCELLENCE

Spay/neuter clinics are an excellent example of clinics specializing in operational excellence. The following are possible characteristics of a clinic that excels in operational excellence:
• Practice policies that state no client will wait more than five minutes for an appointment, phones will be answered by the third ring, and clients will not be put on hold for more than one minute.
• Appointments are run on schedule 90% of the time; general care appointments are scheduled for no longer than 20 minutes each.
• In a general practice, complicated cases are referred to other, specialized, practices. Wellness exams that uncover a nonemergency medical problem are offered another appointment time in which to address the medical issue.
• Inventory levels are geared toward just-in-time delivery. When a product is purchased, technology is in place to automatically order a replacement product from suppliers.
• Clients rely on consistent services.
• Management tracks daily the number of appointments seen per hour, client waiting times, and so forth.
• Management is obsessed with the continuous improvement of processes and always implements changes to enhance the efficiency of the process.

EXAMPLE 2: PRODUCT LEADERSHIP

Practices operating in this value discipline were the first to offer high-end hotel-like boarding facilities, and the first to offer web cameras in their boarding facilities. They were among the first practices to have ultrasound machines, digital radiography, and the like.

What might the future bring – perhaps a mobile treatment administration service for those hard-to-medicate animals?

EXAMPLE 3: CUSTOMER INTIMACY

A clinic that excels in customer intimacy may display the following characteristics:
• Employees become familiar with clients on a personal and sincere level.
• When a client enters the practice for an appointment, all employees are able to refer to the client and pet by name. They are also familiar with the other pets owned by the client, including their gender and their health status.
• Employees can refer to personal notes regarding the client and are able to sincerely ask pertinent questions regarding the last European tour, the latest grandchild, and so on.
• When Mr. Smith asks Dr. Jones to view "Buffy's" unusual behavior in the home environment, Dr. Smith willingly complies.
• On critically ill patients, the hospital offers hourly updates for clients 24 hours a day. The hospital also allows clients to stay in-hospital with their critically ill animals.
• Employees do not evaluate a $10 transaction with a client any differently than a $1,500 transaction, because each client and patient is viewed in terms of their lifetime value to the clinic.



CAUTIONS

Practices must meet minimum standards in all three value disciplines to survive. The bar is constantly being raised in the delivery of value to clients. Practices must continually provide innovative and superior value to their customers to be competitive.



MISCELLANEOUS

It is possible for businesses to excel in the delivery of more than one value discipline. This creates a significant competitive advantage for the business. It is not recommended that a practice attempt to excel in more than one value discipline at a time. One value discipline should be mastered before attempting to master another while maintaining minimum standards in the third value discipline.

ABBREVIATIONS

N/A

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1.17. PRACTICE MANAGEMENT SUPPORT PROFESSIONALS



BASICS

OVERVIEW

Veterinarians know how important their internal support staff are to the operation and success of their clinics. Practices function with a team of receptionists, technicians/nurses, assistants, managers, and so forth. Each grouping of support staff brings an essential and different set of skills to the practice. The hospital team must work efficiently and effectively together to deliver quality services to the animal-owning public.

To achieve their practice potential, veterinarians also need an external group of management support professionals. Each group of support professionals will bring a different set of skills to the practice. Management support professionals working together can produce results for practices that would otherwise be unattainable.

Veterinarians use the services of consultants for three general reasons:

- When they recognize they lack the expertise within the clinic setting to address some of the issues that arise while operating a veterinary business. Consultants can offer their expertise in areas where the clinic lacks the expertise.
- Because their hospital personnel do not have adequate time to devote to problem-solving or enhancing business potential. The expertise may exist in-house, but employees are too busy with day-to-day operations.
- Because management recognizes the benefits of receiving unbiased third-party opinions, analysis, and recommendations. In many cases, an outside opinion (even if it is the same) can serve to motivate the practice to new levels of performance and facilitate the resolution of problems.

TERMS DEFINED

Management Support Professionals: Individuals or teams with specific expertise in practice management, accounting, law, and other business-related disciplines that apply their skills to the betterment of veterinary practices.



ISSUES AND OPTIONS

- The practice team – composed of veterinarians, technicians/nurses, receptionists, managers, and assistants – is actively engaged in the day-to-day operations of veterinary practice. Periodically, practices will require additional human resources and skills to address business issues and concerns.
- Employees may be asked to devote their time and effort to these issues and concerns, but there are many circumstances under which the knowledge and skills of the in-hospital team are insufficient to meet the needs of the organization. If an employee is called upon to fulfill these additional roles, their day-to-day schedules will be disrupted and the practice operations will ultimately suffer. Additional resources should be sought from outside the organization, while the in-hospital team should be allowed to focus on its daily work. Consultants are able to fill the knowledge and skill gaps.
- The in-hospital teams can often benefit from the views and opinions of an objective outsider. A management consultant can provide insight into problems that may not be apparent to hospital members because they are too busy and often too close to the situation. New ideas and new approaches can breathe life into a stagnant hospital environment and provide motivation for staff to achieve new goals.
- Veterinarians should develop an external network of professionals to support their business from a different management perspective other than day-to-day management. The team should be similar to the in-hospital team, in that each team player should bring a different set of skills to the table. In addition, the external team should work together for the benefit of the practice.
- Consultants can be hired to deal with a specific project, but they can also be hired to provide ongoing support to the management of a veterinary practice.
- There has been a trend toward increased use of consultants in the business world. This trend is likely to continue. Businesses are reaping benefits of improved performance and flexibility by outsourcing work

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1.17. PRACTICE MANAGEMENT SUPPORT PROFESSIONALS

to individuals or organizations with specialized knowledge, skills, and expertise. Consultants allow businesses to become more effective without having to establish long-term commitments.

- Practices that form a network of alliances with management support professionals will be well positioned to survive and thrive in an increasingly competitive business environment.

THE EXTERNAL TEAM

The external team consists of a varied group of individuals. Some individuals will be generalists and provide practices with a broad range of services, whereas others may provide in-depth services regarding a specialty area. A specific consultant may operate as a sole provider, whereas others are part of a large group of consultants. The following is a partial list of some of the services that are offered by consultants.

Legal

Veterinarians use the services of attorneys for many reasons (see 13.1 – Veterinary Practice Legal Practice Needs and Dealing with Attorneys), including but not limited to:

- Developing and reviewing partnership agreements and buy and sell agreements
- Developing and reviewing employee agreements and noncompete clauses
- Employment law
- Advice regarding tax law
- Incorporating a business and other issues involving corporate structure
- Malpractice prevention and defense
- Purchase and sale of veterinary practices, real estate transactions, and mergers and acquisitions
- Estate planning, including wills and trusts.

Financial and Accounting

The advice provided by financial consultants (see 7.4 – Getting the Most out of your Accounting Professional), including but not limited to the following, will depend on the individuals' qualifications and expertise:

- Financial statement preparation
- Tax preparation and tax planning
- Financial analysis, projections, and management reports
- Feasibility analysis
- Budgeting and cash flow
- Strategic planning
- Purchase and sale of veterinary practices
- Mergers and acquisitions
- Financial planning
- Estate planning
- Financing.

Human Resources

Experts in human resource management generally consult veterinarians in the following areas (depending on their qualifications and experience):

- Employee recruitment, employee retention, employee turnover, and termination
- Organizational behavior, change management, and conflict resolution
- Employee compensation and benefits
- Performance measurement
- Training and development, communication
- Policy and procedures
- Employment law.

Marketing

Marketing professionals provide information on the following:

- Marketing plans (branding, advertising, websites, brochures, newsletters, and so forth)
- Marketing implementation
- Market research (demographics, client service levels, and so forth)
- Public relations.

Practice Valuations

Consultants generally provide practice valuations (see 14.13 – Determining a Practice's Worth) for the following reasons:

- Purchase and/or sale of a practice
- Mergers
- Legal divorce involving a partner
- Practice management – benchmarking and goal setting.

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Other

- Practice start-up services
- Strategic planning
- Operations management (inventory control)
- Succession planning
- Architectural services
- Mediation, negotiation
- Leadership development.

Note: These lists are not meant to be all-inclusive. There are many other services that are provided by support professionals in the veterinary industry.

LOCATING A MANAGEMENT SUPPORT PROFESSIONAL

Many practices use local management support professionals who may adequately meet the practice's needs. However, support professionals familiar with the veterinary industry that can provide expertise may be unavailable at the local level. There are several ways to locate a management support professional with veterinary industry expertise:

- **Word-of-mouth** referrals from colleagues.
- **Published authors:** Many consultants provide content to various veterinary management books, magazines, newsletters, websites, and so forth.
- **Speakers:** Management support professionals can be found delivering lectures at national, state/provincial, or regional continuing education meetings.
- **Professional associations:** National, state or provincial, and regional associations may be able to provide a list of possible candidates. Specialty associations are also valuable resources.

A particularly noteworthy specialty association is VetPartners™ (www.VetPartners.org). This group consists of individuals with expertise in day-to-day operations, accounting and tax, finance, law, human resources, architecture, marketing, practice valuation, succession planning, and so on. VetPartners promotes excellence and ethics in veterinary management consulting and advising. Members of VetPartners are bound by a code of ethics and professional conduct. This is not a certifying body, and membership in this group does not imply specialty training, although many members have sought specialty training and certification elsewhere. Members are categorized by the following specialty categories: General Practice Management, Human Resource Management, Speaking/Presenting, Practice Valuations, Brokers, Mergers, Strategic/Succession Planning, Accounting and Tax Related Services, Financial Planning Services, Marketing/Media, Legal and Regulatory Compliance, Architects and Related Services, Education, and Industry.



EXAMPLES

CHOOSING A VETERINARY MANAGEMENT SUPPORT PROFESSIONAL

Management support professionals can have a significant impact on your practice performance. Veterinarians should choose their management support professionals carefully:

- Step 1. Develop the scope and objectives of the project:
  - Identify issues, problems, or symptoms as you see them.
  - Outline the budget, timelines, and so on.
- Step 2. Develop your expectations of the consultants:
  - Desired achievements
  - Performance measures
  - Communication – to whom and when.
- Step 3. Develop criteria for potential candidates based on the scope of the project and your expectations. Do you need:
  - A generalist?
  - A specialist?
  - A certified person with qualifications in a specific area?
  - An experienced consultant in a certain area?
  - A consultant located within a certain geographic area?
  - Someone who provides advice or implements it?
  - Someone within a certain budget range?
  - An individual or firm familiar with the veterinary industry?
  - Someone who will get along with your hospital staff?
  - Determine which of these criteria are the most important.
- Step 4. Search for potential candidates and compare your criteria against the candidate.
- Step 5. Select two or three candidates (individuals or firms) to submit proposals.

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- Step 6. Evaluate proposals and conduct reference checks.
- Step 7. Choose the candidate and enter into a written contract.

A written contract should be used to ensure expectations are understood and met. The contract should include the objectives of the project, timelines, budget, fee structure, deliverables, and so forth. Keep in mind that some projects evolve over time and it may be necessary to re-establish a new contract with different objectives, budgets, and so on.



CAUTIONS

N/A



MISCELLANEOUS

DEALING WITH THE CONSULTANT

- Veterinarians must be open to the advice and solutions offered by consultants. Do not assume you know the underlying problem or solution to your problem.
- If you are considering the services of a large business with multiple consultants, communicate with the consultant assigned to your hospital.
- An excellent way to test a potential relationship with a consultant is to begin with a small project. Alternatively, if you have a large project, divide the project into sections, with the understanding that further progress will be made only upon successful completion of the first section.

ABBREVIATIONS

N/A

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N/A

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1.18. STAKEHOLDERS AND STRATEGIC PARTNERS



BASICS

OVERVIEW

• Veterinarians are not alone in their quest to deliver value to clients. Additional stakeholders in the animal health industry include pharmaceutical companies, manufacturers, distributors, laboratories, referral and emergency practices, breeders, groomers, boarding facilities, pet stores, and other pet-related businesses.
• These stakeholders can be strategic partners if veterinarians work cooperatively to deliver excellence in pet care (see 9.6 – Value-Added Analysis).
• Strategic partnerships and alliances have become more numerous in all business environments, and the animal health industry is no exception. These cooperative efforts allow the participants to operate more efficiently and effectively than if they operated alone.
• Veterinarians who pursue cooperative efforts with other industry stakeholders may be at an advantage over veterinarians who do not.
• Veterinarians should strive to develop long-term relationships with industry stakeholders and move away from purely transactional relationships where products and services are bought and sold with dialog occurring only in relation to price.
• Cost is frequently the focus of most, if not all, veterinary communications and interactions with suppliers. This focus is narrow-minded. It prevents veterinarians from generating their true revenue potential and delivering quality services to clients. Veterinarians working with other strategic partners are often better able to deliver more value to clients.
• Interactions between two businesses are not about creating a winner and a loser. The goal in today's business environment is to create win–win relationships among all players, building long-term trust.
• Veterinarians who pursue such relationships will prosper over those veterinarians who do not.

TERMS DEFINED

Stakeholder: An individual or a group with an interest in a particular business; the individual or group has something at risk (at stake).
Strategic Partnerships and Alliances: A relationship between businesses in which the parties work cooperatively in a business effort to achieve shared goals. The scope of a strategic partnership or alliance can range from an informal business relationship based on verbal commitment to a more formal contractual relationship such as a joint venture.



ISSUES AND OPTIONS

PARTNERSHIPS

• Partnerships involve collaborative agreements under which the parties involved share business goals, risks, benefits, responsibilities, and resources such as knowledge and expertise, capital, technology, services, products, and markets.
• Competitive advantage can be gained by accessing the resources of a partner. Businesses should concentrate on their own core competencies and partner with other organizations in other areas.
• Partnerships often result in products and services that otherwise would be unavailable if either party operated on their own.
• Collaborative agreements between businesses allow the parties involved to grow and operate more efficiently.
• Strategic alliances are formed to minimize risk while maximizing business rewards.

THE ENVIRONMENT

• Today's business environment is characterized by businesses that collaborate and build long-term relationships using win–win strategies with all stakeholders, including competitors. Businesses that have a "go it alone" strategy will find it increasingly difficult to grow and be competitive.
• Strategic partnerships and alliances are present in every industry sector. Implemented and managed correctly, they are proving to be the drivers of superior growth.
• The animal health industry is no exception when it comes to strategic partnering and cooperative business efforts. It is more common than not to find alliances among the industry's players. There are literally hundreds of these types of cooperative efforts in the animal health industry.
• The advantages that many large firms have gained through strategic partnering can be experienced by smaller businesses as well.
• Veterinarians should make efforts to align their businesses with other stakeholders in the industry. Relationships with stakeholders should move away from interactions that are purely transactional in nature (buy–sell) to long-term, relationship-based interactions.
• Veterinarians can gain more from their industry partners than the "deal of the week" if they work cooperatively to achieve their strategic goals in a trusting long-term relationship. The result should be a win–win situation for all parties involved.

BENEFITS

• Strategic partnerships can increase revenues, reduce costs, improve profitability and quality of services.
• A strategic partnership or alliance can be made with suppliers, distributors, competitors, and customers and other businesses related to the industry. The partnership can take many forms including:
  ◦ joint marketing, promotion, merchandising, and sales,
  ◦ pooled purchasing efforts,
  ◦ distribution partnerships,
  ◦ technology licenses and partnerships,
  ◦ outsourcing agreements,
  ◦ product research,
  ◦ product development,
  ◦ inventory management.

THE PARTNERSHIP PROCESS

• For as many partnership arrangements that succeed, there are equally as many partnerships that do not succeed. Partnerships should be developed and managed with care.
• The key to a successful partnership is largely based on partner selection. Partnerships can be formed between businesses of significantly different sizes. The success of a partnership can be improved by having clearly defined goals, objectives, and expectations, and the goals and strategic objectives should be shared by both businesses. Negotiations should result in a win–win situation for both parties involved.
• The partnership can be phased in over time and can begin with a pilot project that builds trust between the partners. Select a project that meets the needs of both partners then determine the resources necessary to complete the project. Evaluate the strengths and weaknesses of both partners and compare to the resources required. Develop strong interpersonal relationships based on trust and respect.

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1.18. STAKEHOLDERS AND STRATEGIC PARTNERS



EXAMPLES

DISTRIBUTOR/MANUFACTURER/POOLING PARTNERSHIPS

• ABC Veterinary Hospital plans to increase clinic revenue over the next 3–5 years by 25%. They believe dental services are underutilized by clients. The practice possesses the clinical expertise to deliver these services, but lacks the resources to effectively market its services to clients. The practice hopes to select a partner with whom they currently have a good working relationship. The selected partner, which could be a single manufacturer or a trusted distributor, should benefit from the cooperative efforts and should possess the resources the clinic lacks – for example, marketing and sales. The practice realized that it would be necessary to establish a long-term relationship with the company over time if it were to expect such support. If the potential partner is a distributor and currently the practice uses more than one distributor, some type of future commitment to the partner either formally or informally would be indicated.
• The partner might agree to conduct several in-clinic seminars to educate the practice staff on marketing and selling dentistry services.
• One should be innovative and creative when discussing how the businesses can work together to achieve their goals. Discuss the possibility of a direct mail campaign to the clients, with financial support and marketing material from the partner. Perhaps marketing material supplied by vendors can be personalized to the clinic, or client educational material that does not currently exist can be created.
• Pooling partnership: The above partnership can be further enhanced if the clinic joins forces with other clinics in the area to increase the use of quality dental services. The benefits to the industry partner would be greater, as would the potential to develop more innovative marketing and selling techniques with participating clinics. For example, your industry partner may be interested in supporting a local radio announcement promoting dental health week, geriatric wellness, and so forth.



CAUTIONS

In some industry circles, veterinarians have a reputation for not living up to their agreements with industry members. Do not enter into such an agreement unless you are committed to upholding your end of the deal.



MISCELLANEOUS

There are many reasons why veterinarians may choose to partner with industry, including but not limited to the following:

• **Staff training:** Veterinarians realize the importance of staff training, which can be an expensive pursuit. Onsite and online staff training to support the sale of products and services is provided by many industry suppliers. An educated staff is better able to educate clients, and educated clients are more likely to make the right decisions regarding the health of their animals. Assess your staff training needs and determine if a suitable and willing industry partner has the resources to fulfill your needs.
• **Client education:** A significant function that veterinarians perform on a daily basis is client education. Industry stakeholders realize the importance of this role in the veterinary practice. Communication tools, including posters, brochures, client handouts, and animal models, are but a few of the resources made available to veterinarians for client educational purposes. Be innovative in approaching industry members with needs not currently being met in this area.
• **Community support:** Veterinarians can partner with one another and their industry stakeholders to support their local community (humane societies and so forth). Build such support into your long-term plans with your industry partner(s). For example, industry partners may be interested in supporting the administration and marketing of these events to the community. Perhaps they would be willing to donate a sign or contribute financially to an advertisement announcing the event.
• **Veterinary community team approach:** Support could be provided in several ways. Veterinarians within the same community can join forces and organize an educational seminar for pet owners, and industry partners could help offset the cost of organizing the event. Financial support could, for example, help cover the costs of advertising and renting a location for the event, and client education materials could be supplied free of charge. Industry partners who would see a return on this investment would make excellent partnership candidates.
• **Pooling partnerships:** Corporate practices have a distinct advantage over independent practices in their cooperative negotiations with industry stakeholders. This is based on the volume that business corporate practices generate for stakeholders; costs associated with a sale to one entity are dramatically reduced. Independent practices could organize themselves into their own small buying group, because the buying power of even three hospitals is greater than one.

ABBREVIATIONS

N/A

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N/A

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1.19. IMPORTANCE OF THE HUMAN–ANIMAL BOND



BASICS

OVERVIEW

• The relationship between owners and companion animals is complex. There is a growing body of research into the human–animal bond (HAB) that shows that interaction with pets results in positive outcomes for humans and the animals. Human physical and psychological health can be improved by a healthy bond with companion animals.
• The HAB affects owner perceptions of the health of their pets and the decisions they make regarding treatment. The bond may affect lifestyle decisions by owners such as where they choose to live, the work they do, where they take their holidays, friendships and other significant relationships. The HAB may also affect an owner's decision to obtain or retain a pet.
• Understanding how the bond is expressed and how it affects owner decisions can aid veterinary practices to provide the kind of care they want while avoiding compassion fatigue.

TERMS DEFINED

Compassion Fatigue: Also known as Secondary Traumatic Stress Disorder, Compassion Fatigue is the gradual loss of compassion by people who work with individuals that are ill, suffering, or victims of trauma. This includes veterinary staff working with worried clients with sick or injured animals. Signs include indifference, disengagement, withdrawal from patients and coworkers, and even physical signs relating to chronic stress.
Human–Animal Bond: The relationship between humans and animals. The relationship is measurable from the human side but not well understood from the animal's perspective.



ISSUES AND OPTIONS

ISSUES

• The HAB is a measurable, multi-factorial construct. Research has identified two factors – owner attachment and owner commitment to the pet – that affect animal health decisions.
• Highly attached owners consider their pet to be a family member, whereas poorly attached owners are more likely to consider the pet to be a thing. The remainder of owners fall between the two extremes.
• Owner attachment affects owner ratings of their sick dog's health. Highly attached owners rate their sick dogs as less sick than less attached owners with sick dogs.[1] This can be an issue if owner attachment is preventing them seeking or agreeing to appropriate treatment for their pet.
• Highly attached owners who see their pet as a family member are often more willing to accept financial burdens. Less attached owners are more likely to take a reasoned approach to the costs of treating their pet's health problems.
• Expression of the bond varies with individuals. An owner's personality, family history with pets, attitudes to animals, and the perceived beliefs of their social group and social norms may all affect their experience and expression of the bond.
• The HAB is fragile. It is most prone to fracturing when owners have high expectations of their relationship with their pet that are not met because the pet shows undesirable behaviors. The level of a dog owner's reported satisfaction with their pet is highly influenced by the dog's tendency to be friendly and relaxed in the home and in public. In Western countries a significant cause of relinquishment of dogs to shelters is due to behavior. Annoying behaviors such as being boisterous or destructive and dangerous behaviors such as aggression are frequently given as reasons for surrendering dogs.
• The decision to relinquish a pet is emotionally painful for owners. It is not known how fracture of the HAB affects the animal. Anecdotal evidence suggests that it may have serious effects for the animal and may affect future bonds formed with people.
• Highly attached owners may find it difficult to cope with the loss of a pet. Studies have shown that for some the experience is similar to the loss of a spouse or child.
• The HAB plays an important role in community health and attitudes to animals. This role can be positive, with owners of pets finding their pets provide unconditional positive regard and companionship and help facilitate social interactions between the owner and other people. Pet owners are also less likely to access human health services and more likely to survive major life crises such as heart attacks or loss of a spouse.
• The HAB can also have negative effects for communities. Attached and committed owners are less likely to evacuate during natural disasters. If unable to take their pets with them, people in abusive relationships may delay leaving and seeking help. The large numbers of pets relinquished to animal shelters every year due to fracture of the HAB create community problems in caring for, rehoming, or euthanizing unwanted pets. Noise from dogs and cats, feces left in public places, aggression by dogs to people and other animals, and cruelty and neglect of animals are all community issues that stem from the HAB.

OPTIONS: METHODS OF ENABLING THE BOND

In the Veterinary Clinic

• Veterinary staff can facilitate healthy bonds between humans and pets and support the bond through all stages of the animal's life.
• Staff training about the HAB can make each staff member aware of their own feelings and attitudes about animals and how this may affect their interactions with clients.
• The most obvious way to support the HAB is for all staff to show interest in the animals treated in the clinic. Friendly staff who admire and interact with the patients meet owner expectations that their pet is important.
• Displays of photos of new pets to the clinic and existing pets meeting treatment milestones or weight-loss goals support the HAB by celebrating the individual pets. These can also be posted to social media sites (with owner permission) to help build a community that celebrates the HAB.
• Encourage staff to interact with pets in the hospital and to offer treats where appropriate. Train staff about normal greeting behavior of the animals treated so they know when to approach and when animals are asking to be left alone.
• Celebrate the bond staff members have with their own pets through photos of staff with their pets displayed in the clinic, on the clinic website, social media posts, and in newsletters.
• Genuine caring matches owner expectations better than marketing gimmicks. If sending birthday cards and letters addressed to your patients feels right for you and your clientele then do this.
• Facilitation of the bond is done through education of clients about the needs of companion animals throughout their life stages. The needs of a puppy or kitten are different from the needs of the geriatric pet.
• Emphasis should be placed on educating clients about normal behavior across the life stages of the pet. The HAB may fail if the animal's behavior does not meet owner expectations. For example, discussing boisterousness and offering strategies such as games, training, and toys that owners can use may help them manage (and enjoy) this time of their pet's life.
• Well-run puppy classes and kitten classes (and bird classes) hosted by trained staff means owners get the right information about their new

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pets and gives them a contact person and forum where they can ask questions.
• Providing this information in other formats such as on social media posts, newsletters, and in-house seminars helps remind clients about what is normal for animals kept as pets and encourages them to contact the clinic if they have questions.

In the Consult Room

• Take time to allow the animal to become familiar with the consult room. Gentle, friendly handling with minimal restraint is preferable.
• Low-stress, force-free, fear-free handling techniques all aim to minimize stress on the patient while in the clinic (see 4.14 – Developing a Fear-Free Hospital). Programs and accreditation are available and become a point of difference for your practice.
• Matching your approach to the client's level of attachment gives a better chance of them agreeing to treatment. This may mean presenting treatment recommendations concentrating on quality of life and pain relief with some clients while with others it may be more about expected outcomes versus costs.
• Ask about behavior at every consultation. Normal behavior that is challenging for the client can be managed by qualified dog trainers. Problem behaviors may need referral to a veterinary behaviorist. Remember, undesirable behavior is a leading cause of relinquishment and loss of the pet from the clinic.
• How you manage the ending of an animal's life can make a lasting impression on clients. Strategies for minimizing the stress of euthanasia for the animal and clients may include: a room dedicated for euthanasia, offering home euthanasia and body removal, and placing catheters before the procedure to allow clients to hold their pet.
• Palliative-care and pain-relief protocols for animals are improving all the time. In some instances, these can give attached owners more time with their pet and help the owner prepare for the end. If the animal's welfare can be maintained, consider offering these options for patients.
• The decision to euthanize is difficult. Strongly attached owners may struggle with making the decision in a timely fashion for their pet. Discussing the quality of life may help.
• Offering burial or cremations services with high-quality urns or mementos can be a fitting final celebration of the HAB between an attached client and their pet.
• Strongly attached owners may find the loss of a pet very traumatic. Build a relationship with local grief counsellors and refer grieving pet owners to minimize strain on staff.
• Some clients find it hard to return to clinics where a beloved pet was euthanized. Consider offering in-home euthanasia or using a pet euthanasia service for these clients.
• Encourage debriefing after stressful events to allow all staff involved to discuss events and be part of formulating future management plans.

EXAMPLES

• Clinics running puppy classes often find that clients become more bonded to the practice and call with questions about their puppy's health and care.
• My personal experience is that asking about behavior during all vaccination and health checks identifies animals with storm phobias and separation anxiety, which means that treatment options can be discussed with the owners.

CAUTIONS

• Compassion fatigue can come about in veterinary clinics when staff are dealing with highly attached pet owners who need extra attention to help them cope with sick pets, dying pets, or recently deceased pets.
• Compassion fatigue can also occur when staff are interacting with clients whose attachment levels are very different from their own beliefs and attitudes about the HAB. Education of staff about the HAB and how it varies with different people can help staff accept owner decisions and minimize staff stress.
• As companion animals are more highly valued, negative treatment outcomes may be less tolerated by some owners, leading to litigation. Care should be taken to cover the risks associated with treatments in writing and have the owner sign the form in all cases. Adequate professional insurance is also a necessity.

MISCELLANEOUS

ABBREVIATIONS

HAB: Human–animal bond

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1.20. MERGERS AND ACQUISITIONS



BASICS

OVERVIEW

• Mergers and acquisitions are becoming more commonplace in veterinary practices today.
• With a large number of Baby Boomers nearing retirement age, the number of practices potentially for sale is increasing substantially.
• The number of veterinarians graduating and entering the workforce is increasing at a faster rate than the number retiring.
• The large numbers of graduates entering the workforce are bringing with them large student loans. The median veterinary student's debt load in 2016 was a little more than $167,534, with over 20% of the graduates being at least $200,000 in debt.
• The large pool of eligible buyers of these practices is substantial, yet there are circumstances making it difficult for the sales to occur. These include:
  ◦ student debt,
  ◦ some potential buyers seeing ownership as being too risky,
  ◦ disillusionment with the profession and people leaving the ranks of clinical medicine,
  ◦ difficulty in deciding upon a fair value for the practice.
• The pet population is flat or slightly decreasing in the United States, whereas the number of veterinarians is growing larger and at a much faster rate. As a result, practices may be seeing the number of new clients or patients entering the practices remaining static, or even decreasing.
• Asking prices for the best practices are making it difficult for some potential buyers to acquire adequate financing.

TERMS DEFINED

Acquisition: The act of one entity acquiring control of another entity.
Capital Gains: The difference between an asset's purchase price and selling price, when the selling price is greater.
Merger: The act of several practices combining operations to create an economy of scale (reducing expenses) and improving the growth potential of the new entity.



ISSUES AND OPTIONS

PRACTICE VALUATION

• A value for the practice needs to be determined (see 14.13 – Determining a Practice's Worth). There are many methodologies for determining value, but two seem to be the most commonly used in veterinary medicine. These are variations of the income approach.
  ◦ **Excess Earnings Method**: In this methodology the balance sheet is restated at a fair-market value followed by calculating the probable future earnings of the practice. A reasonable return on the net tangible assets (i.e., equipment, inventory) is subtracted from the probable future earnings, resulting in excess earnings attributable to the intangible assets (goodwill). The excess earnings are capitalized to determine the value of the intangibles, and then the adjusted book value of the tangible assets is added to arrive at a value for the practice.
  ◦ **Single Period Capitalization Method**: This model normalizes the net cash flow (NCF) of the practice for the previous 3–5 years, with more emphasis on the most current year (or two). The NCF, plus an anticipated growth for the next year out, is calculated and a capitalization is determined that, when divided into the benefit stream (NCF plus anticipated growth), equals the value of an ongoing entity.
• The capitalization rate is an indicator of the risk involved in investing in a certain practice. The capitalization rate should vary based on pertinent risk factors specific to the veterinary profession and to the practice.
• Transactions are either as an equity sale or an asset sale.
  ◦ An **equity sale** means an individual sells his or her share of the business to the buyer who, in turn, assumes both the assets and liabilities of the seller. A seller who owns a C-corporation would prefer this type of sale in order to take advantage of the capital gains tax. A buyer may think twice about an equity sale knowing they will acquire both the assets as well as the liabilities (disclosed and undisclosed) of the practice as a whole.
  ◦ An **asset sale** is one where the buyer purchases the practice's assets without assuming stock or any liabilities from the seller. The buyer would prefer this type of sale because now they have assets they can depreciate (and they can take advantage of Section 179). The seller does not like it because they will be paying taxes at higher rates (as ordinary income).
• There are ways that both the seller and buyer can gain some tax advantage. Check with your tax advisors on the best strategy if you are a seller or buyer. The tax laws change on a regular basis and to achieve the best strategy you should contact your tax attorney or accountant.

MERGERS

• Mergers are occurring more frequently in the profession as practices of similar culture or ones who can expand their service offerings are merging to improve on economies of scale.
• In some cases, the practices are closing locations and working out of a single location. This location could be a new, modern facility or one of the merged practice sites.
• A newer model called a "group without walls" is being utilized. In this scenario:
  ◦ the owners form a new practice to gain the economies of scale while maintaining their own locations;
  ◦ certain tasks (bookkeeping, inventory issues, management services) are centralized, which leaves the autonomy of each practice and the ability to refer to one another for specialized services without losing clients or revenue;
  ◦ equipment purchases can be controlled without duplication. Instead of each practice having an ultrasound, one could be purchased and placed in one of the practices.

ACQUISITIONS

• Acquisitions are the most common form of transfer of practices.
• They may be either an internal purchase (associate buy-in) or from external buyers. External buyers are either veterinarians or corporations.

SPECIAL ISSUES: DUE DILIGENCE

Acquiring a practice is a huge financial investment for the buyer. It is of the utmost importance that, by the closing, the buyers and their advisors are comfortable with all aspects of the sale. This is referred to as due diligence.

The documents to be evaluated prior to acquiring the practice as an asset sale include the following. The list is not meant to be complete, but is instead a sampling.
• All reports, applications, and significant correspondence filed with, and transcripts of any significant proceedings before, any state or federal regulatory agency and/or self-regulatory authority, including without limitation the EPA, EEOC, DEA, applicable state department of human rights, OSHA, state veterinary board, and all current governmental permits and licenses issued to the practice.
• All federal and state income tax returns filed by the practice for the most recent period and as far back as readily available (at least three years), and all communications between the practice and the Internal Revenue Service, including notices of assessment and reports of

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revenue agents, with respect to matters raised by the IRS in the course of any audits.
• The most recent year's property tax (real, personal, and intangible) and returns or invoices.
• Copies of all current federal, state, and local business licenses; qualifications and all correspondence relating to such licenses for the practice, including all information regarding any actual, pending, or threatened suspension or termination of such licenses or qualifications.
• Income statement, balance sheet, notes, and accountants' report for the practice prepared by the practice's certified public accountants for the past three years.
• Year-to-date income statement and balance sheet for the current year.
• Listing of all fixed assets such as equipment, furniture, fixtures, and so forth, including original cost, accumulated depreciation, net book value, location, and serial numbers (if readily available).
• Revenue breakdown reports by month for the most recent accounting year and by service type for the most recent accounting year.
• All invoices, day sheets, appointment books, practice management system (PMS) computer reports, or other documents supporting the revenue and expenses reported on the practice's tax returns for the past five years.
• All leases of any amount of equipment and personal property to which the practice is party, either as lessor or lessee.
• All insurance policies providing coverage to the practice, including all workers' compensation and liability policies issued and all pending insurance claims. This should include the following insurance policies:
  ◦ Property
  ◦ General Liability
  ◦ Umbrella
  ◦ Workers Compensation (including a workers' compensation "loss runs" claims summary from insurers covering the last five-year period)
  ◦ Professional liability
  ◦ Disability
  ◦ Health (including a copy of the last insurance billing detailing which amounts were paid by the practice and which by each employee)
  ◦ Disability (including a copy of the last insurance billing detailing which amounts were paid by the practice and which by each employee).
• All employment agreements, including commission agreements and termination agreements, and material consulting agreements to which the practice is party.
• All personnel policies and procedure manuals, including the employee handbook, safety manual, and new employee orientation material.
• A schedule describing the number of employees in the practice, together with current payroll information, including a copy of the last payroll run; a report of the payroll year-to-date by class code (i.e., totals for veterinary and for nonveterinary employees); and any information on general policies regarding vacation, sick, personal, holiday, and other time off, including current accruals for each employee.
• Names of all employees bound by noncompete agreements and copies of such agreements.
• All employee personnel files including W-4s, I-9s, and state new-hire reporting documents.
• Any environmental audits or other reports relating to the properties owned or occupied by the practice at any time, not otherwise provided.
• Any other documents or information that should be considered and reviewed in making disclosures regarding the business and financial condition of the practice to prospective investors.



EXAMPLES

N/A



CAUTIONS

• Acquisitions or mergers consume a lot of energy, money, and time. Because of that, make sure you understand the process.
• Spend the money to have a feasibility analysis done to start with, before making an informed offer.
• Create a team of advisors to assist in acquiring the best practice at the best price with good terms.
• Do (or have your advisors do) a due diligence inventory to make sure there are no hindrances to an opportunity to succeed.



MISCELLANEOUS

ABBREVIATIONS

DEA: Drug Enforcement Administration
EEOC: Equal Employment Opportunity Commission
EPA: Environmental Protection Agency
IRS: Internal Revenue Service
NCF: Net cash flow
OSHA: Occupational Safety and Health Administration
PMS: Practice management system

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1.21. CORPORATE VETERINARY PRACTICES



BASICS

OVERVIEW

Historically, veterinary hospitals have been privately owned by one or more veterinarians. When the owners wished to retire, they typically sold their hospitals to younger associates or other local veterinarians and the businesses remained locally owned. The advent of the "corporate" practice, one owned and managed by a group of investors rather than one or more private veterinarians or managers, has changed the landscape of veterinary medicine, both for the professionals within the industry and for the pet-owning public.

TERMS DEFINED

Corporate Practice: A veterinary hospital owned and managed by a group of investors, rather than by private veterinarians.
Economies of Scale: The cost advantages an organization gains through expansion, or more simply doing things efficiently. Common economies of scale involve purchasing, managerial knowledge, and finance.
Profitability: The revenue for a practice once all expenses are paid, a fair-market facility rent is paid, and the owner is compensated at a rate similar to what employees in the same position are paid.



ISSUES AND OPTIONS

While the corporate ownership environment in the United States began with Banfield, VCA, NVA, and VetCor, the landscape has changed dramatically in the last few years. Many consolidators have entered the market, some eventually selling to one of the original four, others planning to do so at some point in the future. Still others have stated intentions of remaining in the industry for the long haul. With dozens of consolidators in the market, a tremendous amount of variation exists.

Some of the corporate groups have years of experience in the veterinary industry whereas others, particularly the newer corporate consolidators, have little to no prior experience in veterinary medicine. These groups are focused on the financial investment and the opportunity for a strong return on that investment. They will own veterinary hospitals until a more lucrative investment opportunity presents itself. Many consolidators are formed with the purpose of acquiring enough practices to draw the interest and attention of a major financial player. Once that cadre of practices is collected, the entire group is sold to a larger consolidator.

Corporate veterinary organizations realize economies of scale only after acquiring high numbers of practices. The consolidators can realize cost savings and increased profitability by centralizing administrative activities such as bookkeeping and payroll for all the practices they own. In addition, consolidators realize cost savings through economies of scale. When they buy for dozens, even hundreds of hospitals, they have the power to negotiate lower prices on everything from health insurance to paper towels to pharmaceuticals.

Corporate ownership of veterinary practices can streamline operations and improve profitability, while still focusing on the quality of care and practice culture. Although "celebrity" practices may command a premium, in general these corporate players pay a fair-market price for each hospital they acquire. Typical targets are hospitals with at least three doctors, a minimum of $1.5 million in gross fees, and moderate to high levels of profitability.

A highly profitable, well-run veterinary practice is attractive to investors because little needs to be done to maintain the revenue stream. Due to the level of competition for these practices, some newer groups have different selection criteria for practices they acquire. For example, they may target lower grossing hospitals, those in a specific geographic location, or those with lower levels of profitability. Some consolidators focus on practices that treat one or more specific species, while others purchase veterinary emergency or specialty practices. These variations allow owners of hospitals that may not meet the historical criteria required to interest one of the biggest corporate players to have the option to consider a corporate sale also. This option may be particularly attractive to owners when the practice has no associate (employed) veterinarians, or the associates are not interested in buying.

The differentiation among consolidators does not end there. Some consolidators allow veterinarians to retain a minority ownership in the hospital. This partnership allows veterinarians to experience the financial benefits of ownership without carrying the burden of the management of the business. The veterinarian may participate in business decisions, but cannot control those decisions.

A second way some consolidators differentiate themselves is by offering a percentage of the management company, the corporation itself, to the hospital owners. Instead of partnering with ownership on the practice level, these consolidators offer a stake in the corporate's parent company. Generally, a percentage of the proceeds from the practice sale are converted to shares in the parent company. There is a maximum allowable percentage of the sale that can be converted to equity in the parent company. Although the sellers no longer hold ownership interests in the veterinary hospital, they become minority shareholders in the holding company. As such, they are eligible to receive dividends for as long as they own shares, provided the holding company pays dividends. When the holding company subsequently is sold to a larger player, the former practice owners receive a proportionate share of the proceeds.

Selling to a corporate can be a good option for many veterinarians (see 7.27 – Selling to a Corporate Entity). It is important to understand, however, that the seller may be required to continue to work in the practice for several years after the sale. The length of that agreement is highly dependent on the size of the business, the number of other doctors working in the practice, and the ease of hiring another veterinarian to replace the revenue generated by the seller.

The sale of a veterinary practice to a corporate player may provide many potential benefits to the selling veterinarians as well as the doctors and staff who work for them. Benefits may include the following:

- A buyer for Baby Boomer hospital owners when associate veterinarians are not interested in ownership.
- In some instances, a higher purchase price than a private veterinarian can afford due to the availability of money. However, in many cases, the sales price is similar to that of a sale to an individual.
- A faster closing process than with a private buyer, due to established protocols, dedicated staff, and standardized contracts.
- Work-life balance for owners faced with both practice and personal time demands.
- Sometimes a minority ownership position for veterinarians. This would allow veterinarians to be among the beneficiaries of the financial return generated by the hospital.
- Professional management practices.
- Expanded employee benefits, particularly for nonveterinarians.
- Opportunities for career growth for both veterinarians and nonveterinarian employees.

While corporate practice ownership offers many benefits, there are common concerns with these sales, including the following:

- The quality of medicine. One of the greatest concerns when veterinary hospitals attract diverse and multiple consolidators is whether the quality of patient care will suffer in practices that are not owned by veterinarians.

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1.21. Corporate Veterinary Practices

• Decisions about medical care will be based on profit, not patient needs. State veterinary acts require that decisions related to medical care are made by a veterinarian, not by a business person.
• Profit-driven companies are changing pet owners' opinions of the veterinary profession for the worse.
• Poor client service.
• Fewer opportunities for veterinarians to own hospitals due to the competition from corporate buyers.
• Difficulty competing for associates and staff when a corporate practice can provide substantial employee benefits.
• Concerns over the private hospital's ability to compete against businesses with huge marketing budgets and their ability to drive down prices to pet owners through economies of scale.

While no broad conclusions can be made, it is clear that corporate veterinary practices will be part of the profession for many years. Given the number of consolidators buying hospitals as well as the diversity of practices targeted, many hospital owners will have the opportunity to consider a corporate sale. However, given the independent nature of veterinarians as a whole, a large number of hospitals will likely remain in the hands of doctors.



EXAMPLES

N/A



CAUTIONS

This material is for general information only and should not be used as a substitute for professional advice regarding investment opportunities or any legal or financial issues. It does not constitute the rendering of any legal or financial advice or service. Consult the appropriate professional for these services.



MISCELLANEOUS

ABBREVIATIONS

NVA: National Veterinary Associates – 1996
VCA: VCA Animal Hospitals, a division of Mars Petcare

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N/A

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1.22. NOT-FOR-PROFIT VETERINARY HOSPITALS



BASICS

OVERVIEW

Not-for-profit, or nonprofit, hospitals face many of the same challenges as for-profit hospitals, including managing the most expensive aspects of operating a veterinary hospital – payroll and overheads.

TERMS DEFINED

Endowment: A fund, usually in the form of an income-generating investment, established to provide long-term support for an organization.

Inurement: Inappropriate benefit of a private person or company from a charitable organization.

Means Test: A determination as to whether an individual, family or group has the ability to pay for services without assistance (i.e., literally do they have the financial means to afford care without being subsidized).

Nonprofit: An entity that is not conceived for the purposes of earning a profit, but rather to serve a public good.

Not-for-Profit: Any activity that is conducted without purposes of earning a profit. Often used interchangeably with nonprofit.



ISSUES AND OPTIONS

UNDERSTANDING NONPROFITS

- Nonprofit veterinary hospitals are typically set up to fulfill a specific purpose such as:
  - meeting the needs of an indigent population that could not otherwise afford veterinary care;
  - performing sterilization procedures;
  - treating non-owned species such as wildlife.
- To qualify for nonprofit status in the United States, an organization must be approved by the IRS and adhere to specific requirements and limitations imposed on its activities by Congress (see 2.29 – Not-for-Profit Foundations). A nonprofit is not prohibited from making a profit (known as a surplus in the nonprofit world), but there are limitations on how the money can be made and the purposes for which it can be used. In general, to get tax-exempt status, a business must serve a certain tax-exempt purpose, which might be to reduce the population of unwanted pets by offering low-cost neutering, or offering veterinary services at low prices to low-income pet owners.[1] Means testing to determine eligibility is recommended when possible.
- Similarly, most full-time workers at nonprofit veterinary hospitals are not volunteers. They tend to earn salaries commensurate with their abilities, because the nonprofits must compete with for-profits for the same labor force. Similarly, managers of nonprofit hospitals, both human and veterinary, tend to be well compensated. Once recognized as a nonprofit organization, the enterprise is exempt from paying taxes that for-profit businesses pay.
- It is important to realize that nonprofit status does not always imply that charitable work is being done. A group of animal fanciers can be registered as being a nonprofit without performing any charitable work. Similarly, not all nonprofits are capable of accepting tax-deductible donations. This is restricted to charities described in Section 501(c)(3) of the Internal Revenue Code, and to a few other categories. Exempt organizations that solicit contributions that are not deductible charitable contributions are obliged to indicate to donors that such contributions will not be tax deductible. Donors can check with the IRS to determine if a tax-exempt organization has been recognized as being able to receive tax-deductible contributions, or to request copies of its three most recent information returns, including the Form 990 series (which provides a detailed breakdown of an organization's revenues and expenses, including compensation paid to executives and outside individuals and to companies that do business with the organization), its exemption letter, and its approved application with supporting documentation. This series is often

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1.22. Not-For-Profit Veterinary Hospitals

available on Internet sites of organizations soliciting tax-deductible contributions. Information about donors is excluded from public inspection, except for donors to private foundations and political organizations.

- In many nonprofits, earned income from goods and services is playing an increasingly important role in ensuring funds are available for continued operations. Even then, in most cases, earned income accounts for only a small share of funding, and few of the ventures actually attempt to make money for their organizations. In fact, nonprofits can easily misjudge the actual financial benefits of their earned income ventures.
- The Financial Accounting Standards Board (FASB) sets nonprofit rules requiring that all contributions to nonprofits be reported as revenues, and that distinction is made between unrestricted and legally restricted contributions. Restricted contributions, both temporary and permanent, designate the specific purpose for which the donation was intended. Unrestricted contributions are those that have not been specifically restricted by the donor and include contributions for operating purposes (such as an annual fund drive).
- Earnings of invested endowment principal are called endowment revenues, and most nonprofits use a spending rate (typically about 5% of the market value of the endowment) for operating expenses. Spending significantly more than this could affect the long-term sustainability of the organization.
- The Balance Sheet of for-profit businesses has three major categories: Assets, Liabilities, and Owner's Equity. In the nonprofits, Owner's Equity is replaced by Net Assets, which in turn is subdivided into three classes: Permanently Restricted Net Assets, Temporarily Restricted Net Assets, and Unrestricted Net Assets.

CHALLENGES TO THE NONPROFIT SECTOR

- The major challenge to nonprofit veterinary hospitals is often sustainability of services. These hospitals face the same challenges related to expenses (especially payroll and overheads) as do for-profit veterinary hospitals, but rarely have the same revenue base and often do not cultivate the same long-term client relationships.
- Nonprofit veterinary hospitals should be operated on a cost-recovery basis, wherein revenues should closely mirror costs (and not consume large shares of endowment revenues), but it is not unusual that a portion of the nonprofit's endowment be used to help meet operational costs.

RIFTS BETWEEN FOR-PROFIT AND NONPROFIT HOSPITALS

- Occasionally, there has been potential for rifts to develop between the for-profits and nonprofits, often over competitive issues. This is most likely to occur when there is direct competition for the same client base but unequal treatment between the two in terms of taxation. There is often a discussion about the "community benefit" of nonprofit hospitals as one of the main reasons for their tax-exempt status, and in an ideal scenario, the clients visiting the nonprofit and those visiting the for-profit should be different.
- If nonprofits only treated patients whose owners could not otherwise afford veterinary care, there would be little cause for concern. The main issue for most for-profit hospitals occurs when nonprofit hospitals treat patients of clients who are not needy, and may charge amounts comparable to the for-profits, but then have no tax obligation. From the nonprofit perspective, full-paying clients may be one of the only ways to offset services for clients unable to pay.

PEACEFUL COEXISTENCE

- Veterinary medicine is probably best advised not to take lessons from the human hospital sector, in which there is often considerable animosity between nonprofit and for-profit hospitals, legal challenges to the nonprofit activities of hospitals, and questions about continued tax-exempt status.[2] Most nonprofit veterinary hospitals are performing valuable services, and the point of conflict typically represents a minority of clients and services.
- Nonprofits everywhere are facing difficult times and continued pressures. Funding is often shrinking as consumers' discretionary funds are stretched thinner and there are more and more appeals for charitable giving from different organizations. On the other hand, requests for services from nonprofits have never been greater. In many cases, there needs to be extensive fundraising efforts and expenses to help keep nonprofits afloat. Most nonprofits have a dedicated Development Department that is staffed for the sole purpose of raising funds for the organization.
- There are many opportunities in veterinary medicine to bypass those problems seen in the human hospital sector and work together for mutual benefit. This is possible as long as the nonprofits and the for-profits respect each other's missions and legal requirements for nonprofit activities. The most important concerns are for inurement and private benefit. Inurement occurs when an individual or company

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1.22. NOT-FOR-PROFIT VETERINARY HOSPITALS

with a personal interest in the tax-exempt organization acquires economic gain through the use of funds or assets of that exempt organization. Private benefit occurs in transactions with the tax-exempt organization in which benefits favor private rather than public interest. The important aspect is that there is nothing prohibiting the fair interaction of for-profits and nonprofits as long as reasonable compensation at fair-market values is exchanged and that the compensation arrangement is consistent with the tax-exempt purpose of the organization.

- There are many exciting opportunities for the interaction of nonprofits and for-profits in the veterinary field:
  - Nonprofits, especially shelters, can be a key stream of newly adopted pets entering a community, which can provide new clients to for-profit veterinary hospitals.
  - Nonprofits can operate as teaching hospitals and referral centers.
  - Nonprofits may act as "incubators" for the advanced clinical training of students and new veterinary graduates.
  - Nonprofit hospitals may have for-profit clinical departments.
  - Nonprofit agencies may outsource for-profit veterinary services.
  - Nonprofit referral-only hospitals may be supported by area for-profit hospitals.



EXAMPLES

MNO Animal Friends operates a shelter and adoption facility and has a small veterinary clinic to care for its animals. A donor has made a contribution of a 20,000 square-foot (1,858 square meters) building, which the organization has gratefully accepted. They considered expanding their veterinary hospital operations, and discussed the matter with their consultant. The consultant evaluated the options and other possibilities, such as creating a state-of-the-art "rehoming center" for its adoptions and outsourcing veterinary operations to for-profit veterinary entities, including several specialists. The premise was to develop the facility as an animal care center, have the specialists pay for the build-out of their specific space, and charge fair-market rent to the for-profits on long-term leases. Other than fair-market rent, there was no revenue sharing with the nonprofit.

Rather than offering their own veterinary services, the consultant contacted the regional veterinary association on behalf of the nonprofit and made arrangements for volunteers from the association to offer veterinary services and to treat animals in the adoption areas as part of their own contributions to the community and part of a well-received public relations campaign. Other volunteers were solicited from the community to socialize and train the animals and to make sure they were suitable to be placed in loving homes. The nonprofit, which had continually operated at a loss when it ran its own veterinary hospital, was functioning at a surplus and able to commit more resources to its core mission, thus supporting the human–animal bond. Area veterinarians were happy that there were no more conflicts with the services being offered, and they could control, as a group, the extent of services being offered. The specialists, who owed their allegiance to primary care practitioners in the area, were happy to practice out of a location that was so warmly supported by the general veterinary population.



CAUTIONS

Nonprofits can be slow to respond to circumstances because they have a more cumbersome bureaucracy than most private veterinary hospitals. There is typically a board of directors that meets periodically

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to discuss organizational matters, and an executive director dealing with day-to-day operations of the nonprofit. With an existing hospital, there might also be a hospital administrator and possibly a chief of staff/medical director as well. Accordingly, although changes do occur at nonprofits, they might not occur as quickly as in similarly sized for-profit hospitals.



MISCELLANEOUS

ABBREVIATIONS

FASB: Financial Accounting Standards Board
IRS: Internal Revenue Service

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1.23. House-Call and Mobile Practices



BASICS

OVERVIEW

House-call and mobile practices are an increasingly popular means of practicing veterinary medicine. They appeal to clients who value their convenience, and provide a great alternative for patients who find the clinic experience unacceptably stressful or whose health or physical constraints make transportation difficult. They also appeal to veterinarians who enjoy the opportunity to develop deeper bonds with their clients and patients, expand their client reach, own their own business for less capital investment than would be required for a clinic, and to work under more flexible schedules. Practicing medicine in a house-call or mobile practice setting is generally comparable to doing so in a stationary clinic, with a few logistical exceptions.

TERMS DEFINED

Ambulatory Practice: Generally used to refer to work with large animals and involves operating out of a vehicle, with or without additional equipment such as a portable ultrasound, x-ray unit, or dental equipment.
House-Call Fee (or Trip Fee): An additional fee added to an invoice to reflect the veterinarian traveling to the client.
House-Call Practice: A veterinary practice operated from a vehicle, where services are provided at a client's residence or place of business.
Mobile Practice: Used to encompass house-call and ambulatory practices, in which examinations and procedures take place inside the mobile unit, which may be equipped with an examination table, dental equipment, and/or a surgical suite.
Partner Clinic: A full-service veterinary practice to which a mobile practice may be affiliated.
Stationary Practice: A traditional "bricks and mortar" veterinary practice, as compared to a mobile practice.
Travel Surcharge: An additional fee added to an invoice to reflect travel-related expenses of the visit.



ISSUES AND OPTIONS

SERVICE PROVISION

• **Pharmacy:** Options include dispensing medication at the appointment, calling in prescriptions to a veterinary, human, or compounding pharmacy, handwriting prescriptions, or online pharmacies.
• **Diagnostic sampling:** Blood samples may be processed using an onsite machine or sent to an independent laboratory. Independent laboratories can collect samples from your office, home, or partner clinic. Some also offer mail-in options. You can analyze cytology and fecal samples using a portable microscope or use one at a different location.
• **Euthanasia and disposal:** Bodies may be buried onsite or collected by a cremation company from the client's home, a partner clinic, or a freezer.
• **Dentals and surgeries:** These may be performed onsite if using a mobile or ambulatory practice, or referred to a partner clinic.
• **Imaging:** Portable ultrasound and x-ray units can be a great option for mobile practices, and can either be purchased upfront or leased. Alternatively, cases can be referred to a partner clinic.
• **Technician assistance:** Technicians (nurses) can help offer a broader array of services such as blood testing, increase the efficiency of appointments, and perform their own appointments, such as for blood draws and vaccines, depending on your state's regulations.

MEDICAL RECORD AND PRACTICE MANAGEMENT SYSTEM

• When choosing a medical record system bear in mind that paper records or cloud-based software are preferable to desktop software, as they permit use on the go. Blockchain can offer other possibilities for record-sharing as well (see 10.9 – Blockchain).
• Appointment schedules may be set manually or through the use of booking software. You should consider how well your scheduling system integrates with the medical record system so that client and patient details can be efficiently accessed in the field.
• Appointment bookings may be taken in person, over the phone, via email, or via a web form or booking software associated with the practice website. Responsiveness is key: many clients will go elsewhere if their requests are not answered in a timely manner, especially for same-day appointments. Many sole practitioners choose to book their own appointments as they enjoy the opportunity to interact directly with clients. The downsides to this approach are that this takes up time that could be otherwise spent performing appointments, and can lead to unrealistic client expectations about your availability and willingness to provide free advice over the phone. More efficient alternatives include outsourcing the booking and triage process to an assistant or third-party operations provider.
• Route optimization is an important feature of mobile practice. Travel time, distance, and traffic conditions can significantly reduce the efficiency of your day. Routing may be coordinated manually on the fly, or by using booking software designed for mobile practices.
• Your practice management system should allow you to effectively arrange recheck appointments and provide clients with vaccine certificates and copies of medical records.
• Obtaining patients' previous medical records is particularly important for a new business: some practice management software automates these requests to save you from needing to manually call clinics.
• Billing options include paying by cash, check, credit card (in person or online), or bank transfer. You will need to consider whether to require a deposit at the time of booking; payment at the time of service; invoicing; and/or payments in installments.
• Inventory ordering can be done manually or through integration with your practice management software. Bulk ordering offers the benefits of discounts, whereas "just-in-time" ordering minimizes the amount of capital you have tied up as unused assets.

ECONOMICS

• Your business's profit will be the result of your revenue minus the total costs of performing your appointments and running the business.
• Your revenue is a function of the volume of appointments that you see over a given time period and the amount that you charge for each appointment. You should also consider charging for time spent outside of appointments, such as conversing with clients over the phone and email.
• Your case-load will be influenced by how far you are willing to travel for appointments, traffic conditions, how many multi-pet appointments you see, and the duration of each examination.
• Your appointment prices can be set on a cost-basis or community-basis, or combination of the two (see 7.12 – Pricing Strategies). Cost-based pricing involves calculating how much it costs for you to provide your services, and adding a markup to ensure that you make a profit. Community-based costing involves basing your prices on the kinds of prices offered by comparable services. An example of a combination would be to consider how much a blood test costs you, marking up that price so that you make an appropriate profit, and then making sure that that price is comparable to what your competitors offer.
• Costs include the "cost of goods sold" (COGS) and business overhead. Examples of COGS include the cost of your disposables (e.g., syringes and diagnostic aids); the cost of supplies that you will

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1.23. House-Call and Mobile Practices

sell (e.g., diets and medication); and assistants/technicians, if you are paying them on an appointment basis. Business overhead costs include salaries, administrative expenses, utilities, advertising, and your vehicle. You may wish to pass some costs on to clients such as mileage and fuel fees as a travel surcharge.

SAFETY

- **Client safety:** Clients are often a lot more involved in examinations than in a clinic setting. This brings them into closer proximity with their animals, who may behave unpredictably in their home environment. You can be held liable for any client injury that occurs in your presence (see 12.3 – Client Safety).
- **Patient safety:** Examples of restraint options include gentle handling techniques,[1] cat restraint bags, muzzles, scruffing, and burrito wraps. Some veterinarians choose to use sedation on fractious patients or in lieu of an assistant. It is a good idea to carry endotracheal (ET) tubes, laryngoscopes, Ambu bags, and a crash cart containing fluids, epinephrine, dexamethasone, and diphenhydramine, and to have clients sign a consent form in case of negative outcomes. Some states require these measures for all mobile veterinarians (e.g., in the event of allergic reactions from vaccinations).
- **Veterinarian safety:** Injuries can be more common for veterinarians who work unassisted or who feel pressured to get the job done in clients' presence. Home visits to new clients bring additional personal safety concerns, which may be mitigated by performing background checks, bringing an assistant, and ensuring others know of your whereabouts at all times.

LEGAL CONSIDERATIONS

- Practice registration: State Veterinary Medical Associations/Licensing Boards can provide advice on their specific requirements for the licensing and registration of house-call and mobile practices.
- You may choose to incorporate your business, for example by establishing a Limited Liability Company (LLC), Limited Liability Partnership (LLP), or operating as a sole practitioner. Some states have specific requirements for incorporation.
- All practicing veterinarians will need a valid state veterinary license. You will need a Drug Enforcement Administration (DEA) license if you plan to prescribe and/or administer controlled substances, and a Department of Agriculture (USDA) license if you plan to issue travel certificates.
- Information about prescription requirements for controlled drugs can be found on the DEA website.[2]
- You are also required to meet Occupational Safety and Health Administration (OSHA) standards and provide worker's compensation if you have employees.
- The American Veterinary Medical Association Professional Liability Insurance Trust (AVMA PLIT) is a good resource for determining medical liability insurance options.



EXAMPLES

- **Small animal house-call and mobile practices:** Services may include wellness exams, hospice care, euthanasia, ear, eye, and skin checks, minor procedures, sedated procedures, x-rays and ultrasounds. Mobile practices may also offer dentals and soft tissue surgeries.
- **Ambulatory services:** Services may include wellness exams, herd health, lameness, skin and intestinal issues, dentals, and surgeries.
- **Specialty services:** These may operate out of a mobile practice or within a partner clinic, and include radiology, dentistry, anesthesia and surgery, internal medicine and cardiology.
- **Exotics:** Mobile settings may prove less stressful and allow the veterinarian to examine the environment and husbandry.
- **Discount vaccine clinics:** These generally offer basic wellness exams, vaccinations, heartworm, and fecal tests out of a mobile unit. These are normally reduced-cost, high-volume affairs.
- **Holistic:** These may provide alternative services such as acupuncture, therapeutic laser treatments, and Chinese medicine.



CAUTIONS

- Mobile practice requires more pre-appointment preparation to ensure that you have the resources you need to effectively execute your appointment. You should develop contingency plans for issues such as bad weather, illness, or vehicle breakdown.
- Working independently can also feel more isolating and it is important to maintain contact with peers through career development courses, online forums, and use of specialist consultants.
- As you are not a full-service clinic, it is important to appropriately manage client expectations about the limitations of what you can perform and provide arrangements for supplemental patient care at referral and emergency clinics.



MISCELLANEOUS

ABBREVIATIONS

AVMA PLIT: American Veterinary Medical Association Professional Liability Insurance Trust
DEA: Drug Enforcement Administration, US Department of Justice
LLC: Limited liability company
LLP: Limited liability partnership
OSHA: Occupational Safety and Health Administration

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1.24. HOSPICE AND PALLIATIVE CARE



BASICS

OVERVIEW

• Animal hospice has its origins in human hospice philosophy and focuses on the palliation of a terminally ill patient's pain and physical symptoms while attending to social and emotional needs as end of life nears (see Figures 1-24-1 and 1-24-2).
• Animal hospice and palliative care (HPC) seeks to maximize comfort and minimize suffering for the pet patient.
• When the healthcare team and caregiver recognize that death is a likely outcome, entering the pet into a hospice care program can allow the veterinary team and client to develop a collaborative plan for the time between that recognition and the pet's death.
• In addition to the needs of the pet, HPC focuses on addressing the needs of the caregiver as well, helping them prepare for the death of their pet and offering a collaborative and supportive partnership during the end of life (EOL) journey.
• HPC enables the veterinary team to fully support the human–animal bond (see 1.19 – Importance of the Human–Animal Bond).
• For optimal patient and client care, HPC should be implemented at the time of diagnosis, not when "there is nothing left we can do."
• Hospice does not accept a pet owner's decision to allow a pet to die without euthanasia unless measures are in place to alleviate discomfort and distress under the care of a licensed veterinarian.

TERMS DEFINED

Animal Hospice: A philosophy or program of care that addresses the physical, emotional, and social needs of animals in the advanced stages of a progressive, life-limiting illness or disability. Animal hospice care is provided to the patient from the time of a terminal diagnosis through the death of the animal, inclusive of death by euthanasia or by hospice-supported natural death. Animal hospice addresses the emotional, social, and spiritual needs of the human caregivers in preparation for the death of the animal and the grief experience. Animal hospice care is enhanced when provided by an interdisciplinary team approach.
Hospice-Supported Natural Death: Use of palliative care measures during a patient's terminal life stage, including the treatment of pain and other signs of discomfort under veterinary supervision until the natural death of the individual.
Humane Euthanasia: The intentional termination of life by human intervention utilizing American Veterinary Medical Association (AVMA)-approved methods that cause minimal pain, discomfort, and anxiety for the purpose of relieving an animal's suffering.
Palliative Care: Treatment that supports or improves the quality of life (QOL) for patients and caregivers by relieving suffering; this applies to treating curable or chronic conditions as well as EOL care.
Quality of Life: The total wellbeing of an individual animal that considers the physical, social, and emotional aspects of its life.
Suffering: An unpleasant or painful experience, feeling, emotion, or sensation, which may be acute or chronic in nature. This is an umbrella term that covers the range of negative subjective experiences, including, but not limited to, physical and emotional pain and distress. In veterinary medicine, suffering can be experienced by the patient and the caregiver.



ISSUES AND OPTIONS

FOCUS OF CARE

Animal hospice is segmented into three major areas of care that address the patient's physical, social and emotional needs. To provide optimal QOL and EOL care, each area must be fully addressed.
• **Physical needs** consist of the management of pain and symptoms of disease, hygiene, nutrition, mobility, and the implementation of environmental modifications.
• **Social needs** center around the mental stimulation and meaningful engagement with family members and the other pets in the home.
• **Emotional needs** address a pet's emotional wellbeing, including a will to live and preserving dignity.

CATEGORIZING HPC PATIENTS

Canine and feline patients who are candidates for HPC generally have at least one of the following conditions:
• A terminal diagnosis (e.g., malignancy)
• A chronic progressive disease (e.g., end-stage renal disease, congestive heart failure)
• A progressive, undiagnosed disease
• A chronic disability (e.g., degenerative myelopathy, debilitating osteoarthritis)
• Terminal geriatric status exacerbated by wasting or a failure to thrive.

Patients who are candidates for HPC generally fall into one of five categories:
• Diagnosis of a life-limiting disease
• Decision not to pursue diagnosis or curative treatment
• Curative treatment has failed
• Progressive illness with complications
• Clinical signs of chronic illness that interfere with normal routine or QOL.

DIFFERENCES BETWEEN ANIMAL HOSPICE AND HUMAN HOSPICE

In several important aspects, animal hospice care is distinct from its human counterpart.
• A guiding principle of human hospice care is to "neither hasten nor postpone death," and the same approach applies when the death of an animal is imminent. However, when caring for seriously ill animals, euthanasia is a widely accepted option to relieve suffering.
• With animal hospice, it is the pet owner's ethical and legal right to decide whether the terminally ill pet will die by euthanasia or by hospice-supported natural death.
• There are considerable differences between the financial resources available to families providing animal EOL care compared to human EOL care.
• In human healthcare, qualifying for hospice benefits is dictated by law, while in animal hospice, the vast majority of costs are covered by pet owners as an out-of-pocket expense. As a result, the financial resources available to caregivers to cover the costs of animal hospice services can be significantly more limited.

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1.24. HOSPICE AND PALLIATIVE CARE

BEAAAAPP Pain Scale for Dogs

PetHospice.com

Many signs of chronic pain are non-specific. Make sure to see your vet to rule out other disease as a cause of these signs.

0 — No Pain



- ☐ **B:** Breathing normally
- ☐ **E:** Eyes bright and alert
- ☐ **A:** Walks normally on all four legs; no lameness present
- ☐ **A:** Engages in play and all normal activities
- ☐ **A:** Eating and drinking normally
- ☐ **A:** Happy; interested in surroundings and playing; seeks attention
- ☐ **P:** Comfortable at rest and during play; perky ears and wagging tail
- ☐ **P:** Enjoys being touched and petted; no body tension present

1-2 — Mild Pain

Speak to your vet during your next appointment



- ☐ **B:** Breathing normally
- ☐ **E:** Eyes bright and alert
- ☐ **A:** Walks normally; may exhibit very subtle lameness when walking
- ☐ **A:** May show first signs of being just a little more slow to lie down or rise up (subtle!)
- ☐ **A:** Eating and drinking normally
- ☐ **A:** Happy and engaged, may seem a little more subdued with some "off" moments interspersed with normal behaviors
- ☐ **P:** May show occasional shifting of position; tail may be down just a little more, ears slightly flatter
- ☐ **P:** Enjoys being touched and petted; no body tension present

3-4 — Moderate Pain

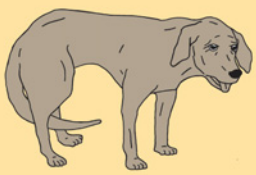
See your vet to assess pain



- ☐ **B:** May pant intermittently
- ☐ **E:** Eyes slightly more dull in appearance; can have a slightly furrowed brow
- ☐ **A:** Noticeably slower to lie down or rise up; may exhibit lameness when walking
- ☐ **A:** May be slightly unsettled and more restless; difficulty getting comfortable; shifting weight
- ☐ **A:** Appetite more finicky, such as wanting only treats or "people" food
- ☐ **A:** Subdued; engages less or does not initiate play
- ☐ **P:** Difficulty squatting or lifting leg to urinate, subtle changes in posture; tail more tucked and ears more flattened
- ☐ **P:** Does not mind touch except on painful area; turns head to look where touched; mild body tension

5-6 — Moderate to Severe Pain

CONCERNING! See your vet



- ☐ **B:** Panting often noted, possibly with an increased breathing effort
- ☐ **E:** Dull eyes, worried look
- ☐ **A:** Very slow to rise up and lie down; hesitation with movement; difficulty on stairs; reluctant to come when called; more obvious lameness
- ☐ **A:** Not eager to interact but may be in tune with surroundings; obvious lameness when walking; may lick painful area
- ☐ **A:** Will frequently lose appetite
- ☐ **A:** Anxious, unsettled or restless; unable to settle or sleep well
- ☐ **P:** Abnormal weight distribution when standing; difficulty posturing to eliminate; arched back, tucked belly, head hanging low; tucked tail; frequently shifts positions; ears more flattened
- ☐ **P:** Pulls away painful area when touched; moderate body tension when being touched

7-8 — Severe Pain

VERY CONCERNING! See your vet



- ☐ **B:** Faster breathing rate with more noticeable effort; frequent panting episodes common
- ☐ **E:** Dull eyes, may also have distressed look
- ☐ **A:** Obvious difficulty rising up or lying down; will not bear weight on affected leg; avoids stairs; obvious lameness
- ☐ **A:** Avoids interaction with family or environment; will often "go off" or hide; may frequently lick painful area
- ☐ **A:** Loss of appetite; may not want to drink
- ☐ **A:** Agitated, fearful, worried, reclusive, potentially aggressive
- ☐ **P:** Tail tucked, ears flattened or pinned back; abnormal posture when standing; more hesitant to move or stand
- ☐ **P:** Significant body tension when painful area touched; may vocalize in pain; guards painful area by pulling away or changing position

9-10 — Worst Pain Possible

EMERGENCY! See your vet



- ☐ **B:** Panting; increased breathing rate and effort
- ☐ **E:** Dull eyes; may have panicked look
- ☐ **A:** May refuse to get up; may not be able to (or willing to) take more than a few steps; will not bear weight on painful limb
- ☐ **A:** Difficulty in being distracted from pain, even with gentle touch or soothing voice
- ☐ **A:** No interest in food or water
- ☐ **A:** Extremely depressed or minimally responsive ("flat out"); may vocalize in pain; in distress at rest
- ☐ **P:** Prefers lying position or being on side; flat or pinned ears; may prefer to be very tucked up or stretched out
- ☐ **P:** Severe body tension when touched; will not tolerate touch of painful area; becomes fearful when other areas that are not painful are touched

Specific behaviors or physical changes I see:

Breathing: _____

Eyes: _____

Ambulation: _____

Activity: _____

Appetite: _____

Attitude: _____

Posture: _____

Palpation: _____

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Figure 1-24-1.

Pain scale for dogs.

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1.24. HOSPICE AND PALLIATIVE CARE

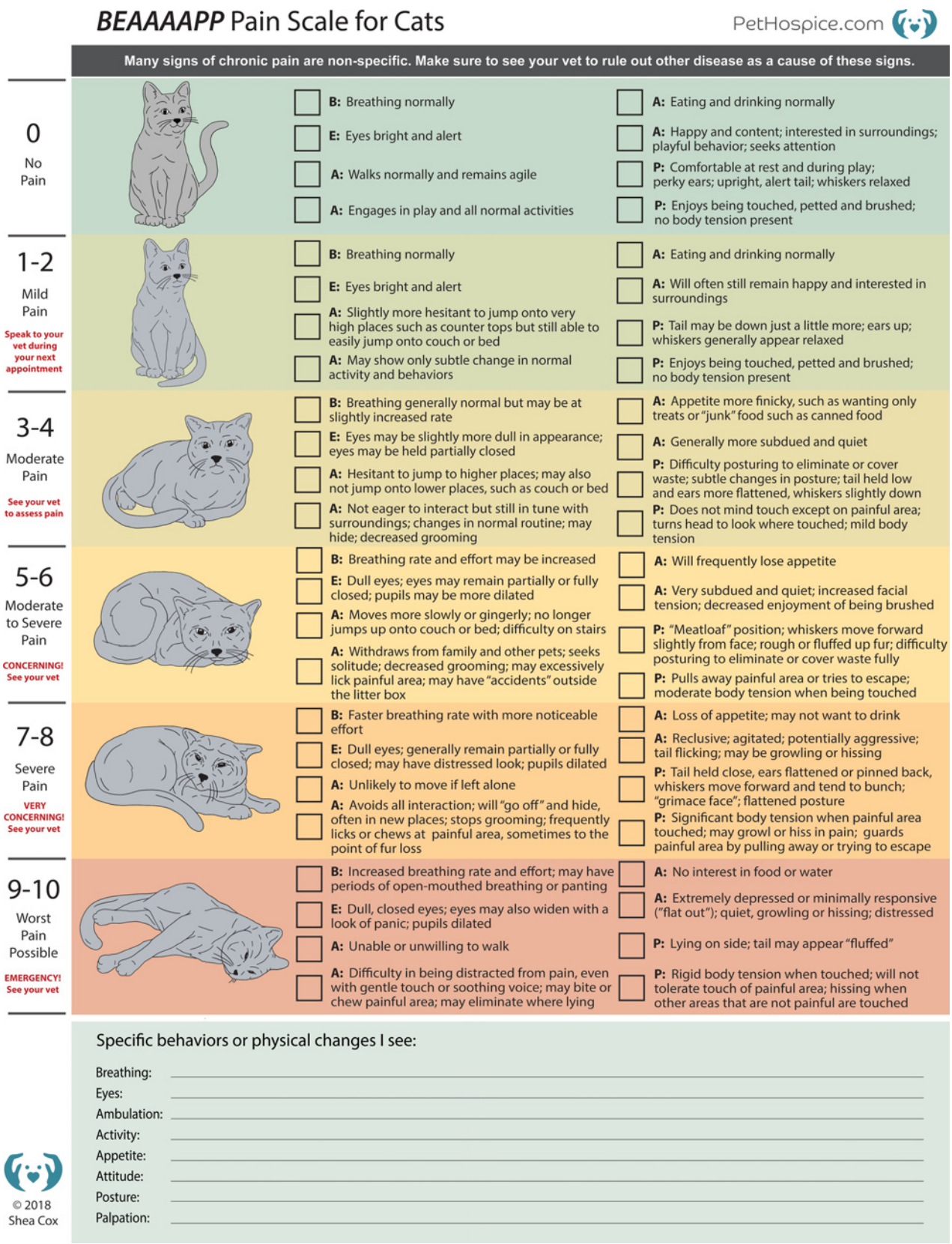


Figure 1-24-2.

Pain scale for cats.

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• In spite of the growth of the pet insurance industry, financial considerations are a primary concern in many veterinary EOL decisions, and finances often dictate the extent and length of the client's ability and willingness to provide their pet professionally guided EOL care.
• Pet insurance can, however, help offset the cost of hospice care for the client, and the vast majority of reputable pet insurance policies reimburse clients for both in-home and in-hospital hospice services.

HOSPICE IS A TEAM APPROACH

• The skills required to provide optimal patient care and meet the client's needs have become more advanced and complex, and because of this, hospice care is best delivered using an interdisciplinary team approach.
• Each member of the healthcare team should have defined caregiving and client-support roles that ideally utilize their individual skills, strengths, and experiences. Despite defined roles, care should still be delivered as a team with a unified voice, providing seamless and consistent care for both the patient and caregiver.
• In addition to the medical and emotional support that the veterinary healthcare team provides, it is recommended that practices partner with human support professionals, such as social workers and pet loss support groups, to offer additional caregiver support that is beyond the scope of what the veterinary team can provide.
• No member of the veterinary team should be left out of hospice and EOL training. EOL training is an ongoing and dynamic process due to staff turnover and evolving EOL strategies within a practice.
• It is also important to establish a system whereby all staff members are alerted when a patient is entered into hospice care. Everyone, including reception, medical and technical staff, and kennel assistants, needs to understand their team role and be prepared to handle emotionally challenging situations.
• All veterinary healthcare team members should have the skills needed to effectively communicate with owners of pets receiving HPC (see 5.22 – Discussing Quality of Life and End of Life Issues). Practice owners should consider communication skills training specifically tailored for EOL care for their entire team.

EXAMPLES

As with human hospice, the physical, social, and emotional health of veterinary patients is strongly intertwined and it is difficult to achieve optimal quality of life when any one of the components are missing. For example, a chronically debilitated pet with osteoarthritis and urinary incontinence may be able to have his hygiene needs met and his pain managed appropriately, but will not have optimum quality of life if he is confined to the garage or outdoors, isolated from his family due to his incontinence. In situations such as this, suffering can exist despite adequate management of clinical symptoms.

CAUTIONS

• A patient's passage from hospice care to death is a progression that can range from hours to many months. During this time, unexpected changes in the demands of home care, the client's wishes or the patient's condition may occur.
• Scheduling regular communication contacts with the client during the course of the hospice care relationship will avoid situations where the patient's EOL needs are inadvertently neglected. Follow-up appointments or phone consultations initiated by the veterinary team are vital to intervening with potential problems in a timely manner, ensuring optimal QOL is maintained for the patient.
• Successfully responding to these changes will not only fully support the pet and client, but will also help determine whether the client can maintain an appropriate level of care or if a different approach is needed to the HPC plan.
• There may be situations where a primary care veterinarian should consider referral to a veterinarian with advanced skills in providing animal hospice care (resources are available from the International Association for Animal Hospice and Palliative Care, iaahpc.org).

MISCELLANEOUS

ABBREVIATIONS

EOL: End of life
HPC: Hospice and palliative care
QOL: Quality of life

References

N/A

Recommended Reading

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1.25. SPECIALTY AND EMERGENCY CENTERS



BASICS

OVERVIEW

• Specialty and emergency practices are driven by a combination of doctor referrals and the general public's desire for advanced or specialized care for their pets.
• Specialty and emergency practices reflect the importance of the human–animal bond (see 1.19 – Importance of the Human–Animal Bond). These niche markets are a true reflection of the desires of the pet-owning population to receive 24-hour-a-day access to high-quality medicine and surgery, similar to that found in human medicine.
• These types of practices need to have a strong referral base or "gatekeepers" (the generalist – the veterinarian) to work properly.
  ◦ Due to the importance of the gatekeepers, the specialty and/or emergency practices must be proactive in communicating with these individuals.
  ◦ Communication should consist of returning phone calls in a timely manner, sharing completed medical records as soon as possible, noteworthy news updates, continuing education seminars to improve the skills of the referring doctors, and visiting of practices to improve and grow relationships between the generalist and the specialist.
• There are multiple combinations of these types of facilities, and these types of practices are highly specialized niche practices providing cutting-edge technology and skills to their patients. They have special issues to be considered.

TERMS DEFINED

After-Hours Emergency Practice: This type of facility can be owned by an individual, a group of area veterinarians, or as part of a large specialty referral practice. Originally, these practices were open from 6 p.m. until 8 a.m. during the week and from noon on Saturday until 8 a.m. Monday.
Central Hospital: Multiple-specialty practices coming together to form a central hospital similar to a human hospital model. There are several of these either ready to open or close to opening. The big plus with this concept is the economy of scale while maintaining independence and autonomy of each practice or practitioner participating in the hospital.
Critical Care Facility: A facility that is open 24 hours a day, seven days a week, and is able to handle emergencies and the critical care needs of patients similar to the urgent care facilities available to people.
Specialty/Emergency Practice: A facility that opens an emergency facility to ensure 24-hour-a-day care for all hospitalized patients. The increasing number of specialists combining practices and the need for specialized care of patients 24/7 has opened the way for these practices to start and maintain emergency practices.
Standalone Specialty Practice: A facility that does not have an emergency facility present on site and would send critical cases to an emergency practice for observation during the evenings and/or weekends.



ISSUES AND OPTIONS

EMERGENCY PRACTICES

General

• It typically takes a minimum of 25 practicing veterinarians within a 30–45 minute drive time from a suitable site to provide an adequate client base for the practice to grow and prosper.
• There must be willingness by the referring veterinarians and a consensus of the area veterinarians to support such a practice.
• The organizational committee needs to perform a survey of the veterinarians as well as a SWOT (strengths, weaknesses, opportunities, threats) analysis to better aid in identification of the need for such services (see 6.7 – Basic Tools of Marketing).
• The organizational committee needs to stay flexible in designing and creating an emergency practice. Make sure everything you do has both purpose and benefit for all of the stakeholders (clients, patients, and the shareholders).
• Perform a demographic survey of the area to locate the most central site for the facility (see 1.4 – Veterinary Trade Areas).
  ◦ The location needs to have good access to major roadways for ease of accessing the practice.
  ◦ There must be good visibility from the highways.
  ◦ Make sure parking is more than adequate.
  ◦ Does the practice site lend itself to expansion in the future?
  ◦ Determining the greatest and best use for the property is a must. It would not be wise to have a practice on a piece of property that is better suited for a fast-food franchise or motel. It still comes down to (affordable) location, location, location.
  ◦ The location should be convenient for at least 80% of the pet-owning population that the practice plans to service.
  ◦ If the practice is being established by area veterinarians, a survey of these veterinarians asking questions to better assess the needs and wants of the veterinary community needs to be performed.
  ◦ Questions to consider asking are as follows:
    ▪ What will the hours of operation be?
    ▪ Will the shareholders be working shifts in the practice, or will doctors be hired to work on the clinic floor during the hours of operation?
    ▪ Would shareholder doctors be willing to fill in on holiday shifts as needed?
    ▪ Will a practice manager be hired to run day-to-day operations, or will a board of directors run the practice?
    ▪ Will a steering committee be formed to work with the attorney and accountant in establishing the practice? Who will be on this committee?
    ▪ Will a governance board be established for the practice, and who will be on the board (e.g., veterinarians, clients)?
    ▪ What is the vision for the practice?
    ▪ What are the purposes in establishing the practice?
• Two committees need to be formed – one for operational and a second for facility issues. There needs to be open lines of communication between the two committees.
• Working relations should be developed with advisors, including:
  ◦ an attorney
  ◦ an accountant
  ◦ a banker (or two)
  ◦ insurance people
  ◦ a veterinary consultant familiar with emergency practices.
• A business plan needs to be developed (see 14.10 – Business Plans).
  ◦ A good budget gives a clear vision and idea of the costs of starting the practice as well as an idea of the asking price of a share (see 8.2 – Revenue Budgets and Forecasts).
  ◦ How much will be financed from a lender for the facility, equipment, and working capital for at least the initial 6–9 months of operation?
  ◦ What type of business entity will be formed? Will it be a C-corporation, an S corporation, or an LLC? A discussion with your advisors will identify the best model for the practice.
  ◦ Will real estate be held in the practice, or will it be held by a few individuals under a separate corporation? There are pluses and minuses that go with the decision and your advisors can aid in making the best decision for the group.
• A well-planned organizational chart must be devised (see 2.2 – Organizational Charts):

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- ◦ Who is responsible for the day-to-day management duties of the practice? Will there be an administrator or will decisions be made by the committee?
- ◦ What person or group will make the final management decisions?
- ◦ Who makes up the governance board of the practice?
  - ▪ The governance board should be made up of the administrator of the practice, area veterinarians, and possibly one or more of your advisors.
  - ▪ Monthly board meetings are necessary to ensure the practice is meeting its mission and goals.
  - ▪ Weekly meetings with the management team are mandatory for the continuum of care of the patients and the hospital.
- ◦ A medical director position needs to be created and filled.
- ◦ There should be a human resource director to handle training and staffing issues.

• Everything the practice does must have tangible and intangible benefits for the patients, the clients, and the practice.
• An emergency practice needs to provide care for the injured, sick, and critical care patients. Typically, these practices will not perform wellness care on pets because they are the emergency extensions of the generalist veterinarians.
• Definition of the practice's goals should be established. Providing needed after-hour care for the pets and people of the area and turning a profit are typically the main goals for these practices.
• The pet owner will be at an emotional high point when arriving at the practice and it is mandatory that the practice provide exceptional client satisfaction and care for their pets at all times (see 4.2 – Client Service Strategies). The emergency practice is a mirror image of the entire veterinary community and needs to reflect the highest standards of care possible.

Special Issues

• Emergency practices have many issues that are significantly different than the generalist-type practice.
• Who are the clients?
- ◦ In most emergency practices it is a combination of both the referring veterinarians and the pet-owning population. The practice's primary job is to provide quality care to the patient, whereas its secondary job is to create not only satisfied clients, but also advocates for the practice. To accomplish this task, it becomes very important to constantly improve on client service as well as the level of medicine and surgery. Providing quality medicine is good, but it is the perceived value the client or referring veterinarian has of the practice that has the greatest impact.
- ◦ Communications are of paramount importance with referring veterinarians. Keeping the referring doctors in the know is extremely important for the survival of the emergency practice (see 4.23 – The Extended Hospital Team – Making Referrals Work). This can be accomplished by sharing patient records in a timely manner and by conducting phone consultations with the referring veterinarians regarding the records.
- ◦ Most emergency practices are set up as an extension of the generalist-type veterinary practice. The typical emergency practice is open from early evening until 8 a.m. the next morning plus the entire weekend. The owners are typically area veterinarians who have teamed up to provide care for their clients.
- ◦ State laws are now requiring that veterinarians provide 24-hour-a-day access to care for their clients and pets. This can be done by providing care in your practice, a colleague's practice, or by referral to an emergency facility.
- ◦ As a community-based practice serving the needs of the pet-owning population with medical and surgical care to all companion animals, emergency practices typically will accept new clients who are not referred from a practice.

• What about fees?
- ◦ Most emergency practice fee schedules are higher than comparative services provided by generalist practices due to the higher cost of labor, more advanced technology used, higher costs for the practice facility, and the specialized market concept.
- ◦ The fee schedule can be developed by combining one or more of the following models: surveying the referring veterinarians to determine what their perception of value for a particular service will be, activity-based cost accounting for the service, surveying other emergency practices of similar size, and location.
- ◦ If you know what referring veterinarians consider a reasonable fee, then the use of activity-based costing (ABC) can be instituted to better define the cost of the activities needed for the service to be profitable (see 7.14 – Activity-Based Costing and Cost Allocation).

Fee Collections

• In an emergency practice, collections can be a real issue versus the situation in the generalist practice.
• In a generalist practice, a billing and collection policy is essential. At times you may make an exception to the policy for a client based on past experiences.
• An emergency practice does not have the luxury of knowing clients and their ability to pay as well as the generalist knows theirs.
• A strong financial policy is mandatory for an emergency practice:
- ◦ Deposits of up to 50–75% of the initial estimate (contract) should be required for any hospitalized patient.
- ◦ Each day a new estimate or contract for the services being provided should be prepared. This needs to be accepted and understood by the listed responsible adult party.
- ◦ Payment alternatives need to be given to the client at the time of service. Options could include cash, check, debit or credit cards, pet health insurance or other third-party payers (friends or relatives), or third-party lending companies (see 8.10 – Getting Paid for Services Rendered).
- ◦ If you elect to allow billing, then make sure you create a credit application that gives you as much information as possible about the client. Make sure you have established your minimum acceptable credit score and have performed a through credit check on the person.
- ◦ An increasing number of software vendors are incorporating third-party payment applications in their practice management software. This can expedite the application process and give an answer in short order.
- ◦ A strong, assertive, honest, congenial employee with strong communication skills should be sought to head the financial policy department of the practice. This individual can help ensure that the practice maintains a high cash flow with minimal (if any) accounts receivable issues (see 8.9 – Accounts Receivable Issues).

Labor Costs

Veterinarians who work in emergency practices usually are well trained in thinking and reacting to situations in a very rapid fashion.
• They love the adrenaline rush associated with this type of practice.
• Good emergency clinicians are well skilled in all aspects of emergency medicine and surgery.
• Scheduling of veterinarians to fill the hours is a combination of determining peak hours (more veterinarians needed) versus the slower hours.
• The attempt is to staff at 40–50 hours per week. This will mean using a number of veterinarians to cover the hours of operation on a weekly basis.
• Due to emergency doctors' knowledge, skills, and willingness to work the hours that veterinary clinics are typically closed, they are paid at a higher rate.
- ◦ Compensation is typically by percentage of production more than straight salary. Sometimes you will need to pay whatever it takes to staff certain shifts.

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1.25. Specialty and Emergency Centers

- ◦ In their book *Contracts, Benefits, and Practice Management for the Veterinary Profession*, Wilson et al.[1] suggest emergency veterinarians be paid on a percentage (25–30%) of the collected receipts of the work they generate.
- ◦ Some of the practices are finding that 21–23% of collected services is a more realistic percentage, as long as there is adequate client traffic.
- ◦ Benefit packages may be similar to a generalist practice (continuing education allowance, dues, health insurance, retirement plans, vacation time, etc.).

• It is difficult to find good emergency doctors, and when you do find them and wish to keep them, you will be paying them very well compared with a generalist.

• Nonprofessional healthcare team members will also cost the emergency practice more than they would a generalist practice. Create a list of questions to ask each candidate. Consider asking if the person has any problems with euthanized and dying pets, if they can work under constant stress, how would they handle emotional clients, and if they communicate and work well with their peers.

• Consider surveying referring practices to determine their pay scales for client service people, certified veterinary technicians, and veterinary assistants.

- ◦ Make sure your hourly schedule is equal to or higher than the best practice in the area. Hiring qualified people to fill the multitude of shifts is difficult in a day practice, and even more difficult for an emergency practice
- ◦ Create a "shift differential" for different time periods (before midnight, after midnight, weekends, etc.).
- ◦ Create tiered salary levels for each group. There should be an entry level with a minimum to maximum range they can earn before they may take the practical exam needed to advance to the next level. The next level will have a salary range to earn before the employee may advance to the top level, where there is another exam or competency evaluation and additional job expectations for the person.
- ◦ Performance reviews are essential (see 3.19 – Staff Performance Evaluations). They need to be done semi-annually, at least. The increased frequency of reviews will help in improved client service and patient care.

• The use of 360 reviews is gaining in acceptance in veterinary medicine. An example would be having a certified technician review by the administrator, a fellow technician, an assistant, and a doctor reviewing this individual. The goal is to acquire a complete (360) view of the individual.

• Pay a premium (double time or more) for working on holidays, and consider making it special for the healthcare team by providing nice meals (turkey on Thanksgiving or hot dogs/hamburgers on the Fourth of July, for example).

• Consider conferring with area practices to see if any of their staff would be interested in working weekends, part-time, relief, or on a need-to basis. It is common for emergency practices to be training the future staffs of area day practices.

- ◦ Hiring and training team members for an emergency practice is a continuous process. A lot of well-trained emergency personnel will work for a period of time, and then decide to leave emergency medicine and go to the more traditional day practices.
- ◦ If that is the case, create an actual training coordinator and set up training classes during the day.
- ◦ Training is a continuous process to improve the skills of the staff in client communications and clinical or patient care. Training enhances the skills of everyone. Consider incorporating testing of staff to ensure they are using their new skills.
- ◦ Consider setting up a training coordinator to visit referring practices and provide in-house continuing education for their people. This will improve relationships with the referring practices as well as improving their staffs' skill levels. At the same time, this coordinator can ask: What can we do to improve our relationships with referring practices and their clients?

REFERRAL PRACTICES

For many years, the clinics at veterinary schools were the only referral practices available to generalists, but now veterinary referral practices are an increasingly important sector in the care of companion and equine animals in the United States.

General

• In the past decade the number of privately owned specialty referral practices have become a closer source of referral service for the gatekeepers (the generalists). In the earlier years of referral practices, they were located predominately in larger urban markets, but are now expanding into the secondary- and tertiary-size markets.

• The majority of referral practices in earlier years were single-specialty practices (i.e., surgery, ophthalmology, or internal medicine).

• Now there is increased desire for the different specialties to combine into mega referral centers, similar to those found in human hospitals. This provides these practices an economy of scale and the ability to work more closely with other specialists.

- ◦ The majority of the mega practices are found in the larger urban and suburban centers, and it is not unusual for some of these areas to have two or more of these facilities strategically located within the area.

• With the increased numbers of large mega referral hospitals, the tendency is to include emergency services in the mix.

- ◦ One of the driving forces in the addition of emergency services to the specialty mix for the larger referral practices is to ensure that each of their critical care patients receives maximum exposure to the highest quality of care (medical and nursing) from the doctors and other healthcare team members 24/7.
- ◦ By adding emergency services into referral practices, it is beginning to reduce the number of emergency facilities owned by local veterinarians (generalists). One of the biggest reasons for this reduction is better access by the clients and patients to referral practices and state-of-the-art equipment with highly trained personnel.
- ◦ These types of practices are more likely to hire board-certified critical care veterinarians to staff the facilities.

• There are three distinct referral practice models. Within each model there may be slight variations noted in some practices:

- ◦ **Single-specialist standalone practices:** These appear to be more common in smaller markets and may be driven by a desire to live in a less metropolitan area. In the early years of referral practices, this was the norm even in larger metropolitan areas. You could say they were the beta testing practices for the referral industry. As the larger markets filled with multiple-doctor specialty practices, these smaller, single-specialty practices will expand into multiple-specialty practices.
- ◦ **Mega practices:** In the larger markets, these practices grew from a single specialty to encompass more and more different specialties under one roof. These practices are typically owned by a few individuals within the practice who were very progressive in their thinking and willing to take a huge risk. Such practices contain a full complement of specialists and are housed in buildings that rival some small human hospitals.
- ◦ The third model is actually a blend of the first two. In this model each specialty is owned independently of the others, yet they are all housed under the same roof. Each specialty practice pays for certain shared expenses (facility, cage space, utilities, etc.) while maintaining their separate identities. It is similar to the "practice without walls" concept found in human medicine.

• Some mega referral practices are developing strong alliances with some of the veterinary teaching hospitals in many areas of the country.

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1.25. SPECIALTY AND EMERGENCY CENTERS

This relationship has included sharing residents, student clinical opportunities, and internships.

Special Issues

- Who are the clients?
  - Referral practices have the generalist as their main client.
  - The generalist is the gatekeeper for the referral practice, similar to models found in human medicine.
  - Referral practices need to maintain a strong line of communication with the generalist. This can be done in many ways:
    - Report findings on a referred patient promptly. Besides sending the written report in a timely fashion, phone follow-ups are also advisable.
    - Regularly schedule visits with referring practices to discover what each referring practice is doing right and what needs improvement. This task can performed by a nurse/technician, who may also perform in-house training CE for the technical staff of the referring practices.
    - Schedule CE classes for the referring veterinarians at the specialty practice facility.
    - Visit nonreferring practices to better determine what it would take to win their business.
    - Staff with friendly, helpful, and knowledgeable client service people.
    - Make sure veterinarians are easily accessible for phone consultations.
  - The pet owners and the referring veterinarians are the true clients of the practice, and both must be treated with the utmost respect and compassion.
- It is a combination of the referring veterinarians and pet owners who provide opportunities for the referral practices to succeed.
- Labor costs
  - Finding and compensating specialists is a special issue.
  - There appears to be a growing pool of board-certified specialists to select from. In the early years of referral practices, the majority of these individuals came from academia. Now, with an increased demand for boarded specialists, it is a sellers' market, with some practices taking a year or longer to find the best candidates.
  - Compensation is by percentage of the work generated and collected, with a range of 21–23% as a benchmark, but differing significantly between specialties. Along with this are benefits (retirement plans, health insurance, continuing education, etc.).
  - Nonprofessional staffing is another challenging issue. A significant number of these healthcare team members will gravitate over from generalists' practices because there is more responsibility for the individual and more challenge, with better benefits. The hourly wage or salary will be at the higher end of what the generalist practices are paying.
    - To keep an excellent relationship with your referring practices, try not to directly hire from their healthcare teams.
- Exit strategies are a concern for referral practices.
  - The buying pool for a direct sale of a specialty practice can be limited at this time.
  - The mega practices owned by a few individuals are faced with a dilemma – their size may be a hindrance in finding a suitable buyer with enough financial resources to purchase the practice.
  - Options for these types of practice include:
    - internal sale to associates, similar to the succession planning done in large law or medical offices,
    - the creation of smaller specialty practices under the same roof. This option would be the same as the second model described earlier.
  - There are individuals who are working on developing a new model that will allow the practices to continue to grow and be an active part of the veterinary landscape.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

24/7: 24 hours a day and 7 days a week (i.e., always open)
ABC: Activity-based costing
CE: Continuing education
CVT: Certified Veterinary Technician
SWOT: Strengths, weaknesses, opportunities, threats

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Recommended Reading

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1.26. EQUINE PRACTICE MANAGEMENT



BASICS

OVERVIEW

- There are two distinct types of equine practices: ambulatory practices and hospital, or haul-in, practices.
- Each of these practice types can be further broken down into subcategories: racetrack, pleasure horse, broodmare, sport horse, and specialty.
- Each type of practice shares similarities with the others while having unique qualities that make practice management a challenge.

TERMS DEFINED

Accounts Receivable: Money that is owed to a business by a customer for products and services provided on credit.

Associate Veterinarian: An employed veterinarian or independent contracting veterinarian who does not have an ownership stake in the practice (cf. owner veterinarian).

Capitalization Rate: The rate of return needed to attract capital to the practice. This is essentially the rate of return a buyer would expect for investing in the practice. The rate is a reflection of the risks associated with the business, with emphasis on the practice's ability to maintain its net income.

Deferred Payment Plan: A written document stating amount owed, dates, and amounts for expected payment installments; consequences of failing to make payments on time; and a signature line for the client to sign.

Finance Charges: The amount of money charged for payments that extend beyond an agreed-upon time limit. The amount charged is governed by the usury laws in the state within which you practice. The amount of finance fee charged must be clearly reflected on the invoices rendered.

Human Resources: Hiring, training, firing, and supervising activities of the entire healthcare team, including maintaining the legal requirements of the management of people.

Inventory: Goods ready to be sold.

Inventory Turns: The frequency with which you use inventory items. This is determined by calculating the total cost for one year of drugs and medical supplies. Divide that number by your average inventory (beginning inventory plus ending inventory, divided by 2), and then divide 365 by the number you just calculated. This will give you the number of days of inventory you own. Dividing 365 by the number of days on hand will tell you how many times in a year you turn over your inventory.

Minimum Order Point: The level below which you do not want your stock to fall.

Net Cash Flow (NCF): Revenue less expenses plus noncash expenditures (depreciation and amortization expenses, for example).



ISSUES AND OPTIONS

HUMAN RESOURCES

- One of the keys to success is to hire people with great attitudes and train them for skills.
- Human resources may be one of the largest expenses in an equine practice.
- People are an asset to a practice, especially when they are well-trained.
  - To be an asset to the practice, the staff members must become advocates for the practice.
  - To become advocates, they must understand the importance of quality care and must be able to communicate it to the client.
  - Staff need to be educators for the practice to clients.
  - There must be consistency in the healthcare team's actions. In other words, everyone needs to deliver the same informational message to the client, each in his or her own words.
  - To become an advocate for the practice, the team needs to believe and participate in all services the practice offers, which should include a wellness program. In other words, their animals should be better protected against disease, and have experienced every wellness program the practice offers. This will allow the staff to talk more efficiently and effectively to clients about the services or programs offered by the practice.
  - Client education via the healthcare team increases the likelihood of improved profitability of the practice.
- Leveraging the healthcare team is essential for improved profitability of a practice, as well as for improving the efficiency of the doctor.
- To leverage and empower the healthcare team, it takes time to educate and train the staff. Developing practice standards, and then training staff to meet those standards, is essential for accomplishing this task.

Method of Compensation

- There are three basic models for compensation of associates:
  - Flat salary
  - Pro-sal, a method using a base salary plus a percentage of collected fees from services and product sales that the veterinarian generates each month
  - Percentage of collected business the associate generates each month.
- A large number of equine veterinary owners prefer to compensate recent graduates by using a flat salary with annual reviews. Experienced associates are more likely to accept either the pro-sal or straight percentage of collected revenues.
- If paying by percentage of production, the range is typically from 21 to 25%.
- A higher percentage of the total fee is typically paid for an after-hour emergency.
- Benefit packages vary from practice to practice. According to the American Veterinary Medical Association 2012 *Economic Report on Veterinarians and Veterinary Practices*,[1] the five most common benefits were:
  - Continuing education expenses – 76.6%
  - Annual vacation leave – 73.4%
  - Medical/hospital insurance – 67%
  - Liability insurance – 67%
  - Continuing education leave – 62.3%.
- Mentoring the new associate shortens the integration period into the culture of the practice and makes him or her a more productive member of the team.
- Mentoring of the new associate by the owner or a senior clinician aids in the development of the new practitioner into a more productive doctor for the practice (see 3.17 – Mentoring).
  - Mentoring allows the new doctor to be validated to the client by the senior clinician.
  - Mentoring allows the sharing of ideas and development of practice protocols for medical and surgical care.
  - Mentoring should be a continuous program.

Nonprofessional Healthcare Team

- Hiring the right people is essential for the continued growth and profitability of the practice.
- It is essential to hire individuals with the proper attitude, and train for skills.
- A key component of a successful veterinary practice is a training program for the staff that will aid them in educating clients, ensure the doctors are more efficient, and make the practice more profitable.
  - One of the most commonly missed opportunities in an equine practice is the inability of the healthcare team members to educate clients and aid in closing the deal. In the fast-food industry, for

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example, people learn to offer all customers the option of "super-sizing" their meals. The number of times customers respond in a positive manner to such an offer is proportional to the number of times it is offered – a technique that is applicable to any industry, including equine practices.
  ◦ Clients are well educated about the needs of their horses via the Internet, magazines, and meetings. Why not become a part of the educational bonanza of horse owners by empowering the healthcare team to deliver a consistent message regarding health issues to your existing or potential clients?
• One of the goals of every practice should be to become efficient in the workplace and effective in servicing the clients (and community). To achieve this goal, it will take a healthcare team that understands the mission and vision of the practice.

EXIT STRATEGY PLANNING

• What type of business entity is your practice? There are five business models to consider:
  ◦ Sole proprietorship
  ◦ Partnerships
  ◦ C Corporations
  ◦ S Corporations
  ◦ Limited liability company (LLC).
• Each business model has its strengths and weaknesses, and it is wise for you to discuss these issues with your accountant and attorney to discover the best one for you (see 1.17 – Practice Management Support Professionals).
• Real estate associated with a practice typically is owned in a separate LLC. The main reason for this move is to reduce the risk of liability exposure. Creating a lease from the practice to the real estate company creates an arm's-length transaction and can be viewed favorably by the IRS.
• The moment you become a practice owner, it is time to create an exit strategy (see 14.21 – Succession Planning):
  ◦ When considering an exit strategy in an established practice, you need to be thinking 3–5 years out to improve the profitability and eventually the value of the practice.
  ◦ The ideal exit strategy is selling to an associate or third party or merging the practice with another practice with similar ethics, protocols, and mindsets.
  ◦ The cornerstone of an exit strategy is to know and understand the value of your assets (practice and real estate) as of a particular date (see 14.13 – Determining a Practice's Worth).
  ◦ Understanding that a business has value is very important in creating a realistic exit strategy.
  ◦ Exit planning is more than knowing what the value of your assets are at a particular time. It is having a plan to reduce your tax burden, investing your funds effectively for retirement, as well as insurance issues in case of an accident or death.
  ◦ Discuss your situation with your exit planning team (consultant, attorney, accountant, financial planner, and your family)/
• Consider a Section 1031 exchange for the real estate (see 7.25 – Practice Sales: Planning, Structure, and Methods to Minimize Taxes). Check with your accountant, attorney, and financial advisor to determine if a 1031 exchange is correct for you.
• There are other reasons for creating an exit strategy:
  ◦ Unexpected extended illness
  ◦ Career change
  ◦ Death
  ◦ Burnout
  ◦ Tax strategy
  ◦ Estate planning.
• Owning a practice (and accompanying real estate) is a very important asset in your net worth.
• The value of any veterinary practice is based on the profitability (net cash flow, NCF) of the business divided by a capitalization rate (risk factor in owning an investment).
• Typically, last year's gross is no longer the value of an equine practice. It takes management skills to generate sufficient cash flow to create value in a practice.
• Practice valuations are the preferred method of determining the value of the practice, not by a rule of thumb of "x" percentage of last year's gross revenue (see 14.15 – Practice Value Rules of Thumb).
• There are many methods written for valuing a business. At the present time, there are two methodologies consistently used for valuing veterinary practices:
  ◦ The excess earnings model
  ◦ The single period capitalization model.
• The driving force in both models is NCF.
• It is wise to update practice valuations every 2–3 years, both as a means to see if management practices have improved the value and to have a current value in case something happens to warrant a sale. At the same time, revisit your exit plan and make the needed changes as well as the strategy to accomplish the new plan.
• Valuations should be used as a management tool to aid in measuring the effectiveness of achieving practice goals.
• Real estate appraisals need to be updated at least every five years by a commercial appraiser.

Options

• Closing the doors and selling the hard assets (equipment) is an option for an exit strategy. For some single-doctor ambulatory practices, this option is all too common.
• Preparing for an internal sale to an associate is a very attractive option. It requires a plan or strategy to be developed several years in advance, starting with meaningful discussions with the associate about practice ownership.
• Another option is to sell the practice to an outside or third party.
• Merging with another practice is becoming a more viable option. It takes time and multiple discussions with an interested colleague to determine if the practices' philosophies can become synergistic. The methods and techniques used in accomplishing a merger are limited only by the creativity of the advisors and the merging practice owners.
• There is a type of merger where the owner of the practice being acquired becomes an associate in the new practice. As an associate, the owner is paid a percentage plus 10–15% more for any work that the owner or any of the other doctors perform on a published list of their clients. This technique is typically set up for a two-year period, and then the associate is paid strictly on a percentage of production basis. This allows the acquiring practice to pay for the acquisition with money generated from the former practice's client base.

ACCOUNTS RECEIVABLE/BILLING ISSUES

General

As Earl Nightingale, the motivational speaker and writer, once said, "All of the money you will ever have is currently in the hands of someone else." Herein we will describe how to fairly obtain such funds from your clients for the services that you render to their horses:
• Receiving payment in a timely fashion for work performed is a mark of a well-managed business, which is what an equine veterinary practice should strive for.
• Horse owners are less price-sensitive than companion animal pet owners. At the same time, equine clients tend to be very sensitive to the prices of retail product sales.

Minimizing Problems

• Use a new client information sheet for every patient and make sure that they sign an agreement with the following:

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1.26. EQUINE PRACTICE MANAGEMENT

While a client of _____ Veterinary Practice, I consent to the provision of routine veterinary services. I agree to pay for such services within 30 days after receiving an invoice. If the bill is not paid, and I do not make other arrangements in writing, it may be billed to my credit card,
#_____
Expiration date _____
Signed _____

• Accept credit and debit cards, and keep a credit card number on file for each client, if legally permissible to do so. Verify the number's validity annually with each client. Otherwise, consider a mobile device that will allow you to charge the card at time of service. Notify your clients that any invoice more than 60 days past due will be charged to the card, unless other arrangements have been made in advance. Stick to this policy. The 2–3% merchant fee is much cheaper than playing banker with your clients, or worse, writing off an uncollectable bill.
• Offer and recommend third-party payers, such as CareCredit.
• Payment at time of service is the best way to reduce your accounts receivable.
• If you do not charge or invoice at the time of service, consider billing weekly to improve the cash flow.
• Consider e-bills. These are invoices attached to an email and sent out immediately after the service is completed.
• Have a designated accounts receivable person who creates a system for billing clients. This person needs to be assertive, detail oriented, and able to communicate effectively.
• Bills that clearly reflect services performed and related charges help to ensure collectability. "Horse vaccinations" does not let the owner know exactly what you did and certainly does nothing to engender a feeling of worth associated with whatever you did. In an equine practice, you are often dealing with absentee owners. If you give them details about the services you performed, it then makes the billing process much more efficient and minimizes telephone calls that seek to clarify the reason for the invoice. Clients can be busy people too. Delays in obtaining clarification on an invoice can stretch into longer delays. This can translate into your bills not getting paid in a timely manner.
• Minimize disputes arising from invoices rendered. If you are going to be performing expensive, complicated treatments, written estimates are certainly appropriate. With the use of smart devices in the field, there is no reason why an estimate of the treatment plan cannot be generated and discussed prior to embarking upon an expensive course of action. Updating your client as to charges incurred and course of action taken should help to keep them "buying into the plan."
• Use consent forms with signature lines agreeing to pay for costs incurred when dealing with treatment plans. A signed consent form is a legal document and will reduce the risk of the client stating they did not know or were unaware of the costs. While your client data sheet covers this, it is a good idea when dealing with expensive treatment options to remind clients that there will be costs incurred and that they are responsible for paying them.
• Multiple ownership of animals occurs much more frequently in an equine practice than in a typical companion animal practice. Make sure your practice management software can deal with multiple ownership issues. Review your client data sheets to make sure there is one person named as ultimately responsible for payment of charges incurred. Even though you may send invoices to all owners of the animal, you do not want to get caught in the middle of disputes that may arise between or among the owners.
• Have a written policy in place that you adhere to for especially high-risk situations, such as pre-purchase examinations, first-time clients requesting expensive procedures, and out-of-state clients with no history of payment at your practice. Substantial deposits should be required in these situations.
• Monitor your accounts receivable schedule, and print out an aged listing on a regular basis. This schedule lists current, 30–60, 60–90, and >90 days past-due accounts. Telephone communication as well as invoicing past due clients is always recommended, and make sure your staff and associates know who owes the practice money so that further service, if done at all, is done on a cash-on-demand basis only.
• The majority of horse owners today do not have to rely on crops coming in to pay for veterinary care for their animals. Therefore, some of the older rules regarding appropriate levels of accounts receivable in an equine practice need to be examined. If you have the correct policies in place and adhere to them, the overwhelming majority of your accounts receivable should be in the "60 or fewer days" column on your aged accounts receivable schedule.
• A good collection policy does not mean that you need to check your compassion at the client's door – you can make room for reliable clients who run into financial trouble. Deferred payment plans may be appropriate for clients with a good payment history.
• Small Claims Court is an option, but that gives you lien rights, not generally a check in your pocket. Documentation is key to winning these cases, which involve time and money on your part, so make sure your records support that the individual is liable for your charges.
• When it comes to money issues, having policies in writing minimizes more problems with clients than it causes. Clients want to know where they stand and what options are available to them.

INVENTORY ISSUES

• Depending on the kind of equine practice you have, inventory issues can be extensive.
• The full cost of maintaining an inventory involves more than the purchase price of the products. There are myriad indirect costs such as storage, personnel costs, shrinkage (thief, breakage, or forgetting to charge for the item), insurance, and tracking costs (see 9.11 – Effective Inventory Management).
• Balancing stock-outs (not having inventory available to meet your clients' needs) and overstocking (carrying too much inventory) is a learned skill and takes constant effort.

General

• Use your computer software, both for tracking what you have on hand, and to interface with your price list to adjust for price increases. Bundling of products used in treatment procedures can help to keep track of items used. This also helps to track supplies and drugs used in treating the animals in addition to products dispensed.
• Determine the minimum order point for individual items with your software's help. Use your software to determine your usage of a particular item per month, and use that number as your minimum order point for that item. Start with keeping three-quarters of a month's usual volume on hand, then track your usage and reorder as appropriate. Monitor your results.
• Spot-check your inventory to be sure that the count in the computer matches the physical count of items on hand. Analyze any reason for differences and adjust your procedures to minimize the occurrence of these variations.
• Adjust your prices at the time you receive price increases from your vendors, not when you use up your inventory on hand.
• Limit your number of vendors to three or four. Your time is worth more seeing clients than saving a few cents here and there, and you will get more benefit from vendor loyalty than if you order small quantities from many vendors to save a few pennies. Vendor reps can be a source of information and assistance.
• Check return policies from your vendors and keep familiar with their terms. This is another reason to limit the number of vendors from whom you purchase supplies.
• Track costs versus sales to be sure you are getting the markup price you think you are getting.

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• Watch your "by the way" charges. Medication administered that is not part of a scheduled visit, for example, is a major source of missed charges.
• Make friends with other equine veterinarians in the area as a possible way to split large-dollar, low-usage product orders among several practices. This becomes a modified group purchasing unit.
• Purchase price of the item is not the only cost of the product. Storing, insuring, tracking, and shrinkage (such as intentional or unintentional theft) are all indirect costs that must be added to figure the true final, all-inclusive cost of your items.
• Use the 80/20 rule to help you begin managing your inventory (see 9.15 – Pharmacy Management). Start with the products that account for the top 20% of revenue from inventory and get those items under control, then work your way through the remaining 80% of meaningful items in stages.
• The ability of most vendors to get your orders to you in a relatively short time (24 hours in some cases) allows for turning your inventory 10–12 times a year, and generally results in more profit to the practice.
• Inventory is a cost for your practice, not an investment. Inventory only becomes worth something when you do something with it to generate income.

EXAMPLES

N/A

CAUTIONS

N/A

MISCELLANEOUS

ABBREVIATIONS

AAEP: American Association of Equine Practitioners
AVMA: American Veterinary Medical Association
IRS: Internal Revenue Service
JAVMA: *Journal of the American Veterinary Medical Association*
LLC: Limited liability company
NCF: Net cash flow

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1.27. FOOD ANIMAL PRACTICE MANAGEMENT



BASICS

OVERVIEW

Food animal-exclusive veterinarians comprise 5.5% of the total veterinary population in the United States.[1, p.44] They hold a major responsibility for the safety, quality, and efficiency of our food supply. The clients of food animal veterinarians are producers, in the form of farms, ranches, or companies that own and manage food-producing animals. Food animal veterinarians must balance the economic factors of the producer with the need for a safe and wholesome food supply, and the welfare of the individual animal and herd. These additional factors make management of food animal practices different and more complex than that of small animal and mixed animal veterinary practices.

A fundamental difference in food animal practice is the need to create economic value to the producer. When a veterinarian can provide services and advice that creates economic benefit to the producer, the demand for veterinary services will increase. Without tangible economic benefit, veterinarians will lose market share to nonveterinary competition, or animals will go without adequate healthcare.

TERMS DEFINED

Animal Medicinal Drug Use Clarification Act of 1994 (AMDUCA): This federal law allows veterinarians acting within a valid veterinary client patient relationship (VCPR) to prescribe and dispense medications in an extra-label manner to food-producing animals subject to detailed regulations establishing the need for extra-label use and establishing withdrawal times.

Veterinary Client Patient Relationship (VCPR): This is required by federal and some state regulations to prescribe or dispense extra-label drugs and to issue a Veterinary Feed Directive. The requirements of a valid VCPR include sufficient knowledge, gained through a physical exam, by the veterinarian to establish a general or preliminary diagnosis.

Veterinary Medicine Mobility Act: This federal law allows ambulatory veterinarians with a Drug Enforcement Administration registration to transport controlled substances used to treat patients in the field.



ISSUES AND OPTIONS

Major areas of food animal practice include the following:

- Bovine practice, which primarily comprises dairy and beef practice. The major life stages of beef practice are cow–calf practice, stocker practice, and feedlot practice.
- Small ruminant practice, which is predominantly caprine and ovine practice.
- Commercial swine practice, which in private practice is predominantly consulting.
- Commercial poultry practice, which comprises chickens, layers (egg production), and commercial poultry (meat) turkey practice.
- Other minor species of commercial food production including aquaculture, rabbits, bison, and honeybees.

The species and type of food animal practice depend on the geographic location of the practice, as various food-producing species are concentrated in certain geographic areas. The majority of food animal-exclusive practices are bovine, either dairy or feedlot practices.

The poultry and swine industries are largely vertically integrated, meaning that one entity maintains ownership through the life span of the food-producing animal. Vertically integrated companies generally employ on-staff veterinarians to oversee animal health. Although these poultry and swine veterinarians are responsible for economic factors relating to animal health, they are not managing a veterinary practice in the traditional sense.

Traditionally, food animal practitioners are responsible for herd heath management, biosecurity, disease identification, and individual animal procedures. Increasingly, however, food animal practitioners monitor herd and individual animal performance and feedback through data collection, analysis and reporting to the producer. They are also increasingly responsible for monitoring and training animal husbandry employees and working within a team to serve the client.

Another shift occurring in food animal practice is away from individual animal practice toward herd health and consulting. Traditionally, producers sought veterinary services for individual animal disease, injury, or emergencies. Progressively, however, veterinarians are filling consultant roles, as advisors to producers on protocols for herd health, increased production, data analysis, animal welfare, and business practices.

In areas of concentrated dairies and feedlots, it is common for practices with 10 plus veterinarians to form in order to consolidate resources and better serve producers. These larger food animal practices are often owned by a group of partners or shareholders and are governed by a board of directors and managed by a dedicated practice manager.

Areas of consulting include:

- Nutrition
- Biosecurity and disease prevention
- Immune enhancement through vaccine and immunology protocols
- Parasite control
- Genetics
- Reproduction
- Animal husbandry practices
- Record analysis
- Antimicrobial usage
- Quality assurance for products (beef quality assurance, milk quality)
- Facility design
- Production data collection, analysis, and reporting.

In a 2016 survey of American Association of Bovine Practitioners (AABP) members, 7% of food animal practices reported that more than 50% of revenues are derived from consulting activities.[1, p.95]

A rapidly increasing area of food animal practice is data analysis and creating individual animal and herd production for producers. This can create value for the producer and place veterinarians in a position of trust and value.

FOOD ANIMAL VETERINARY BUSINESS BEST PRACTICES

Although food animal practice management is extremely diverse, standard best business practices still emerge. A food animal practice owner or manager should develop expertise in the following areas.

Strategic Planning

Partners, leaders, managers and the staff of the practice should gather regularly to discuss the mission, vision and core values of the practice. This should culminate in identifiable and specific goals for the time period. All aspects of marketing, leadership, key performance indicators (KPIs), and finance should focus around the agreed-upon strategic plan.

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1.27. Food Animal Practice Management

Marketing

Developing and following a marketing plan can create greater value while focusing efforts to save money. A marketing plan is generally divided into actions directed at established clients and those aimed at prospective clients. Successful food animal practices often communicate with established clients regularly with newsletters, both in print and digital formats. These newsletters update clients on new services, expertise, and training that practice veterinarians can offer. Often, they will share best practices among area producers, creating a community and value to the client. Many food animal practices also hold regular client events with educational seminars hosted by the veterinarians and possibly product representatives.

Marketing to prospective clients includes digital platforms such as a website and Internet-based information. Food animal clients are a small and select group and require targeted information. Sponsoring community events such as county fairs, livestock shows, rodeos, and trade association events can also reach the targeted prospective customer. However, community goodwill and word-of-mouth advertising is still the principal mode of food animal practice marketing. This is achieved by providing excellent customer service to established clients and encouraging them to tell other producers.

Human Resources

Food animal practices are often larger organizations than their mixed animal and companion animal counterparts. This necessitates organized leadership and human resource (HR) management. Roles and responsibility for a HR manager include organization of the workforce, compensation and benefits management, performance appraisals, and employee development and training. Food animal practices often have fewer paraprofessionals per veterinarian and in some practices veterinarians outnumber paraprofessional employees.

Food animal veterinarians are often better compensated than veterinarians of other practice types.[1, p.42] Practice owners and managers should carefully structure compensation packages for maximum incentivization and tax savings. Benefit packages that take advantage of nonwage compensation should be developed and maintained. These include heathcare, retirement accounts, generous continuing education, use of company vehicle, and paid time off. Other incentivization compensation pieces, such as profit sharing, individual client growth, and partnership status within the organization, are common in food animal practice and should be considered by progressive managers and owners.

Employee motivation and goal setting is also an important aspect of successful food animal practice management. Because the food animal practitioners often work long hours in physically demanding environments, leadership becomes critical. Moreover, associate veterinarians are often separated from the practice for the majority of their day, and providing open channels with regular communication and focus is important.

Finance

Successful food animal practice managers and owners will regularly view and analyze business financials. Because of the variability in practice types and small relative number of food animal practices, comparative analysis and benchmarking across practices is not readily available. However, historical financial analysis of a given practice can be very beneficial.

There are certain key metrics to derive from financial statements. Total revenue should be categorized into the following:

- **Revenue generated by activity:** Amount of revenue by product sales, professional services, ambulatory services, and consulting services and their historical trends, for example, are essential to determining the strength of the business.
- **Revenue generated by veterinarian:** This will show individual veterinarian production and can help to establish where efforts should be focused.
- **Revenue by client:** Because food animal practices generally regularly serve a small numbers of clients, tracking revenue by client can help determine on which clients to focus efforts.

These expenses categories of the practice are monitored most closely:

- **Labor costs:** The largest expense in most food animal practices is labor. Tracking veterinary and paraprofessional labor expenses regularly and as a percentage of revenue is essential for practice financial health. Seasonal variability must be understood and managed for long-term success.
- **Cost of goods sold (COGS):** This expense is highly variable in food animal practices. Some practices rely heavily on product sales from both in-practice retail and off-the-truck sales to producers. These items generally have low markups but can generate large amounts of revenue based on volume. Tracking the cost of goods as a percentage of revenue is necessary to determining financial health of the practice. Regular COGS percentage tracking can identify issues with missed charges, shrinkage, and incorrect pricing. If the percentage of COGS is increasing, then a detailed analysis of the markup percentage, items sold, and ordering history is warranted. For food animal practices that offer large amounts of products to producers, the profitability and long-term success of the practice is often determined by the COGS.
- **Accounts receivable:** The amount owed to the practice is another key metric that can easily cause financial detriment without careful attention. Prudent food animal practice owners and managers will track and manage and update their accounts receivable regularly (see 8.9 – Accounts Receivable Issues).

After historical analysis of financial indicators, a prospective budget, accounting for the projective growth or decrease in revenue should be developed and approved by the practice owners. Successful food animal practices use the annual budget process to implement strategic planning decisions (see 8.21 – Controlling Cash Flow – Budgeting).

Other KPIs that are specific to food animal practice include:

- Active clients per veterinarian
- New clients per veterinarian
- Lapsed clients per veterinarian
- Diagnostic testing costs percentage as a percentage of revenue
- Product sales as a percentage of total revenue.

Lastly, variable external expense factors affect food animal practice more so than companion animal and mixed animal practices. For example, fuel and vehicle costs tend to be variable and fees should be adjusting accordingly. Regular fee adjustments based on distributor and manufacturer pricing should also be scheduled and performed regularly.

Software

A robust practice information management software (PIMS) package is essential for successful medical recordkeeping, herd health analysis, client communications, invoicing, and accounting. Traditionally, server-based PIMS systems were run at the food animal practices' office and ambulatory practitioners or technicians entered medical records, notes, and invoicing after returning from farm calls. Some server-based systems had laptop-based programs that could be taken in the field, then uploaded and integrated back into the server upon return. Some food animal practices modify producer-based herd management systems for practice management use. Cloud-based PIMS are becoming more robust and feature-rich for ambulatory and mobile practices. Cloud-based PIMS do need Internet access to fully function, but widespread use of wi-fi and mobile hotspots allow real-time access to databases from many producer locations.

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1.27. Food Animal Practice Management

EXTERNAL ECONOMIC FACTORS

Food animal veterinary practices are more susceptible to external economic factors than their companion animal counterparts. Many external factors affect the demand for veterinary services and thus the profitability of food animal veterinary practices.

- Domestic and international demand for animal proteins drive production at the farm level, and changes in production levels directly affect the market for veterinary services, more so for smaller producers.
- Commodities prices, in the form of inputs to producers, such as cost of feedstuffs and fertilizers, can affect the producers' demand for veterinary services.
- Consumer behavior, habits, and fears, such as the marked decrease of beef consumption during a disease outbreak, or the overall consumer trend away from red meat to fish, have an impact.[1, p.25] This is evidenced by projections of supply increases in swine (9.9%), poultry (20.8%), and turkeys (12.6%), relatively small projected increases in cattle (2.9%), and decreases in dairy (1.7%) and sheep (6.4%).[2]
- Localized weather patterns can also affect food animal practice revenue and profitability, because of feeding and movement during drought, severe cold, or heat periods.
- International trade factors, tariffs, and disease-related trade restrictions also affect food animal practice. International trade is a major driver of producers' profitability and thus food animal practice revenue.
- Large-scale consolidation in the farm sector of the economy is necessitating changes in many food animal practices as the numbers of clients decrease, but the overall services required of larger producers increase.

Progressive food animal practice owners and managers should track and understand the external factors that can influence their practice and make decisions according to retrospective analysis and best projections. Typically external economic factors are cyclical and temporary but do create issues for managers.

BILLING AND FINANCIAL ISSUES

Food animal practices have historically billed as a "fee for service" model, which means that the client is billed when they call the practice and a veterinarian provides individual animal services and products. As producers consolidate into larger entities and food animal practices shift to herd health and consulting business models, some have begun to change their billing practices to retainer-type fees. Using a retainer-billing model, the client and practice enter a contract where a flat fee is paid for regular visits, services and possibly some products. Here the practice needs to be aware of their costs and the amount of time required for the client, but overall a retainer fee arrangement can simplify billing and save time in the field.

Other progressive fee models include hourly billing for consulting time, protocol development, and training of herdsmen and other employees of the client.

Traditionally, food animal practices carry inventory both in the office and "on the truck" for sale to producers. These are generally vaccines, parasiticides, and antimicrobials. These products are generally of large quantities, relatively expensive and have short expiration dates. They also have specific temperature and handling specifications, which can be difficult to adhere to in an ambulatory vehicle. With the popularity of Internet shopping and expedited delivery, the competition to veterinary practices has dramatically increased and thus potential markups on products has decreased. Additionally, nearly 51% of food animal veterinarians report competition from route trucks delivering supplies, and 26% report competition from technical service veterinarians employed by distributors or manufacturers.[1, p.91]

Some food animal practices have stopped carrying products, some continue to carry the products as a client service gesture, and some have gone to "off-the-truck" delivery, or scheduled delivery from a practice service provider or package delivery service. This reduces the need to carry large amounts and varieties of product but keeps some revenue in the practice.



EXAMPLES

N/A



CAUTIONS

ETHICAL RESPONSIBILITIES

Food animal veterinarians and practices have increased ethical responsibilities due to their role in food safety. They also hold a position of trust in disease identification and control. For example, making a facility's disease public knowledge may be financially devastating to a producer. At the same time, other clients need to have knowledge of biosecurity risks in the area. This requirement of confidentially while serving other area producers and clients can place food animal practices in a precarious ethical and legal position. Mishandling confidentially and disease biosecurity situations can lead to large liabilities and financial risks. Food animal practices should have confidentially protocols and ethical discussions to minimize the risks of liability to the practice.

MALPRACTICE AND RISK MANAGEMENT

Many clients and producers are large economic entities with equally large financial implications. Food animal practices face larger risks of liability due to the potential economic damages of negligence and malpractice than their mixed or companion animal counterparts. Food animals are also typically larger and thus more likely to cause human injury to practice employees, clients, and the public. Lastly, food animal practice employees spend more time traveling in ambulatory vehicles, increasing the risks of motor vehicle accidents. Therefore, malpractice insurance, general liability insurance, worker's compensation, and used and unowned vehicle policy limits should be maximized and maintained as current.

A major source of legal liability and risk to food animal practice is drug residues in foodstuffs such as meats and milk. Food animal practices should have strict drug use policies for veterinarians and producers. Multi-doctor practices should also implement and follow policies on judicious use of antimicrobials, extra-label drug use, and VCPR requirements to minimize risk to the practice at large.

Food animal practices must comply with the Food and Drug Administration regulations concerning medically important antibiotics in feedstuffs (see 9.17 – Veterinary Feed Directives). To comply with VCPR and Veterinary Feed Directive (VFD) requirements, food animal veterinarians must maintain state licensure in all states where animals are housed and feed according to VFD.

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1.27. Food Animal Practice Management



MISCELLANEOUS

ABBREVIATIONS

AMDUCA: Animal Medicinal Drug Use Clarification Act of 1994
ELDU: Extra-label drug use
VCPR: Veterinary Client Patient Relationship
VFD: Veterinary Feed Directive
VMLRP: Veterinary Medicine Loan Repayment Program

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1.28. MIXED ANIMAL PRACTICE MANAGEMENT



BASICS

OVERVIEW

A mixed animal veterinary practice is defined as a practice that services varied species, with at least 25% from companion animal contacts and at least 25% from food animal or equine contacts.[1] Mixed animal practices serve a wide variety of clients and animals, leading to a diverse and varied day but also inherent management challenges.

TERMS DEFINED

Mixed Animal Veterinary Practice: At least 25% of the client contacts are companion animal and at least 25% are either food animal or equine.



ISSUES AND OPTIONS

Managing a business with a broad variety of services and products is inherently more complex than a more focused revenue stream. This increased complexity is the result of several distinct factors.

- Clients and animal owners are diverse in terms of backgrounds, incomes, and uses of their animals. This creates a need for varying customer interactions and product offerings.
- Employees need to have had more broad experience, training, and development. Although employees of larger mixed animal practice can focus on a practice type or species, every team member must be cross-trained and minimally competent in all of the practice product and service offerings.
- Equipment and facility must be more diverse, which requires more capital investment, maintenance, and upkeep.
- Inventory and product offerings must be more diverse, requiring additional capital investment and management.
- As veterinary medicine progresses and the collective body of knowledge grows, a mixed animal practitioner must learn relatively more to maintain practice to the standard of care.

For these reasons mixed animal practice management is more complex and practice profitability is less than species-focused veterinary practices. However, mixed animal practices are a strong component of the veterinary industry and remain a strong draw to joining the profession.

In the United States, mixed animal practices produce approximately $4.5 billion.[2] This comprises about 12% of total veterinary services. Approximately 6% of veterinarians are employed in mixed animal practices in the United States and about an additional 15% are employed in food animal-predominant or companion animal-predominant practices.[1]

On average, mixed animal associates and owners work more hours than their counterparts in companion animal, food animal, and equine practices.[3] They also earn less professional income than companion animal-exclusive and food animal-exclusive practitioners.[3]

The average mixed animal practitioner spends about 30% of their time on dogs, 15% on cats, 10% on horses, 10% on beef cattle, 2% on sheep and goats, 1% on dairy cattle, and 0.5% on swine.[3]

These numbers and statistics show that mixed animal practitioners and their practices serve a very diverse patient population, thus creating management challenges. However, living and working in smaller communities or rural areas is often a lifestyle choice for the veterinarian and their family. Mixed animal practice leaders should embrace the variation in case-load and small community lifestyle when recruiting and retaining talented associates and employees.

COST OF GOODS SOLD

Successful long-term management of a mixed animal practice requires profitability. The factors that most heavily influence profitability are revenue and the variable expenses of cost of goods, veterinary labor, and paraprofessional labor.

Generally, cost of goods is tracked and measured as a percentage of total revenue. The percentages of costs of goods in well-managed mixed animal practices ranges from 18% to 35% depending on the species mix, the amount of ambulatory services, and product sales.

The more companion animal services that the mixed animal practice provides, the lower the benchmarks are for cost of goods. The percentage of costs of goods is influenced by expired product, shrinkage, and prices paid to vendors or distributors.

Other common factors that contribute to a higher than benchmarked cost of goods percentage are improperly priced items, missed charges, or improper discounting. These factors lead to lower revenue and a higher percentage. The mixed animal practice manager must track and manage these factors as a direct correlation to profitability. The wide variation in species, conditions, and medicine creates difficultly in stocking inventory items efficiently. The following are techniques that can reduce the cost of goods sold.

- Tracking inventory turns will aid in determining which products to stock, how much and for what season.
- Just-in-time inventory management, leveraging next-day shipping from distributors can help minimize stocked items.
- Careful consideration should be given to medications that are needed immediately and to those that can wait 1–2 days for client pick-up.
- Practices should consider online-based retail pharmacies that are controlled by the practice and drop ship directly to the client. These services can help the practice retain some of the revenue of the medications without stocking the inventory item while still providing good customer service.
- Medications that are rarely used, are expensive, are needed in emergencies, and have short shelf-lives can be split with local practices that specialize in the labeled species.
- When starting an analysis of inventory costs start with the top 50 invoice items by revenue and the top 50 inventory items measured by expense. Identifying and starting with the most commonly used and bought items will make the largest difference first and help an otherwise very tedious task.
- To help with shrinkage, move large quantities of expensive products to a limited access, locked storeroom. It is essential to count, audit, and track inventory regularly, between once monthly and once quarterly.
- To reduce missed charges, first identify where and by whom charges are not being entered. Most commonly this is in hospitalized patients, in large animal working areas, and on ambulatory calls. Flow charts that follow a patient through the hospital with common charges for highlighting or circling, either on paper or digitally, can drastically reduce missed charges. On ambulatory visits or in large animal areas, use patient visit report forms printed on carbon copy paper to reduce time, give client instructions, and create a record for the technician or receptionist to enter and invoice.

In sum, overstocking, undercharging, and shrinkage of inventory are the most impactful drivers of low profitability in mixed animal veterinary practices. Generally, services are much more profitable for a mixed animal practice.

HUMAN RESOURCES

Labor is usually the largest expense at a mixed animal practice. Labor can be divided into paraprofessional labor, which includes all nonveterinarian staff, and veterinary labor, which includes licensed and practicing veterinarians. Some practices will include a third category of labor compensation for management personnel. Veterinary

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compensation generally comprises 18–30% of total revenue, depending on the amount of ambulatory services and product sales that comprise a practice. Paraprofessional labor expense generally comprises 18–25% of a practice's total revenue.

Together over 40% of all revenue is spent on compensation and truly makes human capital both the largest expense and biggest asset of a mixed animal practice. The cost of employee turnover is often concealed, but is excessive in most mixed animal practices. Therefore, practices should focus management time on hiring, training, developing, and retaining long-term productive team members.

Practice owners and managers that make time and financial investment in developing and training the veterinary and staff team generally are more successful and profitable.

Leadership, guidance and development of team members is essential for successful mixed animal practice management. Leadership books and training generally focus on clear expectations, regular feedback, and consistent accountability by leaders. Many leaders constantly focus on clear and concise communication and seeking feedback and ideas from team members. Other successful leaders concentrate on understanding and answering the legitimate needs of employees while differentiating them from wants.

Scheduling of employees and appointments is a regular challenge of mixed animal practices. This is due to the ambulatory, emergency, and unpredictable nature of practice. Some team members will be more skilled and knowledgeable for areas of practices and even particular clients. Regular and consistent scheduling of types of appointments and team members will help the team and clientele alike.

AMBULATORY MIX

Ambulatory visits to houses, barns, facilities, and ranches are an important component of mixed animal veterinary medicine. The reasons that clients prefer ambulatory medicine include convenience, less stress on the animal, inability to transport, impracticality to transport, and lack of adequate facilities at the mixed animal practice. In general, the less time the mixed animal veterinarian spends in transit, the greater revenue that they can produce. For solo and two-doctor practices, this becomes an impactful issue because of the fixed costs associated with the practice sitting relatively inactive while the veterinarian produces less revenue. As practices grow to four or more full-time equivalents (FTE), profitability increases partly because of the ability to greater leverage fixed costs. When pricing the charge for an ambulatory visit, the practice should consider opportunity costs in the hospital, transportation costs, and time of staff and labor.

The cost associated with transportation is increasing, including capital outlay for a capable vehicle, depreciation of the vehicle, fuel, and maintenance costs. These costs should be factored into pricing the ambulatory visit; however, it is unlikely that the market will bear the entire cost to the practice.

INCENTIVIZING CLIENTS TO "HAUL-IN"

Emergency Medicine

Mixed animal practices commonly provide emergency services. Emergency and after-hours care is an excellent customer service, often providing better patient care and generally being profitable to the practice. However, providing emergency services is a major cause of burnout and fatigue, ultimately leading to individuals leaving mixed animal practice or veterinary medicine entirely. The following factors can balance the necessities of mixed animal emergencies:

- Practices with four FTE veterinarians report less burnout and fatigue than smaller practices, possibly because of the reduced workload and ability to rotate the on-call schedule.
- Consider a veterinary-trained answering service to triage and forward after-hours calls only after the client has agreed to the emergency fee.
- Create an on-call schedule for technicians and assistants to aid the veterinarian during after-hour calls, provide better patient care, and expedite the call.
- Compensate employees with all or a percentage of the emergency fee to incentivize accepting the emergency.
- Watch for signs of anxiety and burnout and provide weekday breaks for those on weekend call.

COMPENSATION OF VETERINARIANS

A high percentage of mixed animal associates (60%) are paid on salary compensation, whereas their companion animal associate counterparts and a few mixed animal associates are paid on salary and production compensation or straight production compensation.[4] Straight salary tends to be easier to calculate, is more predictable for both parties, and does not incentivize competitive behavior among associates.

- Straight production compensation packages do not provide a safety net or base for the associate, although they ensure the practice that the associate will not be overpaid.
- "Base or production" compensation packages provide a base salary to the associate but allow associates earn production compensation once the production threshold is met. "Base or production" can be thought of as a hybrid of straight salary and straight production compensation packages.
- Straight production and "base or production" compensation is more time consuming to calculate, requires the provider of each transaction to be recorded correctly, and can incentivize price gouging and competitive behavior by the associates.

Many services and products in mixed animal veterinary medicine have different markups and profitability. Setting singular production percentages across all products and services has the effect of creating losses to the practice for some transactions and windfalls for the associate on others. Before setting associate production percentages a mixed animal practice must know and understand the markups and profitability of commonly used items and services. Because of the wide variation in practice species and product service mix it is difficult to create one-size-fits-all compensation packages.

Taxable and Nontaxable Compensation

Mixed animal veterinarians and staff in the United States pay income tax and payroll tax on compensation that is reported on their IRS W-2 form. Regular salary, production compensation, and bonuses are required to be reported. As a general rule, all compensation and benefits that flow from an employer to employee is reportable W-2 wage compensation. Congress and the IRS, however, have created exceptions from reportable compensation. The following are nontaxable benefits that are common to associates in mixed animal practice:

- Health insurance, health savings account (if applicable), retirement account, liability, disability and life insurance, cost of travel, lodging, registration and meals for continuing education, state licensure, DEA registration fees, cell phones (primarily business), national and local association memberships, Veterinary Information Network (VIN) or other educational platforms, vehicle expenses or allowance, use of lodging (if required for employment), paid vacation, sick and continuing education leave.

CLIENT SERVICE AND SATISFACTION

A mixed animal practice owner or manager should realize that client service and satisfaction are keys to long-term success and profitability of the practice. Team culture should center on service to the client and their animals. Once that is established, other factors will then become easier to manage and control.

MARKETING

Due to their location in small rural communities, many mixed animal practices market via community outreach and involvement campaigns. Most common are sponsorships in youth or school-related events, local sporting or entertainment events, area livestock or equine-related shows or performances, and overall community involvement such as the local Chamber of Commerce, church and school activities, or local government.

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This leads to individual relationships and word-of-mouth advertising generating goodwill within the community. However, the more mobile or transitory a community is, the greater the return on other forms of marketing. Web or digital-based marketing, such as websites, listings on search engines services, map-based and direction services, for example, usually generate good return on investment in mixed animal practice. Social media advertising and marketing should also be a part of any marketing plan. In addition, print advertising such as local newspapers or community guides can generate client visits in some communities.

Internal marketing programs are essential to long-term success. The most common are reminder systems, notifying clients of upcoming wellness examinations, vaccinations, dental procedures, and other preventative medicine. Large animal client development programs are also commonly successful. These include education events, invited speakers, social events, youth programs, and other community building events.

Practice owners and managers should develop a marketing plan based on the type of client they are marketing to, existing or potential, and the type of client that they want to reach. At times this will involve separate and distinct marketing efforts to distinct market segments.

A mixed animal practice should build on the community that is naturally formed around clients and their pets, animals, livestock, and livelihoods. In many communities the mixed animal practice becomes a center of commerce and community. The veterinarians become leaders in the community, generally active in youth programs and other social events. This is excellent goodwill and marketing, leading to consistent client flow, but requiring constant internal focus on customer service, revenue capture, and expense management.

PRACTICE MANAGEMENT SYSTEM

A robust and versatile practice information management system (PIMS) is essential for mixed animal practice management. The PIMS software must be flexible, with data input for multiple species, owners, and caretakers. Within the software program, the practice should develop a system for tracking over-the-counter product sales for herd health.

Medical recordkeeping systems that can track herd health, individual patients, and owners with multiple species are essential. Electronic medical records (EMR) can aid in efficiency, transportability, and security of medical recordkeeping.

In a PIMS and EMR system, robust reporting capability is essential. Reporting, key performance indicators (KPIs), and metrics are discussed below.

Managers should focus on PIMS with workflow automation, reduced clicks for common tasks, and streamlined steps. Proper selection and utilization of the PIMS can reduce staff labor by creating more efficient workflows. Most PIMS packages are grossly underutilized by mixed animal practices, leading to inefficiencies, increased expenses, and reduced revenues.

Proper inventory tracking within the PIMS is particularly important for mixed animal practice management.



EXAMPLES

METRICS AND KEY PERFORMANCE INDICATORS

Mixed animal practices are complex and relatively difficult to manage compared with single type practices. An old business adage is "You can't manage what you don't measure." Tracking of KPIs is vitally important to mixed animal practice management. Unfortunately, benchmarking data is rare and can be misleading due to the wide variation in mixed animal practices' species mix, and haul-in and ambulatory mix. These factors are largely dependent on factors outside the control of managers, such as location, demographics, and clientele. However, studying the reasons for data variation within benchmarking and how they apply to the individual practice is important for effective practice management.

KPIs pertaining to revenue include revenue by category, revenue by species, revenue by FTE doctor and individual doctor, discounts, and missed charges. Expense metrics should be tracked as an aggregate dollar and as a percentage of revenue and these include professional veterinary labor expense, paraprofessional staff labor, cost of goods sold, and fixed cost.

Client and patient numbers should be tracked and these should be broken down by species and by in-hospital or ambulatory examination. KPIs to consider include new clients, active clients, lost clients, patient visits by doctor, and sources of new clients.

Accounts receivable in a mixed animal practice can be a very detrimental financial indicator. Mixed animal practices should track accounts receivable by species, by doctor, as well as by the total and aging reports.

Other KPIs that significantly impact financial performance include total paraprofessional and overtime hours as well as the total number of paraprofessional hours per transaction per species. This ratio will give the manager trending data on the efficiency and time available to spend with the patient and client.

SERVICE PRODUCT MIX

Regarding staff employment, mixed animal practices employ fewer paraprofessional staff than their companion animal-exclusive or food animal-exclusive counterparts.



CAUTIONS

LIABILITY AND COMPLIANCE

Employment in a mixed animal veterinary practice can be dangerous work. Common injuries to employees include those caused by lifting heavy objects, injury due to inadequate working facilities, scratches, bites, and kicks from fractious animals, motor vehicle accidents, and heat stress. A mixed animal practice owner or manager should understand and mitigate these risks.

Other less common but devastating injuries include exposure to cytotoxic drugs and radiation during pregnancy or otherwise, and exposure to zoonotic disease.

FOOD AND DRUG ADMINISTRATION

Regulations that commonly affect mixed animal practitioners include food animal residues from either banned or restricted drugs in food animal practice. Always check labels, known residues, provide client information, and obtain consent before prescribing or dispensing medications to food animal species.

- Mixed animal practitioners must have knowledge on how to legally issue Veterinary Feed Directive orders and properly create the medical record (see 9.17 – Veterinary Feed Directives).

DRUG ENFORCEMENT ADMINISTRATION

Proper storage, transportation, tracking and recordkeeping of DEA controlled drugs is a common source of potential liability for mixed animal practices. It is essential that correct controlled drug procedures are followed at all times.

Similar risk management and liability insurances are needed for mixed animal practices, with the exception of commercial vehicle policies for practice-owned vehicles and unowned and used vehicle policies for use of owner and employee vehicles due to the mobile nature of mixed animal practice.

Occupational Safety and Health Administration (OSHA) potential safety hazards are often found in mixed animal practices. Commonly included are cytotoxic and hazardous chemicals and drugs. This

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includes chemotherapy drugs, prostaglandins, anesthetics, and immunosuppressive drugs. Cleaning agents, needles, sharps, and other hazards pose additional safety hazards.

To mitigate these risks, protocols for handling should be developed and employees should be trained on the hazards and how to handle spills and other events. Employees should have access to and be required to wear personal protective equipment when handling possible hazards. Potential exposure to radiation, chemotherapeutics, and prostaglandins should be eliminated for pregnant or nursing women.



MISCELLANEOUS

ABBREVIATIONS

AVMA: American Veterinary Medical Association
DEA: Drug Enforcement Administration
EMR: Electronic medical record
FTE: Full-time equivalent (veterinarian)
KPI: Key performance indicator
PIMS: Practice information management system
FDA: Food and Drug Administration
OSHA: Occupational Safety and Health Administration

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Section 2

Administrative Management

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2.1. WORKPLACE MANAGEMENT



BASICS

OVERVIEW

• Workplace management is about balancing the needs of those receiving care through the hospital with those providing the care.
• Building the support infrastructure into the practice business model is essential for this purpose, and can make the difference between the business strategically driving outcomes, or the outcomes driving the business.
• Most veterinarians are trained to deal with healthcare issues and are not necessarily trained in how to manage the business aspects of the workplace, but a hospital cannot survive and thrive without both aspects being managed effectively.

TERMS DEFINED

Economy of Scale: The reduction in cost per unit that results when operational efficiencies allow increased production. Thus, there is an increase in savings because as production increases, the cost of producing each additional unit decreases.
Economy of Scope: The reduction in costs of operations when a company enters two or more markets where the operations in one market can be used to make operations in another market more efficient.
Holacracy: A flat organizational structure in which authority and decision-making are controlled by self-organizing teams rather than by a management hierarchy.
Open-Book Management: The premise that employers should share with employees the measures of the practice's business success so that employees better understand the efforts that impact the success of the business.
Profit Center: A section of a practice that can be assessed in terms of its revenues and expenses (e.g., surgery, imaging, or laboratory).



ISSUES AND OPTIONS

ATTITUDINAL DIFFERENCES

• It is important to realize that operating a for-profit veterinary hospital is done with the intention that the business should be profitable.
• Although this is true, veterinarians often perceive that there must be some charitable component to the business, which partly explains the relatively low salaries not only of veterinarians, but also of the other positions employed by the hospital.
• Partially associated with this attitude is the misconception that clients do not want to spend money for veterinary care. There is abundant evidence that pet owners spend more money on their pets with every passing year, although it is clear that the growth in spending on veterinary care may be much less. This implies that clients might not be recognizing the value in the veterinary care offered, rather than a reluctance to indulge their pets in appropriate veterinary care.
• The main impediment to growth in veterinary spending is likely a failure on the part of the veterinary profession to communicate effectively with clients about the importance of following recommendations, and perhaps the value of those services being offered.[1] Improving communication skills is the most effective way to increase revenue generation in veterinary hospitals.

BUSINESS MODEL DIFFERENCES

• The current business model for veterinary practices in the United States is to have many small primary care hospitals serving communities (see 1.1 – Models of Veterinary Practice).
• Most of these practices have relatively few full-time equivalent veterinarians and limited opportunities to grow substantially, other than by mergers and acquisitions.
• Each hospital has essentially the same types of services to offer, and the same types of equipment.
• Accordingly, there are relatively few opportunities to improve economies of scale and/or scope, which makes it difficult to be more competitive in pricing.
• Because of high fixed overhead costs and the necessity of providing some services that might not be profitable, hospitals sometimes engage in pricing that makes little sense from a profit center perspective (see 7.12 – Pricing Strategies).
• Staff are often confused by veterinary pricing schemes, and if they are not certain where the value is delivered, then they are likely to be less than convincing when delivering that message to clients.
• Partially because of the confusion with the veterinary business model, there is often a dichotomy between the goals of practice owners and managers who are seeking to maximize revenue generation, and associate (employed) veterinarians and nonveterinary staff who are often most concerned with meeting the needs of clients while saving them money.

GENERATIONAL DIFFERENCES

• It is natural for there to be differences in attitude among generations in the workplace, but the veterinary business model often makes it difficult to reconcile some of these differences within veterinary hospitals (see 1.13 – Generational Differences).
• Currently, many of the veterinary hospitals in the United States are owned by the Baby Boomers and Generation Xs, but most young

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veterinarians in the marketplace are Generation Y (Millennials), and they already account for more than half the employees in most practices. While most attention is focused on Millennials, veterinary practices are starting to see Generation Z (iGeneration) individuals entering the marketplace, especially for receptionist and paraprofessional positions.

- Millennials tend to set high standards for themselves, but in return they expect their work to be fulfilling, and they have hopes that they will receive mentorship, clear career path advice, ongoing training and education, and a workplace that blends well with the rest of their life.[2]
- Millennials represent the largest population of pet owners as well as veterinarians, but there are concerns that today's veterinarians do not appear to be that interested in practice ownership and those changes are very apparent. In 2006, 53% of veterinarians surveyed aspired to veterinary practice ownership, but by 2016, that number had dropped to 30%.[3]
- Currently, the majority of pet owners in the United States are Millennials, so the veterinary workplace needs to change to meet the needs of this demographic.

GENDER DIFFERENCES

- It is an inescapable fact that there is a major demographic shift in the veterinary profession as far as gender is concerned.
- In most veterinary schools in the United States, over 70% of the classes are female, with some schools approaching 90%. Although men used to predominate in the profession, that is no longer the case and the current population of licensed veterinarians is close to parity between the sexes. And women are bound to predominate in the years ahead if current student ratios persist.
- Regarding practice ownership, nearly 60% of practice owners are male, whereas almost 75% of associate veterinarians are female.[4] The salaries of female veterinarians seem to lag behind those of their male counterparts, but males typically work longer hours.
- To date, it is unclear what effect this demographic shift in the profession will have. At present, it does not seem to affect practice ownership as men were actually less likely than women to aspire to practice ownership.[3]
- In the United States, new graduate veterinarians are more likely to be female, veterinary technicians/nurses are more likely to be female, and receptionists are more likely to be female, so whatever changes come with the female predilection for the profession are likely to be magnified in the years ahead.

OPEN-BOOK MANAGEMENT

- The premise of open-book management is that organizational business information shared with employees not only helps them to do their jobs better, but helps them understand their role in the company and the company's ultimate success.
- It is important to realize that open-book management does not require business owners to share sensitive financial data with staff. In most instances, the information presented may be productivity ratios, or key performance indicators (see 7.8 – Key Performance Indicators) that allow employees to see how their overall efforts are reflected, positively or negatively, in the company's financial performance. For example, if the company's target is to keep nonveterinary wages below x% of total revenue, it is easy for everyone in the hospital to check if things are on target if they have access to this statistic.
- When employees understand the metrics of business success for the hospital, it is easier for them to appreciate how altering their performance to move those numbers in the needed direction can improve outcomes for all concerned.

CHANGE MANAGEMENT

- The care of pets is changing profoundly and it will be the ability of veterinary hospitals to change along with it that will ultimately determine the success or failure of many veterinary hospitals (see 2.7 – Change Management).
- For many years, practices have been perhaps over-reliant on revenues from product sales, which allowed them to undercharge for professional services while keeping overall profitability stable.
- With the advent of the Internet, and many products entering the retail channel, it has been challenging for veterinary hospitals to consider pricing their products competitively now that the marketplace is much more transparent.
- This poses a concern for the overall business model because veterinary owners are now going to have to be much more aware of individual profit centers and be prepared to price their professional services much higher than they have done previously.
- In addition to pricing issues, veterinary practices will need to be more responsive to the needs of pet owners. This includes taking a lifelong perspective to healthcare needs, rather than concentrating on individual transactions (see 4.9 – Lifelong Excellence in Healthcare).
- To be effective, all employees will need to be aligned around the common hospital mission, and will need to effectively charge clients for the value they receive.

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2.1. WORKPLACE MANAGEMENT

• Telehealth options are likely to be more important to the veterinary business model as veterinary teams seek to provide services requested by clients (see 4.24 – Telehealth).
• New business models are being contemplated in some sectors, including self-management models like holacracy. While on the surface, it might appear that such systems lack structure, in reality, the teams are the structure, the teams govern themselves, and leadership tends to be distributed among roles rather than individuals.[5] There are a variety of such self-management terms (e.g., podularity, circle, cabal, etc.) and some are bound to take root in the veterinary workplace.

WORK-LIFE BALANCE

• Everyone functions better with appropriate work-life balance, but this can be difficult in veterinary practices where profitability is a concern.
• Some of the issues are generational in nature, yet they cannot be ignored. Members of the Baby Boomer generation that started many of the veterinary practices currently in existence were used to working long hours with few niceties, and there might be some resentment among Millennials who might not share the same motivations.
• On the other hand, we are at a crisis point, with new graduates who value work-life balance but have relatively meager starting salaries, given the student debt they likely need to service.[6]
• Despite this issue and the fact that there is no shortage of veterinary clinicians, veterinary schools have actually increased the number of graduating students, and new veterinary schools are under consideration, creating additional concern for the future of the profession.[7]
• The salary concerns do not end there. Many veterinary paraprofessionals and receptionists do not make enough money for them to be considered independent and able to regard their job as a career that would allow them to own a home and make a living in their work position.

REGULATORY COMPLIANCE

• Although veterinary medicine in many respects is a "mom-and-pop" industry, hospitals still need to be accountable for many aspects of practice.
• Product dispensing and administration is the largest revenue center in most veterinary hospitals, but is tightly governed in the United States by a variety of laws and agencies, principally the Food and Drug Administration (FDA) for prescription drugs, the Environmental Protection Agency (EPA) for over-the-counter medications such as many flea and tick-control products, and the US Department of Agriculture (USDA) for pet foods.
• Hospital employees are protected under many different laws that regulate pay, conditions, and allowed work hours. The workplace itself warrants safety precautions, most regulated by the Occupational Safety and Health Administration (OSHA).
• Operating a business contrary to any of the current regulations is not only improper and can lead to fines and other punishments, but also undermines the sanctity of the workplace for all who work and do business there.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

EPA: Environmental Protection Agency
FDA: Food and Drug Administration
OSHA: Occupational Safety and Health Administration
USDA: United States Department of Agriculture

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2.2. ORGANIZATIONAL CHARTS



BASICS

OVERVIEW

An organizational chart is a visual representation of the positions within the veterinary practice team and how communication should flow among these different positions. The resulting picture illustrates the various levels of management, from the floor workers with a small amount of authority on one end, to the practice owner as the highest authority on the other. The organizational chart typically resides in the employee handbook or policy manual.

TERMS DEFINED

Associate Veterinarians: Veterinarians who work for the practice but do not have any ownership in the business.

Board of Directors: The collective ownership or overseers of the practice.

Employee Handbook (Policy Manual): Document that describes the employment policies of a specific employer, describing what the employer expects of the employee, and what the employee can expect from the employer. This term puts the focus on the audience of the document so that it is produced for the employees.

Floor Workers: People on the veterinary team who are doing the hands-on work of a veterinary practice. These people are not involved in the management of the business, but instead are the first line for taking care of the patients and clients.

Hierarchy: Classification of people in accordance to their professional standing or position of authority.

Hospital Administrator: Typically a person in leadership who understands the owner(s)' strategic plan, and directly assists in guiding the business in that direction. This position is typically seen in larger hospitals with 30 or more employees.

Lead Position (Shift Lead): The first level of management, the person who becomes responsible for providing the closest observation of the floor workers. This person still works their assigned floor position for the majority of their time. They may oversee a certain position on the team or a certain area of the facility. Typically, they serve in a leadership role in the event of a crisis during their work shift, particularly if the practice is open nights and/or weekends.

Management: In this context, the combined efforts of the people responsible for overseeing the production of the employees and operations of the facility. There can be multiple levels of management depending upon the size of the facility and how many people it employs (i.e., a very large practice can have a hospital administrator, a practice manager, and an office manager in place).

Office Manager: Typically a person in leadership who is responsible for the operation of the front office of the practice and the performance of the client service team.

Policy Manual (Employee Handbook): Document that describes the employment policies of a specific employer, describing what the employer expects of the employee, and what the employee can expect from the employer. This term puts the focus on the content of the document, and the policies existing within the document.

Practice Manager (Hospital Manager): Typically a person in leadership who is responsible for the overall operation of every area within the facility and the human resource functions for the entire staff of a hospital that employs 6–30 employees.

Supervisor: The person responsible for overseeing a larger number of people or larger area of the facility than the lead position. This person continues to work some of the time on the floor, but the majority of the time they are involved in the management of the business.



ISSUES AND OPTIONS

It is necessary for communication to flow in both directions on an organizational chart to achieve a well-managed business.

- In a small practice, the flow of communication is easily understood, as the "boss" or practice owner can discuss and announce decisions to each individual on the team. At this size, it is likely that everyone knows how to perform every position needed in the facility, from running the front office, to assisting the veterinarian, to providing animal care and medical support (Figure 2-2-1).
- As the practice grows, and more associate (non-owner) veterinarians are hired, the number of support staff increases. Oftentimes position specialization begins to happen as well. There are a few employees who stay up front to excel at running the office, there are a few employees who concentrate on assisting and animal husbandry, and there are a few employees who provide nursing care to patients and medical support to the veterinarians. It becomes more difficult for the boss to individually inform each person about changes and solicit appropriate feedback, so a "point person" is established. This is typically an office manager or practice manager, and this person relays the decisions or questions from the boss to the employees, and vice versa (Figure 2-2-2).
- As each area grows, it becomes necessary to have someone who is working that specific position or area keep an eye on productivity and efficiency for that inner team. This is when the practice may develop a supervisor for that area. The manager relays information to these supervisors, who then relay the information to the team members who directly report to them (Figure 2-2-3).
- Communication takes on many forms, and needs to go in both directions. The organizational chart depicts the flow of communication from the boss or upper levels down to the subsequent levels when information is relayed. The chart also functions when there

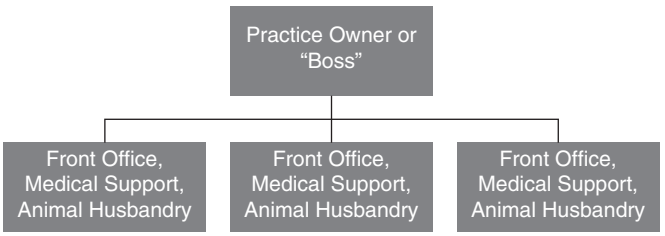


Figure 2-2-1.

Organizational chart for a small practice.

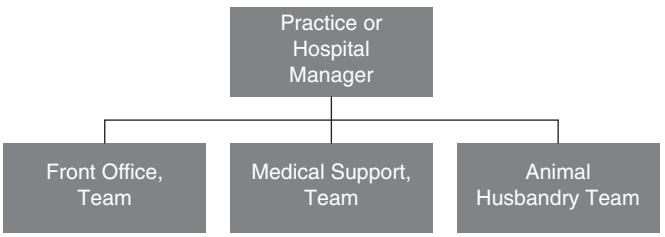


Figure 2-2-2.

Organizational chart for a medium-sized practice. Note: the practice/hospital manager answers to the practice owner or board.

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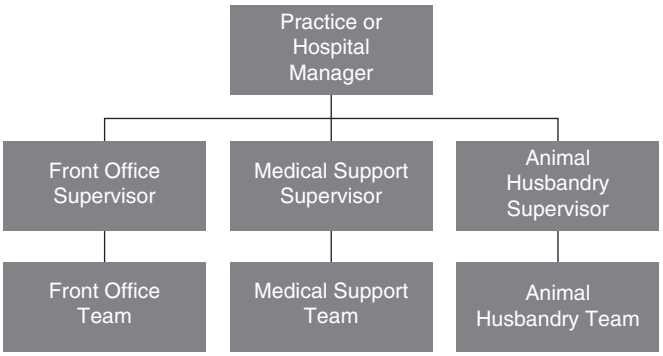


Figure 2-2-3.

Organizational chart for a large practice. Note: the practice/hospital manager answers to the practice owner or board.

is an issue or problem to demonstrate to the employee who to seek first when trying to resolve the issue. If a member of the front office has an issue, they know to go first to their lead for that shift or supervisor in that front office area. If needed, that supervisor will take the issue a step further to the office or practice manager. If the issue remains unresolved, then the manager will approach the boss or practice owner.

EXAMPLES

N/A

CAUTIONS

The organizational chart is one of the fundamental human resources tools, but there are concerns including the following:

- A small organization does not necessarily need a chart (Figure 2-2-1) to represent the relationship between the team members. When the organization grows to four or more people total, this diagram needs to become part of the practice's business story.
- When team members are allowed, or encouraged, to communicate with someone other than the person designated by the next "level" of the chart, this can set up a precedent for future communications to be misrouted.
- When team members are allowed, or encouraged, to communicate with a person who is in the second level up rather than the person designated by the next "level" of the chart, the authority of the person at that first level is ignored or damaged.
- The concept of the organizational chart depicting the flow of communication should be stressed, so that team members do not think the main purpose is to dictate who is "over" or "above" others on the chart. For this reason, it is uncommon but can be advisable to flip the chart onto the horizontal axis.

When introducing the concept to the veterinary team, one should not imply that the organizational chart ranks people in regard to their skills, personality, or contribution to the team; instead, it describes a conduit of communication that everyone on the team will benefit from learning and using.

MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

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2.3. MANAGING PEOPLE



BASICS

OVERVIEW

Managing people is about developing trust and respect.

- Trust and respect are earned, not granted to a manager.
- Identify dysfunctions that disrupt the efficiency, involve the team to solve the problem, implement the developed solution, and coach the employees to success.
- Successful management involves the integration of leadership skills (see 2.12 – Leadership).

TERMS DEFINED

Culture: Set of shared attitudes, morals, values, and goals that characterizes an organization.
Delegating: Entrusting a task or a skill to another person.
Employee manual: Document that details the policies, procedures, standards of conduct, and expectations for employees.
Empowerment: Authority of power given to someone to do something (carry out a task that has been delegated).
Human Resources: Managing the workforce of an organization as a significant asset. The main component of managing people. Typically refers to hiring, administration, and training of personnel.
Leadership: The means of social influence in which a person can enlist the support of others to achieve a common goal.
Mentor: Team member assigned to a new employee that serves as a trainer.
Open-Book Management: Process of sharing the financial information of the business with employees.
Standard Operating Procedure (SOP): A collection of documents detailing how hospital protocols are to be carried out. This can be used as a teaching manual as well as a reference guide for procedures that are not often carried out.



ISSUES AND OPTIONS

- Basic management of a veterinary practice includes organizational development and employee development:
  - Organizational development is the development, improvement, and effectiveness of an organization and includes the culture, values, system, and behaviors of such practice.
  - Employee development helps improve the vision, empowerment, learning, and problem-solving abilities of team members.
- To effectively manage people, a manager must have the skills to be a leader and facilitator. There must also be reciprocity of trust and respect. Allowing people to use and professionally develop the skills for which they were hired promotes their confidence, making them feel valued by the hospital and willing to continue to grow professionally.
- Leadership is vital to the success and growth of a practice (see 2.12 – Leadership). Leadership is influence; a leader is one who influences others, motivating them into action and inspiring them to become the best they can be. Leaders in veterinary practice must guide effective communication and create an environment that facilitates teamwork. Through good leadership, team members can appreciate how they contribute to the big picture of exceptional patient and client care.
  - Inexperienced managers may manage with a "lenient" approach, in which they allow employees to do as they please to keep them happy. This type of management style stifles practice growth and prevents employee development.
  - Over-authoritative managers manage with a dictatorial style, indicating "it's my way or the highway." This type of management style also stifles practice growth, as team members fear expressing their opinion or making suggestions. These managers are often micromanagers, preventing growth and empowerment in employees.
- Open communication is the cornerstone to employee satisfaction and building of business. It is advisable to practice open-book management with employees. Employees want to learn and understand the business and goals of the practice, but cannot do that without having the knowledge of how much it "costs" to run the business.
- Employee turnover is expensive; be sure to consider the costs of offboarding the employee, advertising the position, and interviewing, hiring, and training of the new employee. It is estimated that turnover costs 1.5 times the salary of the person that was terminated. Develop a culture that supports employee growth and maintains a low turnover rate (see 3.14 – Staff Development).
- Other useful management techniques include the following:
  - Create a positive culture by implementing and tying performance to the practice mission, vision, and core values statements (see 14.9 – Mission and Vision Statements).
  - Develop trust and respect from team members by working side by side with them on a daily basis. Managing from a desk inhibits the understanding of problems and finding solutions to inefficiencies. Working with individuals allows personal coaching, facilitates training opportunities, and enables the manager to determine tasks that can be delegated to appropriate individuals.
  - Keep employee conversations confidential. Do not share corrections, discussions, or coachings with anyone other than the individual team member.

COMMUNICATION TOOLS

- Utilize face-to-face communication versus email, texting or phone calls.
- Remember that a message has three components: verbal, paraverbal, and nonverbal. Verbal (the words used) accounts for 7% of the message; paraverbal (tone of voice) accounts for 38% of the message; nonverbal (eye contact, facial expressions, posture, etc.) accounts for 55% of the message. As a manager, pay attention to what the body language is saying. Keep the tone of voice in check, ensuring the message is not unintentionally condescending.
- Maintain an employee manual and update it annually. Train upon hiring and/or when changes have been made (see 3.21 – Employee Manuals).
- Maintain a book of standard operating procedures (SOPs) to enable the completion of tasks in a consistent manner. This will also serve as a training manual for new employees (see 2.22 – Procedure Manuals).
- Establish a mailbox for each employee, allowing messages and interpersonal communication to be delivered.
- Maintain an employee bulletin, allowing notices to be posted, required posters to be visible, and safety data sheet (SDSs) to be posted for 30 days when new products have been received.
- Host regular staff meetings to build and maintain open communication procedures. All employees should be encouraged to participate and provide opinions, problem-solving solutions, and education to fellow team members. Maintain a summary of notes and place in employee mailboxes immediately following the meeting.
- Encourage "morning huddles." Identify which clients and patients are scheduled for the day and discuss methods to deal with difficult clients.

Teams that practice open and honest communication encourage ideas and opinions and are open to disagreements and discussions. Strong teams are likely to have disagreements (a healthy part of communication); when disagreements are aired, all opinions can be discussed. With open communication, members are more likely to resolve conflicts quickly and constructively and will not need the help of management. Each team member is more likely to accept and understand others' thoughts and opinions, and accept them with an open mind. Open communication is a major component of a successful practice.

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TOOLS FOR DELEGATING

Delegation often fails because of the person delegating the task, rather than the person to whom the tasks were delegated.

- Use the SMART system to delegate effectively.
  - S – Be Specific. Write down the exact task being delegated.
  - M – Measurable. Determine how the task is going to be measured for successful completion.
  - A – Attainable. Is the task that is being delegated attainable for the person the task is being delegated to?
  - R – Resources. Does the person that is accepting the task have the resources to complete the task? Be sure to ask the person what they need, not what the manager thinks they need.
  - T – Time bound. Predetermine dates together, preventing the perception of micromanagement.
- Encourage two-way communication when delegating. If the delegatee is not asking questions, they may not have a full understanding of the task being delegated.
- Empower the person receiving the delegated tasks. Allow them to carry out the task without muddling. Empowering is the concept of encouraging and authorizing workers to take initiative to improve operations, reduce costs, and improve the quality and quantity of service.
- Delegate items that inherently play to a person's strengths. Recognize that different people have different strengths.

Empowering team members to use their skills brings satisfaction to the employee, veterinarian, and client. The goal is to have team members who can manage themselves individually as well as their own projects. Teams that are engaged in daily operations are proactive and strive for the highest quality of care for patients and clients while striving to improve profits for the business.

TRAINING AND COACHING

- Create phase training programs for all positions in the practice. Allow the onboarding process (see 3.9 – Staff Orientation) to take place over weeks to months (depending on the experience of the individual).
- Training is teaching: memorize the SEE, SAY, and DO methods:
  - Talk through the demonstration (SEE and SAY).
  - Allow them time to ask questions (SAY).
  - Have them DO it (DO).
  - Repeat until they can satisfactorily perform the task.
  - Repeat several days later, ensuring content retention.
- Use trainers with positive communication skills.
  - Provide trainers with Leadership and Adult Learning Theory Training.
- Schedule and allow training time.
- When training, use visuals such as videos, 3D animations, and models.
- Build continuing education into the budget. Encourage a minimum number of hours per year for every employee to attend professional development courses.

HUMAN RESOURCE TOOLS

Employment practices encompass implementing a hospital policy and manual in legal compliance with federal and state regulations. Some state regulations supersede federal when they are more stringent.

- Establish personnel records that document coaching conversations, verbal and written warnings, and performance evaluations.
- Develop hiring protocols that are consistent with state laws to prevent discriminatory practices.
- Develop coaching and termination procedures that protect the manager from discrimination claims.
- Remember that employee relations encompass crisis management, harassment issues, investigating and documenting, health and safety, and employee development.
- Prevent employee bullying practices and create a safe working environment for all team members.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

SDS: Safety data sheet
SOP: Standard operating protocol

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N/A

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2.4. Working in Teams



BASICS

OVERVIEW

• People in any workplace talk about building the team and working as a team, but few understand how to create the experience of teamwork or how to develop an effective team.
• Belonging to a team, in the broadest sense, is a result of feeling part of something larger than yourself. It has a lot to do with your understanding of the mission or objectives of your organization.
• In a team-oriented environment, you contribute to the overall success of the organization and you work with fellow members of the organization to produce these results. Even though you have a specific job function and you belong to a specific department, you are unified with other organization members to accomplish the overall objectives.
• The bigger picture drives your actions; your function exists to serve the bigger picture.
• It is important to differentiate this overall sense of teamwork from the task of developing an effective intact team that is formed to accomplish a specific goal. People confuse the two team-building objectives. This is why so many team-building seminars, meetings, retreats, and activities are deemed failures by their participants – leaders failed to define the team they wanted to build. What you would do to develop an overall sense of teamwork is different from building an effective, focused work team.
• Executives, managers, and organization staff members universally explore ways to improve business results and profitability.
• Many view team-based, horizontal, organization structures as the best design for involving all employees in creating business success.
• No matter what you call your team-based improvement effort – continuous improvement, total quality, lean manufacturing, or work teams – you are striving to improve results for customers.

TERMS DEFINED

Forming: Members are uncertain about rules, roles, and expectations.
Horizontal versus Vertical Organization: Technical terms for describing a nonteam environment (vertical) or a team environment (horizontal).
Inner Leadership Qualities: Qualities an individual must have as inner strengths to be an effective leader: vision, self-belief, integrity, courage, and being results-focused.
Norming: Working styles are agreed to and systems are set up.
Outer Leadership Qualities: Qualities an individual must possess as outer signs that he or she can be an effective leader: communication skills, visibility, ability to work in teams, attentiveness, and commitment.
Performing: Teams work positively, creatively, and productively together.
Storming: Members come into conflict over goals and personalities.
Task Objective versus Team Objective: Many "teams" come together because a task needs to be completed and that is a bit of "the cart before the horse." It is important to remember that these are separate functions.
Team/Group Stages: A team grows and changes markedly during its lifetime. The process of development has been described as having four stages – forming, storming, norming, and performing.



ISSUES AND OPTIONS

TOOLS/THE 12 CS FOR TEAM-BUILDING

Clear Expectations

• Has executive leadership clearly communicated its expectations for the team's performance and expected outcomes?
• Do team members understand why the team was created?
• Is the organization demonstrating constancy of purpose in supporting the team with resources of people, time, and money?
• Does the work of the team receive sufficient emphasis as a priority in terms of the time, discussion, attention, and interest directed its way by executive leaders?

Context

• Do team members understand why they are participating on the team? Do they understand how the strategy of using teams will help the organization attain its communicated business goals?
• Can team members define their team's importance to the accomplishment of corporate goals?
• Does the team understand where its work fits in the total context of the organization's goals, principles, vision, and values?

Commitment

• Do team members want to participate on the team? Do team members feel the team mission is important?
• Are members committed to accomplishing the team mission and expected outcomes?
• Do team members perceive their service as valuable to the organization and to their own careers?
• Do team members anticipate recognition for their contributions?
• Do team members expect their skills to grow and develop on the team?
• Are team members excited and challenged by the team opportunity?

Competence

• Does the team feel that it has the appropriate people participating? (Example: In a process improvement, is each step of the process represented on the team?)
• Does the team feel that its members have the knowledge, skill, and capability to address the issues for which the team was formed? If not, does the team have access to the help it needs?
• Does the team feel it has the resources, strategies, and support needed to accomplish its mission?

Charter

• Has the team taken its assigned area of responsibility and designed its own mission, vision, and strategies to accomplish the mission?
• Has the team defined and communicated its goals, its anticipated outcomes and contributions, its timelines, and how it will measure both the outcomes of its work and the process the team followed to accomplish their task?
• Does the leadership team or other coordinating group support what the team has designed?

Control

• Does the team have enough freedom and empowerment to feel the ownership necessary to accomplish its charter? At the same time, do team members clearly understand their boundaries?

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• How far may members go in pursuit of solutions? Are limitations (i.e., monetary and time resources) defined at the beginning of the project before the team experiences barriers and rework?
• Is the team's reporting relationship and accountability understood by all members of the organization? Has the organization defined the team's authority? To make recommendations? To implement its plan?
• Is there a defined review process so both the team and the organization are consistently aligned in direction and purpose? Do team members hold one another accountable for project timelines, commitments, and results?
• Does the organization have a plan to increase opportunities for self-management among organization members?

Collaboration

• Does the team understand team and group process? Do members understand the stages of group development?
• Are team members working together effectively and interpersonally? Do all team members understand the roles and responsibilities of team members? Team leaders? Team recorders?
• Can the team jointly approach problem-solving, process improvement, goal setting, and measurement? Do team members cooperate to accomplish the team charter?
• Has the team established group norms or rules of conduct in areas such as conflict resolution, consensus decision-making, and meeting management? Is the team using an appropriate strategy to accomplish its action plan?

Communication

• Are team members clear about the priority of their tasks?
• Is there an established method for the teams to receive honest performance feedback?
• Does the organization provide important business information regularly?
• Do the teams understand the complete context for their existence?
• Do team members communicate clearly and honestly with one another?
• Do team members bring diverse opinions to the table? Are necessary conflicts raised and addressed?

Creative Innovation

• Is the organization really interested in change?
• Does it value creative thinking, unique solutions, and new ideas? Does it reward people who take reasonable risks to make improvements? Or does it reward the people who fit in and maintain the status quo?
• Does it provide the training, education, access to books and films, and field trips necessary to stimulate new thinking?

Consequences

• Do team members feel responsible and accountable for team achievements?
• Are rewards and recognition supplied when teams are successful?
• Is reasonable risk respected and encouraged in the organization? Do team members fear reprisal? Do team members spend their time finger-pointing rather than resolving problems?
• Is the organization designing reward systems that recognize both team and individual performance? Is the organization planning to share gains and increased profitability with team and individual contributors?
• Can contributors see their impact on increased organization success?

Coordination

• Are teams coordinated by a central leadership team that assists the groups to obtain what they need for success?
• Have priorities and resource allocation been planned across departments?
• Do teams understand the concept of the internal customer – the next process or anyone to whom they provide a product or a service?
• Are cross-functional and multidepartment teams common and working together effectively?
• Is the organization developing a customer-focused, process-focused orientation and moving away from traditional departmental thinking?

Cultural Change

• Does the organization recognize that the team-based, collaborative, empowering, enabling organization of the future is different from the traditional, hierarchical organization it may currently be (see 2.26 – Changing Organizational Culture)?
• Is the organization planning to or in the process of changing how it rewards, recognizes, appraises, hires, develops, plans with, motivates, and manages the people it employs?
• Does the organization plan to use failures for learning and support reasonable risk?
• Does the organization recognize that the more it can change its climate to support teams, the more it will receive in payback from the work of the teams?



EXAMPLES

N/A



CAUTIONS

Although team projects can lead to great rewards, they can also be perilous. When a "lone wolf's" project fails, the damage is minimal. Often only one person is affected, and that person generally assumes full responsibility for the results. Few outsiders will even take notice. You made a mistake, you only hurt yourself, and hopefully you learned from it. Sometimes a failed individual project is even considered a badge of honor, a sign that you endeavored to stretch beyond your previous limits. When a team project fails, however, many lives are affected. Fingers point in all directions.

Yet some team projects actually manage to succeed. The team synergizes well, completes a game in a reasonable amount of time, the game sells well, and the team continues to work together on future projects and lives happily ever after. Why? Did they just get lucky? Or do they know the magic formula that others do not?

Here's the good news: There are ways to increase the chance of success for a team project, and magic is not required. Most of what follows will probably resonate as common sense, but despite that label, the application of "common sense" principles in team-building remains all too uncommon.

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2.4. Working in Teams

Develop Proficiency

To build a strong team, you must develop proficiency in team-building. No one seems to question that if you want to practice veterinary medicine or create quality music, you need to develop proficiency in those areas, yet how many team leaders dive into team-building with no real skill or experience in this area? Team-building is a skill like any other, and for a team project, this skill is more important than technical, artistic, and musical talent combined. Team-building is very challenging, and it demands respectful consideration. If you do not know how to select team members, how to manage for results, how to resolve conflicts, and how to handle poor performance, you had better learn these skills first before you assemble a team.

- Read at least five books and articles on teams.
- You are ready for teams when you can acknowledge that you would willingly join a team formed and managed by someone else.

Team First, Project Second

- Get the right people on board first. For a team project the limiting factor is securing the right team members. With the wrong team, you will end up spending most of your time worrying about control. With the right team, excessive control is unnecessary, and individual empowerment becomes the norm. When selecting members, we want to search for people who have growth potential – they need talent, knowledge, or skills to get on the team because performance is the result of those attributes.
- Another problem with the "project first, team second" approach is that it fails to leverage the team's strengths. A game designed to exploit the specific talents you have available is a far better choice. Selecting the right team members is the single most important factor and is absolutely critical in determining the success or failure of your project.
- If the wrong team members are selected, it is possible that even the best manager in the world cannot salvage the situation and keep the original team intact. When a team is broken, an effective manager will frequently give some team members the axe and recruit new members to replace them.
- For a team project to survive and thrive, you must select and recruit people who are team players, not individual superstars.
- Team players respect individual differences while at the same time committing to the achievement of a mutual goal. Team players are still highly ambitious, but their ambition is directed into the project or the company, not their own egos. Their ambition is for the team.
- Because team players accept personal responsibility for the success of the project, you do not need excessive control and management. Problems will not be ignored; team members will root them out and fix them. Why? Because they are personally responsible. They "own" the project.
- Character trumps personality. Where personal honor is sacred, every individual assumes responsibility for the project. When honesty is paramount, suspicion and distrust cannot gain a foothold. And where mutual respect is high, petty personality differences simply do not matter.

Leadership

Your team must have a single individual in charge.

- Every team must ultimately have exactly one leader, and everyone on the team must know who that leader is with no ambiguity whatsoever. The leader sets the example that the other team members follow, and he or she must earn the respect of the team (see 2.12 – Leadership). When the team members no longer respect the team leader, the downward spiral begins. Respect cannot be coerced, it can only be earned.
- How does a team leader earn respect? By embodying integrity and by putting the needs of the team first. The team leader is the quintessential team player. He or she must strive to be honest, fair, and objective; and if the leader makes a promise, it must be kept. Whatever standards the team members are expected to live up to, the team leader must become the personification of those standards. There is widespread belief that, for leaders to be effective, they must embody certain internal and external qualities. They need to be both facilitator and inspirer; a veterinary team depends upon its leader to provide it with the facility and tools to make decisions and support it while it grows.
- Leadership of a team serves three functions: to facilitate, to inspire, and to implement. These functions should include:
  - planning roles to be filled and selecting appropriate individuals;
  - leading the team in meetings, starting with discussions of team objectives and values;
  - ensuring that targets are met and that values, above all the values of working collectively, are observed by the team;
  - analyzing and correcting failures swiftly and surely, but always remembering to celebrate the successes just as enthusiastically;
  - carrying the responsibility of representing the team loyally to others, both inside and outside the organization.

Communications

Keep communications channels open.

Share the Rewards

- If you feel that a fair compensation structure is impossible, then simply do not begin the project.
- Aside from financial compensation, ensure that every team member receives credit within the game. Praise team members liberally, and be sincere and genuine in your praise. Do not just assume that they know they are doing a good job. Praising people is an easy way to boost morale. If possible, always praise individuals publicly, in front of the other team members. Be specific in your praise. Do not just say, "Great job." Instead say, "You did an outstanding job on those textures last week. The level of detail and lighting were superb. Excellent work! Your art is really helping to make this game shine."

Replace Underperformers

Cut team members who do not perform as expected.

- If a team member is not performing well, you must take immediate action to correct the situation. Explain what you expect of the team member in terms of performance, and put it all in writing. But if such correction does not satisfactorily occur within a relatively short period of time (30 days, perhaps), this team member will quickly lose the trust of the other team members, and lack of trust kills unit integrity by acting like a cancer that may eventually spread to the whole team. In this situation you must cut the underperforming team member and replace him or her as quickly as possible. It does not matter if this person intends to do better; all that matters is the actual performance. If you have selected only team players, there will be no grudges held in such a parting – the team player will recognize that the health of the team and the success of the project may require his or her departure.
- A common mistake made by inexperienced team leaders is that they are too patient and forgiving of underperforming team members. Although it may seem like a good idea on the surface to give people as many opportunities to change as possible, this generosity comes at great cost. Holding onto the underperformer for too long ends up punishing and sabotaging the entire team. Yes, it can be very tough to let someone go who very much wants to succeed, but it is a necessary and unavoidable part of management. If you cannot stomach letting someone go, then you simply are not fit to lead a team, so do not put yourself in this position. Another note of caution for veterinary team leaders: your front-line reports are likely to have limited-to-no-experience in formal team training or group work within the parameters of true teaming. Most paraprofessional veterinary healthcare providers have grown up with a "mom-and-pop" business

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sense and may have been in one organization for their entire career. The flip side to this is that these same employees are fiercely loyal to their practice owner and to the clients, and are willing to weather tough times to remain in their practice. Teamwork for these individuals will require education on the fundamentals of professional feedback and performance evaluation, how to receive coaching and critique without taking it personally, and reassurance that it is okay to not get things right the first time. To these folks, corporate speak like "teamwork" and "coaching" and "personal accountability" will feel like a shake up of their world and a challenge to the workplace as they know it. They have been taught by well-meaning veterinary practice owners that a benevolent dictatorship is the way that the veterinary world is and that it is out of place for them to speak their mind or contribute at a level that requires them to challenge hierarchy or authority when it would be in the team's best interest. Be gentle at first; behind the resistance are hearts of gold and dedicated team players who truly love pets and their families.

This provides only a small glimpse of the rules for building and managing a successful team. Team-building is a rich subject that can require a lifetime to master, and it is one of the most sought-after skills for CEOs. But despite all the risks and hard work, being a part of a team is an extremely rewarding experience and most people who have enjoyed it will tell you that it is indeed worth the effort.



MISCELLANEOUS

ABBREVIATIONS

CEO: Chief executive officer

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2.5. MOTIVATING THE HEALTHCARE TEAM

BASICS

OVERVIEW

Why is motivating a team so important? In today's economy, having a competitive advantage means more than having a product or service that customers are buying; it also means having a team that forms great relationships with your clients that keep the clients satisfied and returning for more – more products and more services.

Engaged, motivated employees translate into better care of the patients, better relationships with the pet owners, and better collaboration with fellow team members. This is what gives you a competitive advantage over any other business in town – having a professional, energized team. So how do you get that professional, energized, engaged, and motivated team?

First you must understand what motivates people, and you must then apply that knowledge to your motivational program. A report by the Society for Human Resource Management looked at motivation in today's workforce and discussed what fosters employee motivation.[1] It highlighted that motivating team members starts with understanding human nature through classic theories such as Expectancy Theory, Maslow's Hierarchy,[2] and Herzberg's Motivator–Hygiene Theory. These and others serve as guides to assist managers in formulating a balanced program to motivate every member of a team.

TERMS DEFINED

Engaged Employee: An employee who is actively involved in his or her work, and highly committed to duties and the company mission.
Expectancy Theory: The theory that motivation is increased when employees believe that increased effort leads to desired results.
Herzberg's Motivator–Hygiene Theory: The theory that meeting basic needs results in motivation and increased performance.
Maslow's Hierarchy of Needs: People seek to satisfy basic needs and satisfying a lower level need results in the next level being a motivating factor.
Motivation: A method to move a person toward a goal using psychological, behavioral, cognitive, or social factors.
Open-Book Management: The premise that employers should share with employees the measures of the practice's business success so that employees better understand the efforts that impact the success of the business.

ISSUES AND OPTIONS

Apply Maslow's Hierarchy to a motivation program at your practice. According to Maslow's Hierarchy, a person (your employee) is motivated by unsatisfied needs (see Figure 2-5-1). Once the need is satisfied, it no longer acts as a motivator and the next level contains the motivation. Managers can use this knowledge to evaluate motivational factors in their own practice. The diagram of Maslow's Hierarchy may assist you in taking a systematic approach to motivation and making certain your practice is addressing the different levels of "needs" that will motivate different team members.

PHYSIOLOGICAL

- Consider this basic motivational level within your working environment: safe equipment, adequate lighting, comfortable working conditions, welcoming atmosphere, functional set-up, clean surroundings, uniforms, and adequate pay.
- Motivation ideas:
  - Provide resources needed to do the job and do it well – resources such as equipment, training, and manpower.
  - Check the physical conditions of the working area such as cleanliness, fresh coat of paint, comfortable chairs, adjustable exam tables, and so on.

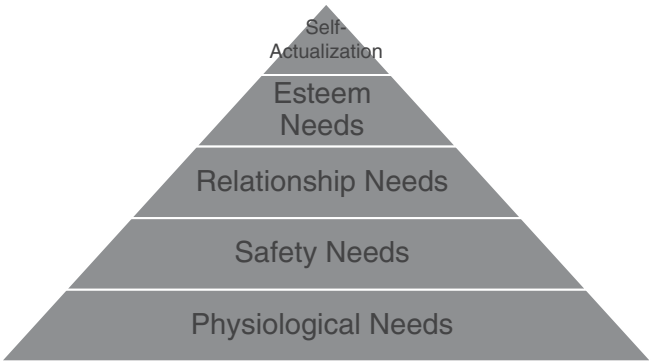


Figure 2-5-1.

Maslow's Hierarchy of Needs.

SAFETY AND SECURITY

- Safety and security of the work environment is a part of this level. Consider some of the Occupational Safety and Health Administration (OSHA)'s requirements for ergonomics and safety.
- Job security or the security of a position is another aspect of this level.
- Sometimes, if someone feels that their job security is threatened it causes that person to resist change.
- Motivation ideas:
  - Create a more transparent organization by communicating your business strategy and using open-book management techniques to keep team members informed and aware of changes (see 2.1 – Workplace Management).
  - Give constructive, regular feedback and establish goals. Do not wait for an annual review to discuss a person's performance, switch to frequent check-ins with your team members. Do not wait for months to go by, do a quick check-in and review their performance. See how they are progressing with achieving certain goals, what management can do to remove roadblocks, and what they can do to meet the needs of the patients, the clients, and the business.

BELONGING

- Being a member of a great team has a positive impact at this level.
- Community service activities may enhance the feeling of pride in being a part of a great company (activities such as helping animal rescue groups working or participating in charity events).
- Forming connections and developing a team that works well together and can collaborate with each other will address this need. Take some time to do team-building exercises to help members connect and understand one another's personalities. Assign new hires a coach to help with the onboarding process and introduction into the culture of the practice.
- Your culture will affect this level. Bonding with and belonging to the team is directed by the culture of your practice (see 2.26 – Changing Organizational Culture).
- Motivation ideas:
  - Send a hand-written note praising the employee to their home address for the family to see too.
  - Encourage community involvement by the practice and the team. Nothing says "pride" and motivates a team more than when they volunteer at a charity event.
  - Celebrate successes and accomplishments – both individual and team efforts.

ESTEEM

- More than self-esteem, this level also includes achievement, recognition, responsibility, reputation, prestige, self-respect, and respect of others.
- A recognition and rewards program will have an impact at this level.

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2.5. MOTIVATING THE HEALTHCARE TEAM

- The perception of fairness is very important to your employees.
- Acquiring social status is a part of having esteem – be it monetary gains via bonuses or raises, having more responsibility, or receiving a promotion.
- Motivation ideas:
  - Ask your team members for their ideas regarding an issue or project in the practice, being certain to ask because you value their input.
  - Story-telling is a great way to praise a person's effort in public, and to convey a message to the rest of team about "how we do things around here" to exceed expectations of clients, coworkers, or business owners.

SELF-ACTUALIZATION/HAVING A PURPOSE

- Mastering their world and tackling new challenges on the job describes this level. It is the highest level and signals attaining one's full potential. According to Maslow's theory, this level is never fully satisfied because there are always new opportunities for growth.
- Many employees want to see a connection between how their work fits into the big picture or business strategy, and what role they can take on to improve that connection. Seeing this connection may also lead to further opportunity for growth and development.
- Team members who feel that they are making progress toward meaningful goals are motivated to keep up the progress and help others to achieve their goals too. Hence the benefit of frequent check-ins rather than waiting for an annual performance review.
- Consider how your practice can motivate others by permitting personal autonomy, showing that someone is trusted, or allowing individuals to make decisions on their own.
- Some of your team members may be considering professional career growth options to motivate themselves and satisfy their need for autonomy.
- Motivation ideas:
  - Consider certification programs such as Veterinary Technician Specialist (VTS), Certified Veterinary Practice Manager (CVPM), or other specialty certifications, to help team members master new skills and take on other responsibilities.
  - Introduce career mapping for your team, especially during performance appraisal sessions, to discuss what areas the team member would like to grow in and how the business can help make that possible.
  - Use open-book management to demonstrate the connection between efficiently performing a task, conveying a sense of value to the client, and the financial ramifications on the business.



EXAMPLES

- Talent management is a process of attracting, selecting, training, developing, and promoting employees. Developing talent in-house is an excellent way to attain the highest level of Maslow's Hierarchy.
- Managers focusing on developing talent must ensure that their team members have the tools and resources they need to perform their jobs well, receive proper compensation, and transition to leadership roles.
- Retaining essential talent means keeping high-performing team members. This consistency of team members satisfies a basic need of clients: bonding with people they can trust to care for their pets.
- Engaged, motivated team members are often more loyal to the business and to the clients than unmotivated team members.
- Internally developed team members and leaders are a valuable asset to the practice because, over time, they develop the necessary core competencies and internalize company values.
- The culture and structure of your organization will dictate some of your motivational activities.
- Important programs affecting motivation are: performance management, training, recognition and rewards, accountability, and communication.
- Examples of motivation via extrinsic rewards are: material rewards, benefits, additional paid time off, and gift cards.
- Motivation via intrinsic rewards are: autonomy, responsibility, having a chance to help others, challenging work, gaining knowledge or a new skill, or being in charge of a special project because of their unique talent or interest.
- Having concrete goals is the best way to motivate your team. Achieving these goals is possible with the use of a program with training, tracking team members' progress and measuring key indicators.



CAUTIONS

- Motivation via rewards and punishments may foster behaviors that you do not want at your practice, such as unethical behavior or short-term thinking (e.g., selling unnecessary products or services to achieve revenue growth).
- Extrinsic motivators are not as sustainable as intrinsic motivators, and are often perceived to be entitlements by the employees (think about holiday bonuses and the year you could not afford it).
- Extrinsic motivators may undermine intrinsic motivation and lower optimal performance.[2]
- Responsibility for motivating team members does not fall on only one person. It is the responsibility of the leaders, the managers, and of the employee themselves.
- Employee satisfaction surveys may not tell you if your team is engaged or motivated. It just means they are satisfied with their current condition.
- Communication between supervisors and employees is also very important, specifically about the skills and knowledge that align with company goals. By communicating what leaders see as important, employees are more engaged and see a greater opportunity to invest in their own development.



MISCELLANEOUS

ABBREVIATIONS

CVPM: Certified Veterinary Practice Manager
OSHA: Occupational Safety and Health Administration
VTS: Veterinary Technician Specialist

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2.6. ACCOUNTABILITY



BASICS

OVERVIEW

Accountability is a critical attribute in the functioning of a veterinary hospital. Although it might at first appear that it is the doctors that are responsible for the perception created by a practice, careful review of experiences both positive and negative show that all staff – doctors, technicians/nurses, receptionists, and managers – have an important role to play in how the practice is perceived by the world outside the walls of the clinic.

Regardless of the quality of a surgical procedure and the prowess of the surgeon, what is the perception of the public if an animal is released with fecal matter in its fur, incomplete discharge instructions, or is checked out by bickering front office staff? In most organizations it was long ago appreciated that to deliver quality care and excellent client service, everyone within the organization must realize their critical roles and endeavor to deliver on the practice's mission and vision (see 14.9 – Mission and Vision Statements). When that does not occur, the medical care may be second to none, but customers will still flock to other alternatives … and there are always alternatives.

For a hospital to function at its best, every employee must be accountable for not only their own duties, but also to deliver on implied promises to all stakeholders regarding the mission and vision of the practice. Without accepting "ownership" of all responsibilities in this regard, a practice will need to rely on only its medical skills. With competition for veterinary services increasing regularly, and with the very high cost of delivering those services, being second best can be a costly demotion.

TERMS DEFINED

Accountability: The obligation to be responsible and to act in the best interest of the organization and its mission.
Onboarding: The process of helping new employees become productive faster by providing them with documentation and training related to practice culture, vision, policies, protocols, and expectations.
Responsibility: The duty to perform or complete an assigned task.



ISSUES AND OPTIONS

• Client service experts understand that there are many experiences that clients can have with a practice, and these exposures are sometimes referred to as "moments of truth." In many cases, these moments of truth[1] may have little to do with the medical care actually being delivered and everything to do with how the clients feel they were treated or valued by the practice and its staff.
• Consider the previous examples, such as when a pet is discharged in an unclean condition. What does it say about the level of care delivered by the practice, even if the surgery went flawlessly? What impression does the client get when responding to their telephone calls is considered an imposition? All of these seemingly insignificant "moments of truth" can easily add up to a bad experience, even when all medical services are delivered with excellence.
• Although it is easy to brush off the rants of a single client, in veterinary practice this can have a decidedly bad cascading effect. Happy clients tell a few of their friends about a good experience, but unhappy clients share their displeasure with many more. Clients will only accept so many negative stories before they consider their other options.
• It is impossible to guard against any negative experience, but staff that are empowered and accountable are much less likely to create scenarios that get blown out of proportion, and can usually easily document their good-faith efforts to make things right. That is really all that anyone can hope for.
• It is important to avoid artificial boundaries within the practice so that the practice identity, vision, and mission do not become clouded. There might be distinctions between departments, issues between shifts, tension between front office and back office staff, and many other instances in which personal accountability is lost or camouflaged. This cannot be allowed to fester in a practice or it can have long-time deleterious consequences on business potential.
• To some extent, personal accountability tends to lapse in any organization in which anonymity is possible. So, the challenge with veterinary hospitals is to make accountability a scalable attribute. People voluntarily must maintain their accountability even as staff numbers grow, and everyone must tie their collective success on each other stepping up to always do the right thing, and then to be prepared to ask what else they can do to keep things moving in the right direction.
• This notion of always asking "what else can I do?" is the foundation of the Oz Principle,[2] based loosely on the premise that the characters of the book and movie (Wizard of Oz) spent their time looking for a wizard to fix their problems, when all along they had the power to make those things happen themselves. It is a simplistic but powerful premise and the Oz Principle challenges each employee to "See it, own it, solve it, and do it."
• One thing that needs to consistently happen is to unite staff in the pursuit of practice excellence by codifying the vision and mission of the practice, at least its intent (see 14.9 – Mission and Vision Statements). It helps immensely if this intent can be summed up in a short phrase that every employee can identify with and respond to accordingly. In the Oz Principle, that catchphrase reflected whether behaviors were above the line (desirable for the given organization) or below the line (undesirable for the given organization). For veterinary practices, it is best if this catchphrase is customized into something meaningful to the employees, because they will be expected to live and work to those ideals.
• Accountability is important for the organization in general, because without it, bad leaders drive out good staff and it is very easy for even high-producing teams to be reduced to mediocrity. In a very short period of time, such mediocrity can become institutionalized, and paralyze the organization from achieving strategic goals (see 14.5 – Strategic Planning and Implementation).



EXAMPLES

Suzanne is a nurse at ABC Animal Hospital, and during lunch, she overhears some of the other nurses complaining about a newly hired veterinary nurse who does not seem to be keeping the medical records at a level dictated by the practice's standard of care. Suzanne joined her colleagues in the discussion, reminding them that the clinic's motto is "We strive to be our best – every day" and that being our best means mentoring one another so everyone achieves and surpasses the practice's standard of care.

A meeting of all of the nurses was convened to discuss standards of care regarding medical record entries. In the discussions that ensued, Heather, the new nurse, admitted that what was being discussed was different from what she was used to in her previous practice. In a nonthreatening manner, the other nurses assured her that there were many different ways that medical entries could be made, but at this hospital, for the good of all pets being treated, the nurses decided to unite around best practices and codify certain practices to avoid confusion. Several nurses shared anecdotes from other practices where they had worked in which inconsistencies could have ended up harming the patient (including the use of nonstandard abbreviations,

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and weights and doses sometimes reported in kilograms and sometimes reported in pounds). Because all nurses needed to rely on one another to ensure pet health, several nurse duties benefited from standardization, including medical record entries.

One fact that came to light in the discussions was that when the standards of care were first proposed, there were only three nurses in the practice, and so the standardization was really just a verbal directive, shared among the existing nurses. Since that time, several more nurses and assistants had been hired and there was no official document that actually captured those standards of care for the onboarding of new employees, which is why Heather just assumed that what she was doing (and was doing successfully at her previous practice) was acceptable. Suzanne asked Heather if she would help her codify the standards of care around medical record entry into an actual document that could be shared with all the technical staff. Heather agreed, and two other nurses also expressed an interest in participating. The goal was to codify the standard into a document within four weeks, ratify the document with all the nurses, get endorsement from the veterinary director and practice administrator, and then present the new standards at the next full employee meeting. The document would then be part of the onboarding training for all professionals and paraprofessionals (see 3.9 – Staff Orientation). Heather volunteered to be the official mentor for these standards as new nurses joined the practice.



CAUTIONS

- Accountability is not an excuse to scapegoat employees for fundamental problems associated with practice models. Accountability is based on an intact leadership structure and on alignment of all staff members around clear goals and objectives.
- Employees should not be expected to be accountable for tasks beyond their appropriate job description. For example, a surgical nurse can be accountable for tracking the use and recovery of surgical sponges in a procedure and for keeping the surgeon informed of the count, but cannot be held responsible for the surgeon's activities during the procedure.
- Veterinarians are often hesitant about empowering employees, for fear that they will overstep their authority or discount goods and services to clients, but there is no evidence to support such fears. In actuality, empowering staff while making them accountable is one of the best ways of ensuring that they share the same practice vision, goals, and objectives as do the owners of the practice. Alignment and accountability are in everyone's best interests.
- Accountability only works for a practice if leadership creates an appropriate vision around the goals and objectives of the practice and its positions. Otherwise, staff become preoccupied with tasks and job descriptions (to which they can still be accountable), rather than "big picture" strategies. The easiest way to determine this is to ask employees to describe their purpose in the clinic. If a receptionist is asked about his or her purpose, and responds that it is to answer telephones, make appointments, and collect money from clients, they are clearly missing the real intent – to be the client-facing representation of the practice and all its values, to create a welcoming environment into which clients can bring their pets, and to help owners understand how the recommendations of the practice are in their best interests, and those of their pet. Clearly a properly motivated receptionist (client service representative) is much more than just someone to answer telephones, book appointments, and re-file medical records. They must realize that even if tasked to answer the telephone and perform office duties that their primary responsibility, and that of everyone else working in the clinic, is to engage clients in a friendly and professional manner, strive to create positive "moments of truth" for pet owners, and to be a champion of the practice's approach to pet healthcare and the value provided.



MISCELLANEOUS

ABBREVIATIONS

N/A

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2.7. CHANGE MANAGEMENT



BASICS

OVERVIEW

Change is hard. Humans often resist change even before they have considered the possibilities for positive outcomes that might be associated with the change. And yet, any successful veterinary practice will need to be adept at change in order to thrive. The profession, the marketplace, and the talent pool are all shifting in multiple ways and unless there are owners and managers within a practice that can lead it through change, it will struggle to grow and prosper as it wrestles with the necessary changes. The good news is we are learning more about human behavior change every day and practice owners can use this knowledge to lead change in a systematic and consistent way that enables them to create more nimble teams and a more adaptable business. Creating a successful plan for change in your practice that is based on sound principles of human behavior can create opportunities to capture new growth and deal with less resistance and stress when making change and looking forward to continued improvement.

TERMS DEFINED

Change Management: Managing the people side of change to achieve a desired business outcome of change.



ISSUES AND OPTIONS

- Human behavior change has some necessary components such as insight and focus that help us understand and move toward any change.
- Most humans resist change done to them far more than they resist change done with them.
- For all the talk of people resisting change, remember that we all move toward changes in our life when we think they are helpful for us or create a future that we will be happier with. We have all changed houses, jobs, locations or added spouses, kids or other new things to our lives willingly when we understood the opportunities they held for us. Most of that understanding did not come from being told we should do those things.
- No change happens without people making their own choices around what they want to move toward.
- Using authority, consequences, punishments, fear, or other negative options to cause change may result in temporary movement but does not result in lasting change. Humans are conditioned to run from negative situations, but they will stop running as quickly as they can and so if we are not careful we can set up a cyclical situation where our role as a manager or leader is to constantly force people to do things they do not want to. Over time, no one leads effectively this way and the stress associated with that kind of management style is not sustainable.
- Our goal should be to paint a picture of what might be possible if we execute a change well and allow for discussion, ideas, contributions, and even challenges from the team that help us think through the possibilities and obstacles associated with any change. As a leader of change we have likely had all of these conversations with ourselves to get to a place where we think the change is a good idea. Our team members need to go through that same process to make their own choice.
- We may feel that letting our team explore the change in this way is risky and could slow, or even stop, the change, but the reality is that without the team committed to a change, it will fail. Failed change is much more costly than executing a more comprehensive process that creates successful change.
- We must ask relevant, thought-provoking questions that help create insight for our team about how the change might happen and what contributions they might make to it.
- Telling others to change because you have authority is rarely effective. It is similar to telling a kid to study harder or an employee to have a better attitude. The chance of success is severely limited.
- One unexpected outcome of collaborative change is that people often add new ideas or thoughts to the mix that help the change happen more effectively.
- Once we have allowed space for collaboration, which can cause insight, we then need to apply focus to the change process by exploring, together, what steps we might take and what challenges we need to prepare for.
- This level of tactical focus causes the human brain to build mental maps that will help it understand how to operationalize the change and also create a set of steps to help it succeed. It is the difference between conceptualizing the process of riding a bike, and thinking in great detail about steering, pumping the pedals, balance, and speed. The more detailed focus gives us a much better mental map about how to approach the change.
- Involving others in the change process causes them to connect to it, explore its positive possibilities, and approach it in a way that moves them toward it, rather than away from it.



EXAMPLES

- Use questions to help others explore and internalize the change such as: What could be better for us if we do this well? How might it help us improve our service or care? What else can we think about connected to this change that might help us deliver better care or service? How will we make sure this change works for all of us and is successful? What other ideas would make this change happen well for our team? What challenges can we anticipate and prepare for related to this change?
- Hold a series of meetings to prepare for larger changes so that everyone gets to think through the possibilities and contribute their ideas, or even concerns.
- You can also frame a change with your thoughts before letting others think about it and contribute their own. "I have been thinking about this for a while and I believe it will be good for our practice for these reasons, but I need everyone's help to make it work, what do you think?"
- Enable and support discussion, even if it is not in favor of the change. Use phrases like "That's a very important challenge for us to consider, how do we think we might deal with it together?" That acknowledges the concerns but also redirects from problem to solution.
- Once the thinking has been done to allow everyone to contribute, then move to planning and focus using questions such as: What should our first steps be in making this change happen well? How will we know if the change is working? What other signs of success might we see? How will we have to think differently to execute this change well? How will we have to communicate with each other to execute this change well? How should we follow up in meetings to measure our progress?



CAUTIONS

- Do not shut down those who might resist the change, instead learn from them and the thoughts they have about how we can address the challenges associated with the change.

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• Do not rush the planning process. It will save you a great deal of time in the execution phase if you have thoroughly planned for successful change.
• Avoid the temptation to just tell people to do it because you are the boss. This often creates groups of people who want to see the change fail and will oppose it behind the scenes. No change is successful in this environment.
• Forcing a change through with authority, even if it works occasionally, sets up a culture where it is you against the staff. That creates a toxic, stressful environment and a culture that most people do not enjoy working in. Your best people leave if that becomes the norm.
• If it feels like the change is struggling to be successful, pull the team back together and think through ways that we can increase our commitment to it, execute it more effectively, or change the expectations that we have for the timing of the change.
• Do not overload the team with change. Try to execute one, or maybe a few, at a time successfully so that we consistently get better at change and we do not allow the focus to shift away from a big change that needs our daily attention.
• Remember that failed change is expensive and stressful. It also creates change fatigue within the team because many things get started, but nothing ever changes. That creates disengagement and a sense of "Why should we try if we aren't ever going to succeed?"
• Remember to celebrate and reward the team that helped you make this change successful. It is difficult to stay fully engaged in an environment where it feels like the reward for change is more change. Take time to recognize success and reward effort. Remember, you might be paying them for their time but their full engagement and support is always optional and how they do their job is often more important than the hours they spend doing it.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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2.8. Compassion Fatigue and Burnout



BASICS

OVERVIEW

Professional "helpers" are those people who choose to spend a majority of their time helping others, typically as a career choice. It includes helping professions such as psychology, first responders, teachers, spiritual guides, and more. Healthcare workers also fall into this category. It is widely accepted that caring for others under stress also causes stress for the helper. The term "compassion fatigue" was first used by nurse Carla Joinson in 1992 to describe the negative feelings that occur while tending to patients suffering from medical injury or illness. Veterinary medicine is no different; we spend our time caring for pets and their families, sometimes to the exclusion of our own needs.

- Compassion fatigue cannot be ignored, avoided, or cured. It can be minimized, and there are ways of coping with compassion fatigue, but denial is not an adequate solution.
- Compassion fatigue affects all positions on the veterinary team, including members of management (particularly if they worked in another role in veterinary medicine prior to becoming a member of management), front office, medical support staff, husbandry personnel, and veterinarians.
- Compassion fatigue is not specific to death or euthanasia, but instead is derived from the professional's relationship with the pet owner who could be nervous about a new puppy, fretful over a geriatric cat, or simply confused about providing adequate healthcare to their pet.
- Compassion fatigue can affect someone at any point during their career, although it is widely accepted that younger or newer helpers are more at risk.
- Compassion fatigue affects all types of practices and hospitals, including general practice, emergency practice, and specialty or referral hospitals.

Similar but distinct entities include compromise fatigue (see 2.10 – Compromise Fatigue), moral distress and ethics exhaustion (see 2.9 – Moral Distress and Ethics Exhaustion) and leadership fatigue (see 2.13 – Leadership Fatigue).

TERMS DEFINED

Apathy: Lack of interest, lack of feeling; not caring.
Burnout: A result of frustration, powerlessness, and inability to achieve work goals; the stress that evolves specifically from the interaction of the veterinary professional and the work environment.
Compassion Fatigue: Exhaustion due to compassion stress, the demands of being empathic (empathetic) and helpful to those who are suffering; the stress that evolves specifically from the relationship between the veterinary professional and the patient and client.
Compassion Satisfaction: Deriving pleasure from being a caregiver, and feeling good about the ability to help and make a positive contribution.
Empathy: The ability to share another's emotions; can take place automatically or without express knowledge due to the presence of mirror neurons in the brain.
Occupational Stress: The particular stress that arises from working in a specific occupation.
Organizational Compassion Fatigue: As a result of employing those with compassion fatigue, the effect on the organization where the personal symptoms of compassion fatigue are incorporated into the culture of the corporation; the productive mission of the organization is replaced by policies, procedures, and goals that reflect high levels of dysfunction.
Secondary Traumatic Stress: An indirect exposure to trauma through a firsthand account or narrative of a traumatic event; compassion fatigue is a form of secondary traumatic stress.
Vicarious Trauma: A set of cognitive, emotional, physical, and spiritual disturbances that result from helping trauma survivors; a painful set of symptoms that result from utilizing controlled empathy while listening to or seeing traumatic narrative content.



ISSUES AND OPTIONS

Minimizing and coping with compassion fatigue must take place on three different levels. First, the professional must take care of their own self-needs, use the opportunity to relax and recharge, and stop putting their personal needs at the bottom of an endless list. However, self-care alone will not provide long-term relief. On the next level, we also must be mindful to treat our colleagues well, to provide mentoring and support, and have conversations about the negative feelings that can arise while caring for others. The third level is the organization's responsibility to care for its workers, to create a culture where compassion is emulated and rewarded. Our compassion should be reflected in the way we treat our clients, patients, each other, and ourselves.

The causes of compassion fatigue are those personal factors that cause us to be more susceptible to the negative effects of compassion fatigue. These causes include placing the needs of others before our own, unresolved past trauma and pain, lack of healthy life coping skills, lack of self-awareness that limits growth, giving care to others under stress, lack of personal boundaries, and the inability to communicate needs.

The symptoms of compassion fatigue are those resulting behaviors that become recognizable as resulting from compassion fatigue. In veterinary professionals, the symptoms include bottled-up emotions, the impulse to rescue animals in need, isolation from others, sadness and apathy, the need to voice excessive complaints about management and coworkers, lack of interest in self-care practices, reoccurring nightmares and flashbacks, persistent physical ailments, difficulty with concentrating, mental fatigue, and proneness to accidents.

Compassion fatigue also affects professionals when they leave the workplace and go home. Symptoms of compassion fatigue in the home environment include being withdrawn, a decreased interest in intimacy, mistrust, isolation from friends, impact on parenting, projection or anger or blame, and intolerance.

When the practice employs multiple people who have compassion fatigue, those personal symptoms begin to affect the business and result in organizational compassion fatigue. The symptoms of this include excessive numbers of worker's compensation claims, high absenteeism and turnover, changes in coworkers' relationships, inability for teams to work well together, team challenges to rules and regulations, aggressive behavior among teammates, team inability to complete assigned tasks, team displaying lack of flexibility, unhealthy competition among teammates, rampant rumors and gossip, constant changes in practice policies.

When it comes to creating a compassionate culture in the workplace, and helping employees to minimize and cope with compassion fatigue, suggestions at the organizational level include providing a respite for the team, providing continuing education for the team, providing acceptable benefits to aid staff in practicing beneficial self-care, providing management and team with the tools to accomplish their tasks, providing direct management to monitor workloads, providing positive team-building activities to promote strong social relationships between colleagues, encouraging "open door" policies to promote good communication between team members, and having grief processes in place when traumatic events occur onsite.

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2.8. COMPASSION FATIGUE AND BURNOUT



EXAMPLES

Some veterinary professionals attempting to cope with compassion fatigue try to change jobs to improve their outlook. Although this may fix some of the work environment issues that contribute to burnout, if they remain in the caregiving profession, they will continue to experience compassion fatigue. They may quit one job, start a new one, only to ask for their old job back when they realize their emotional state has not substantially improved.

Some veterinary professionals who are part of the medical support staff may try to cope with compassion fatigue by changing careers, such as moving into "human" nursing. It is now more common than ever that our professionals are changing direction to human nursing for an improvement in working conditions, specifically hours, location, and pay. Yet they will not escape compassion fatigue by switching to caring for human patients.

Some veterinary professionals can identify that the client and/or patient interaction is a source of their negative emotions, and will choose to stay in veterinary medicine but work in a laboratory or telemedicine where they use their medical knowledge without being subjected to the relationships with clients and patients.

Some veterinary professionals who can no longer cope with compassion fatigue will leave the profession altogether, to pursue a career that does not entail caregiving.



CAUTIONS

Another condition that can affect veterinary professionals is called burnout. Often times we attribute all negative feelings to burnout because we have not been made aware of compassion fatigue. It is important to identify the cause of the feelings because treatment can be different. Compassion fatigue is thought to result from the stresses caused by the interaction of the professional with the clients and patients who are suffering. Burnout, on the other hand, is thought to result from stresses arising from the "work environment," or all of the surrounding factors of being employed in veterinary medicine. Therefore, if the environment is changed, burnout can change as well. However, if a person remains in a caregiving or "helping" profession, they will continue to experience compassion fatigue.

Compassion fatigue in the veterinary profession has also gained the attention of those working in social work or counseling. These people may be a part of our local mental health resources or attached to our health or mental insurance providers. It is important to note that they do not typically have experience doing the work of veterinary medicine, which can affect the credibility the team feels for the helper. Therefore, it is best to seek a knowledgeable helper within the veterinary profession if possible.



MISCELLANEOUS

ABBREVIATIONS

N/A

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2.9. Moral Distress and Ethics Exhaustion



BASICS

OVERVIEW

Moral distress and ethics exhaustion are two conditions, separate from compassion fatigue and burnout, that affect healthcare workers. While these entities are better characterized in human healthcare, they clearly are recognized in veterinary medicine as well.

TERMS DEFINED

4 A's: The American Association of Critical-Care Nurses (AACN) has developed a protocol to address this "moral distress" in the workplace. It is summarized as Ask, Affirm, Assess, and Act.

American Association of Critical-Care Nurses: The AACN is **a** 501(c)(3) nonprofit association; a community of acute and critical care nurses offering unwavering professional and personal support in pursuit of the best possible patient care.

Ethics Exhaustion: Fatigue, emotional distress, and lack of will to continue to act in a way that is consistent with what you believe is the ethical thing to do.

Moral Distress: Occurs when (1) you know the ethically appropriate action to take, but you are unable to act upon it, and (2) you act in a manner contrary to your personal and professional values, which undermines your integrity and authenticity.



ISSUES AND OPTIONS

MORAL DISTRESS

The American Association of Critical Care Nurses (AACN) recognizes this concept of moral distress in human healthcare. In "The 4A's to Rise Above Moral Distress," the AACN defines moral distress as when (1) you know the ethically appropriate action to take, but you are unable to act upon it, and (2) you act in a manner contrary to your personal and professional values, which undermines your integrity and authenticity.[1] This paradox is also found in veterinary medicine.

ETHICS EXHAUSTION

What happens when we find ourselves in moral distress on a frequent basis? At the 2013 Veterinary Social Work Summit, Sonnya Dennis, DVM, DABVP, presented a session on ethics exhaustion.[2] She defined "ethics" in this regard as a code of moral conduct or rules, following duty and not convenience, and doing the thing that "I should do." The problem is, there is no universal acceptance of what is "wrong" and "right"; ethics is clearly a personal concept and will vary from person to person. Yet if we accept a position in a practice that provides a service we personally feel is immoral or unethical, we are allowing our ethics to be compromised. Dr. Dennis explains that ethics exhaustion is fatigue, emotional distress, and lack of will to continue to act in a way that is consistent with what you believe is the ethical thing to do. It is having failed to square behavior with belief so often that you no longer care to try. At times, ethics exhaustion can be having trouble defining what that right thing is, or can be a mismatch between your ethical belief and your actual behavior. "Ethics exhaustion is not a loss of compassion, but being prevented from acting on what you believe is the compassionate, caring thing to do," Dr. Dennis explained.[2]

In order to explore your personal ethics versus the practice's ethics, consider the range of possibilities when a client decides upon euthanasia. How do you feel and what does your practice do about the 17-year-old poodle with end-stage heart failure whose family is choosing euthanasia, as compared to the otherwise healthy animal whose family cannot financially bear the burden of the surgery to fix a broken leg and are also considering euthanasia? What about the client who cannot be "bothered" to give insulin to a newly diagnosed diabetic pet, as compared to the family that is moving and cannot take the pet with them? What you would like to do, and what you are asked to do by the practice owner, can be two very different things.

These are circumstances that can test our ethics, but there are many other "smaller" challenges we may face: syringes and needles being reused, and intravenous line being moved from one patient to another, "sterile" surgery packs that are used for three successive surgeries on three different patients, sick pets kept overnight in a hospital with no overnight staff, and more. How much are we asked to compromise our ethics, and at what point do we decide "enough is enough"?

Prevention is the key to minimizing moral distress, which can lead to ethics exhaustion. So how do we prevent ourselves from being put in this position? One suggestion is to more closely analyze any new position we consider accepting. When interviewing for a job, for example, the values of the organization and the values of the candidate should be expressed and discussed to see if it is a good fit of ethics.

The AACN has developed a protocol to address moral distress in the workplace. It is summarized as Ask, Affirm, Assess, and Act.

Ask

This is when you reflect on your present feelings and ask yourself questions to determine whether moral distress is present.

- Self-reflection will be required to gain awareness of moral distress and its effects on your physical, emotional, behavioral, and spiritual wellbeing.

Affirm

This is when you make a commitment to address the moral distress.

- Affirm your distress and your commitment to take care of yourself.
- Validate your feelings and perceptions with others.
- Affirm your professional responsibility to act.

Assess

This is when you contemplate your readiness to act, considering the risks and benefits.

- Identify sources of your distress.
- Under what circumstances do the signs and symptoms occur?
- Do others suffer related to these sources?
- Consider all the personal, interpersonal, or environmental factors. For example:
  - A particular patient care situation
  - A unit policy or practice
  - Lack of collaboration.
- Contemplate readiness to act.
  - If you are not ready, continue to ask and affirm; you may be ambivalent at this point.
  - If you *are* ready, take time to consider risks and benefit of making a change to rise above the moral distress.
- Use a chart to list risks and benefits, and level of potential strength (see example):
  - Add points together for each, then divide by the number of factors listed.
  - If benefits number is higher, it is time to act!
  - Hint: The best way to effect change is to diminish or remove the risks.
  - Still stuck? Consider the four R's:
    - **Relevance:** Imagine the impact your action could have: improved patient care, enhanced relationships, enhanced personal wellbeing, professional satisfaction.
    - **Risk:** What is the risk of not acting? Personal suffering, dissatisfaction with practice environment, decreased quality of patient care.
    - **Rewards:** Imagine how you will feel after you act. Recall situations in which you have succeeded in effecting positive change in the past. Imagine how you would feel coming in to work after the changes were in place.

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  - **Roadblocks:** Make a written list of roadblocks to help identify strategies to avoid: resistance to change, criticism, retaliation, alienation.
- Go back and answer self-assessment again!
- Are you ready to make an action plan?

Act

This is when you implement strategies to initiate changes and manage any resulting setbacks. It is also the step where you preserve your integrity and authenticity.

- Prepare to act:
  - Develop a self-care plan
  - Identify appropriate sources of support
  - Investigate outside resources for guidance.

The circle of Ask, Affirm, Assess, and Act indicates that this is an ongoing process. Turn the negative effects of moral distress into motivate to create change. You will still encounter distressful situations, but you will have the power to rise above them!



EXAMPLES

To illustrate the concept of using the risk and benefits chart, take the example of wanting to extend client visitation times so that the families can be with their pets more and for longer while the pet is being hospitalized. The level of potential strength for each statement is scored 0 for minimal potential and 5 for great potential. The chart may look something like this:

	Benefits	Score	Risks	Score
1	Positive change for patients and families	5	Some colleagues do not support open visitation	3
2	My manager supports this change	3	Doctors do not want visitors during rounds	4
3	I have prior experience effecting a change	3	Culture slow to change	4
4	Action would increase awareness of the issue	4	I lack the energy or time to take action	1
5	My personal needs would be addressed	5	Worry about losing job, loss of status, etc.	2
	Totals:	20		14
	20 divided by 5 = 4		14 divided by 5 = 2.8	

For this scenario, the benefits outweigh the risks, so action should be taken to change the client visitation policy!

Example of a Plan to Act: Distress about a Pattern of Care in Practice

- Identify a patient care situation that is typical of the pattern you find distressing.
- Request that a manager, doctor, or the practice owner debrief with staff members about the case.
- Compare the situation to information found in outside resources to help identify other ways to manage this kind of problem.
- Formulate a case study as a teaching tool.



CAUTIONS

With moral distress, your feelings about a particular issue can wax and wane, and it may be difficult to determine if you should act. One way to illuminate your need to act is to complete the Scale of Distress Severity. For a particular issue, assign a score to each where 0 is no distress and 5 is very distressed.

SCALE OF DISTRESS SEVERITY

Answer each: 0 = no distress, to 5 = very distressed

1. How important is it to *you* to try to change the situation?
2. How important would it be to your colleagues to have the situation changed?
3. How important would a change be to the patients/families?
4. How strongly do you feel about trying to change the situation?
5. How confident are you in your ability to make changes?
6. How determined are you to work toward making change?

In the moment, on a day-to-day basis, we have learned to cope with moral distress and ethics exhaustion by justifying our actions to ourselves. Reasons we tell ourselves it is okay might include being too exhausted to fight for what we believe, or believing that no one else cares, so why should we, or we might as well do the task because someone will. Likely the most common feeling is that it is not our fault, and we had no choice. Perhaps we even feel that we will suffer repercussions if we say no, by losing our job, losing our friendships, or losing face in front of our teammates. It becomes a type of "learned helplessness." Dr. Dennis uses the example of the baby elephant tied to a stake, who cannot pull free of the rope. Even when the baby elephant is an adult and weighs tons, it still believes it cannot break free even if it tries. With some of these methods, however, you can break free of the stresses on your morals and ethics.



MISCELLANEOUS

ABBREVIATIONS

AACN: American Association of Critical-Care Nurses

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2.10. COMPROMISE FATIGUE



BASICS

OVERVIEW

• Veterinary healthcare teams are typically primed to offer first-rate medical care for their patients, but all too often they are asked to compromise on that care when clients are financially unprepared to afford the type of care recommended.
• It can be disheartening for the entire team to regularly have to go with "Plan B," especially when a clearly superior medical option is available.
• It is important not to underestimate the negative impact such compromises have on the healthcare team, and the constant role that finances play on the delivery of healthcare to patients in many veterinary practices.

TERMS DEFINED

Compassion Fatigue: Also known as Secondary Traumatic Stress Disorder, this is the gradual loss of compassion by people who work with individuals who are ill, suffering, or victims of trauma. This includes veterinary staff working with worried clients with sick or injured animals. Signs include indifference, disengagement, withdrawal from patients and coworkers, and even physical signs relating to chronic stress.
Compromise Fatigue: Extreme sense of stress associated with repeated requests to make compromises on the basis of the medical or financial management of patient care.
Hedonic Adaptation: Sometimes referred to as the hedonic treadmill, this refers to the observed tendency of individuals to return to a relatively stable level of happiness despite major positive or negative events or life changes.
Leadership Fatigue: Extreme sense of stress associated with managing expectations regarding policies and procedures in the hospital.
Negative Stress: Also known as distress, this refers to the body's response to stress that lacks positive attributes and outcomes. Not all stress is bad, and negative stress refers to those stressors that cause anxiety or concern, are perceived as outside our coping abilities, can decrease performance, and can lead to mental and physical problems.
Plan B: An alternate strategy, often considered as a second choice to a preferred strategy.



ISSUES AND OPTIONS

RECOGNITION

• Compromise fatigue is a term first coined by Dr. Lowell Ackerman and is meant to differentiate the fatigue associated with financial compromises from the more commonly recognized compassion fatigue (see 2.8 – Compassion Fatigue and Burnout) and leadership fatigue (see 2.13 – Leadership Fatigue).
• Compromise fatigue is an insidious disorder experienced by many who work in the animal health field.
• Early in their careers, most animal healthcare workers focus on desirable outcomes, and the best evidence-based ways to achieve them. However, over time, as veterinarians and their teams are asked to compromise on those optimal outcomes to fit the budget of clients, a gradual shift in recommendations can occur, in which veterinary staff begin to recommend services based on their belief that pet owners will not object, rather than what is in the best interests of the animal.
• Through a process sometimes referred to as hedonic adaptation, people can become accustomed to either a positive or negative stimulus, such that the emotional effects of that stimulus are attenuated over time. This can mean that we tend to continually adapt to circumstances and can shift our baseline expectations over time.[1]
• Compounding the problem is that veterinary teams may be held responsible for less-than-optimal outcomes experienced, especially when they did not make or record in the medical record the appropriate recommendation, based on a belief that the client would have preferred the cheaper option provided.
• To a certain extent, compromise fatigue should be expected, since inevitably veterinary care of companion animals must be responsive to the pet owner's ability to pay. This is less an issue in production animal medicine, in which price is always a factor, and herd health is often more relevant than personalized medicine (see 4.8 – Pet-Specific Care).
• Veterinarians are experiencing less job satisfaction than in previous times. The top three stressors cited are time management, difficult clients, and clients' inability to pay.[2]
• Along with increasing job dissatisfaction, suicide rates are increasing within the profession, but the role of compromise fatigue has not really been evaluated in this regard (see 12.14 – Suicide in the Veterinary Profession).

DEALING WITH COMPROMISE FATIGUE

• Compromise fatigue should be considered an occupational hazard in the companion animal healthcare marketplace. As such, mechanisms should be put in place to deal with this issue on a proactive basis.
• The need for compromise should be anticipated in veterinary medicine, so it is worthwhile setting boundaries on where these compromises might be contemplated, and where compromise cannot be considered.
• The easiest way of creating and supporting these boundaries in a hospital setting is to determine the level of care envisioned for the hospital, and then establishing standards of care that reflect those beliefs (see 9.3 – Standards of Care and Care Pathways).
• Hospital operations manuals (see 2.21 – Operations Manuals) can formalize the process, helping to ensure that individual compromises do not adversely impact the vision for the hospital in terms of level of care being delivered.
• Ongoing discussions and hospital team meetings should be used to clarify and refine the messaging, including what standards cannot be compromised, which might be subject to compromise with a signed waiver or "Against Medical Advice" disclaimer (with suitable notations in the medical record), and in which circumstances there might be suitable lower cost alternatives that can be considered with appropriate owner consent.
• It should be possible to lessen the impact of compromise fatigue when staff know the anticipated level of care expected within the practice, and there are clear guidelines established regarding the suitability of compromise in certain predictable situations.
• Since compromise fatigue is often associated with the financial constraints of pet owners, reasonable expectations of pet care expenses should be communicated to pet owners early and often (see 4.4 – What Clients Expect from their Veterinarian), as well as the particular healthcare risk factors for the individual pet (see 5.12 – Discussing Pet-Specific Care).
• As part of setting reasonable expectations, veterinary teams should discuss risk management strategies with clients, such as pet health insurance (see 8.11 – Pet Health Insurance), payment plans (see 8.12 – Payment (Wellness) Plans), and third-party payments (see 8.13 – Third-Party Financing).
• Risk management strategies should be discussed with pet owners at the very first office visits. It is much easier discussing potential future scenarios (such as development of a chronic disorder, visit to an emergency clinic, referral to a specialist, etc.) and how they will be paid for, when there is not a crisis at hand. Clearly document in the medical record the conversation and the owner's response and have staff follow up to ensure that protection is in place.

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• There will always be pet owners who are indigent, so creating charitable guidelines for services, and sharing resources on no-cost or low-cost alternative services is always advisable, but you should have appropriate conversations proactively to minimize staff compromise fatigue wherever possible.



EXAMPLES

Mrs. Millie Frank presented her 11-year-old neutered male domestic shorthair, Max, for a routine office visit at ABC Veterinary Hospital. The doctor and nurse both commented on the extent of gum disease in Max, and recorded it in the medical record as Stage 3 periodontal disease. A recommendation was made for dental prophylaxis, with pre-anesthetic blood work, fluid therapy, and dental radiography, and a verbal estimate for the services was discussed with the owner. Mrs. Frank said that she would like to help Max, but could not afford it, especially the laboratory work and fluid therapy, and asked for a less costly alternative. Dr. Green wanted to help this owner, but more than that she wanted to help Max, who she believed would otherwise not receive the level of care he really needed. While Dr. Green had some reservations, in the end she consented to compromise and perform the procedure for a fraction of the typical price, and forgo the pre-anesthetic laboratory work as well as the fluid therapy and radiography.

Following the dental procedure, Max recovered without event and returned home with his owner. However, about two weeks later, Mrs. Frank returned Max to the hospital and he was moribund. Blood work and urinalysis revealed that Max was in kidney failure. Mrs. Frank blamed Dr. Green and the care that Max had received. Dr. Green reminded Mrs. Frank that pre-anesthetic laboratory testing was declined, as was fluid therapy and radiography, but the owner was adamant that Max was perfectly healthy before the procedure, and that she planned on making a formal complaint to the veterinary board. Dr. Green admitted Max to the hospital and provided supportive care, but Max died two days later.

Mrs. Green did not pay her final veterinary bill and did indeed report Dr. Green to the veterinary board. Their subsequent evaluation revealed that Dr. Green's medical records only indicated the periodontal score and the procedures performed and that there was no evidence in the record that additional recommendations had been made, but declined. Dr. Green learned the hard way that compromising standards of care as a good deed does not always have commensurate rewards.



CAUTIONS

• Even having established standards of care and care pathways will not eliminate compromise fatigue entirely, since unanticipated situations will always exist. However, the goal should be to have general guidelines that provide some context as to what an acceptable compromise might be, and where compromises are not possible.
• While compromise fatigue will typically improve when standards of care have been developed, clients may still object when veterinary team members fail to accommodate their perceived financial needs. Veterinary practices need to be prepared that they cannot meet the needs of every client's budget, and still be true to the hospital's vision for level of care.



MISCELLANEOUS

ABBREVIATIONS

N/A

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2.11. MAKING MEETINGS WORK



BASICS

OVERVIEW

• We live in an information age, and the quality and quantity of our work depends upon the knowledge and skill of our people, the decisions they make, and the things they do.
• Meetings are one of the fundamental tools leaders and managers have to direct their teams, focus energy, and improve productivity and service. Meetings are how work gets done in today's complex, team-centered environment. And managing well-run, productive meetings has become a primary leadership/management skill.

TERMS DEFINED

Agenda: List of meeting topics to be covered for a specific meeting.
Outbound Calls: Telephone calls initiated by the practice to increase purchases of veterinary services, improve client service, and salvage lost appointments (see 6.22 – Outbound Telephone Calls).



ISSUES AND OPTIONS

MEETINGS IN GENERAL

• Meetings are a normal and necessary expense of doing business and there should be a return on the time investment. To compute the cost of a meeting, add the hourly rate of all of the attendees and multiply it by the length of the meeting. Now, add the cost of the lost revenue from taking team members away from billable work and the pizza you bought for their lunch. This is the cost of your meeting. The goal of a meeting planner should be to make sure that the meetings you are responsible for are so well planned and well run that they more than pay for themselves in increased efficiency and productivity.
• Meetings should always have an agenda showing the goal(s) of the meeting and the topics that need to be covered.
• Match the participants to the meeting goal. If the purpose of the meeting is to train the receptionists to make outbound phone calls, the technicians, associate veterinarians, and kennel attendants do not need to participate in the training; outbound phone calls, however, should show up as an information item on their agendas when they meet.
• Match the meeting time to the meeting goal. An "all hands" staff meeting will require more time than a quick department "huddle" to prioritize the day's caseload.
• Meetings are work and need to be treated as such. Do not mix work and leisure in a meeting; staff members need time to decompress, visit, and eat before the meeting starts. When the meal is over, the meeting should begin.
• Counterintuitively, meetings that last longer than 90 minutes are usually less productive than shorter meetings because participants get tired, their attention wavers, and active participation usually begins to drop.

USING AN AGENDA

• The number of agenda topics should be limited so that they can realistically be covered in the time allocated for the meeting.
• Agenda topics should be prioritized so that the most important topics can be addressed first.
• Staff and associates should be invited to suggest topics for the agenda to gain their buy-in, and so that important issues that require team attention are not missed.
• The agenda should be posted or copies handed out to meeting participants, so that everyone can see it and follow along.
• If all the agenda items cannot be addressed in the course of a meeting, then they should be carried over to the next staff meeting or addressed in some other way.
• An agenda item that should be part of all meetings is a brief report on the status or disposition of decisions and actions assigned at the previous meeting(s). This helps ensure continuity and will hold people responsible for implementation of decisions made.
• A record of all of the major decisions, deadlines, and responsible parties needs to be drafted and posted after the meeting to remind people what they need to do and so that people who were not there can stay up to date.

TIMING ISSUES

• Staff meeting schedules should be published well in advance so that staff members can budget their time accordingly. Thought needs be given to the best time to hold staff meetings so that the people who need to be there can attend.
• Staff meetings should start and stop on time. When participants realize this will happen, they are more likely to be conscientious about arriving on time, especially if there is a penalty for being late. The last one to arrive at the meeting should be asked to sing a song or tell a joke before he or she is allowed to sit down.
• The more people at a meeting, the more time needs to be allocated for the meeting. It takes more people more time to get settled in, and there are usually more questions and concerns to be addressed. Realistic meeting planning factors in extra time for larger groups.
• For meetings that must run more than 90 minutes, taking a short break after 60 or 90 minutes will help participants re-energize so they can focus more fully on the discussion.

MEETING FACILITATION

• Running a successful meeting is a great responsibility. It not an easy task, and it does not come naturally to most people. To reinforce the importance of using meetings wisely, the practice leadership/manager should first acquire the skills they need to do it well and then make sure they model the desired behavior whenever they run a meeting. They should be well organized, use an agenda, set meeting goal(s), start and stop on time, disseminate a summary of the important decisions made, and hold people accountable for what they have agreed to do.
• It is a good idea to develop and share guidelines for meetings. The guidelines should set expectations for both the meeting facilitators' and participants' behavior in meetings. Participants, for instance, should be expected to pay attention, actively listen, and take part in the meeting discussions.
• Training should be provided for supervisors, managers, and others who are expected to run staff meetings so that they will know how to use this time wisely and well. Many good books are available at libraries, bookstores, and online on this subject.

ENGAGING PARTICIPANTS

• Posting an agenda and inviting staff members to add their own topics helps engage participants.
• Staff members should be paid for the time they spend in meetings. It is an important part of the work they do and it needs to be treated as such. There may be legal pay issues to consider as well.
• Asking individuals to be prepared to present an idea or lead part of the discussion encourages participation.
• Using tasteful, appropriate humor and "learning games" help people stay focused and energized.
• Use visuals to help participants see what you are talking about and engage more of their senses.
• Using meetings to publicly praise work well done and celebrate successes goes a long way toward building morale and participants' interest in attending meetings.

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• Sharing important information about changes, progress toward goals, and announcements makes people want to be at meetings rather than miss out on being in the know.

FOLLOW-UP AND FOLLOW-THROUGH

• Meetings can be a waste of time if major decisions are not recorded, and assignments, responsibilities, and deadlines are not clearly assigned (see Examples).
• Meetings should have a "scribe." This person's job is to record the decisions and assignments made, the designated responsible parties, and the deadlines agreed to during the meeting.
• Meeting notes should be disseminated to all hospital employees after an "all hands" meeting, or to the appropriate parties after a department meeting.
• The facilitator's job is to make sure that decisions are followed up and that assignments and deadlines are revisited at future meetings to hold people responsible for getting things done.

TRAINING MEETINGS

• Training meetings need to be goal-oriented. Whether you or someone else, such as a vendor, leads the training session, goals should be set and published. For example, "Upon completion of the training meeting today, participants will: (1) Know how to educate clients on parasite prevention; (2) Be able to show clients how to administer the products and medication we carry; and (3) Be able to answer frequently asked questions about the importance of parasite control and the products we carry."
• There should be tests (verbal, written, or demonstrated) on the material covered in the training meeting, and employees should be expected to pass the tests as a condition of continued employment. This provides a degree of quality control and ensures that employees use their time well in training meetings.
• Training sessions do not always have to be held as separate meetings (see 3.10 – Staff Training). Short, informal training sessions can be part of any meeting, when time permits. For instance, having each staff member explain, in client terms, one item from the travel sheet ensures that all staff members have an opportunity to learn about the services your hospital provides and that they have a chance to think about the best way to explain them to clients.
• It may be possible to take advantage of technology to include employees remotely in meetings at the practice and to use online resources for training.

OTHER MEETING ISSUES

• Individual department meetings of veterinarian teams, technician teams, management teams, and reception teams are important, but there is still a need to have "all hands" meetings to build coordination and teamwork between departments.
• Thought should be given to where the meeting will be held. Is there sufficient space to accommodate everyone? Are they able to see and hear everything? Will they be comfortable?
• Decide in advance how you will cover the phones and walk-ins during the meeting time, if it is held during normal hours of operation. Having a relief staff person handle phones or assigning one or two people to this task is less disruptive to the meeting than handling interruptions "ad hoc."



EXAMPLES

• Janie will be the project leader. She will provide a project overview and timeline for review at our next meeting on [date].
• Dr. Piermont will draft the protocol per our discussion for final approval at the doctors' meeting on [date].



CAUTIONS

• A poorly run meeting is an expensive waste of time. A well-run meeting is a good investment in building your team and increasing productivity.
• Productive staff meetings are focused and have goals. Decide in advance the reason for the meeting. Is it to:
  ◦ Team problem-solve?
  ◦ Plan a project or event?
  ◦ Train the team?
  ◦ Provide information and updates?
  ◦ Celebrate success?
• If there is not a clear, good reason or reasons to hold a meeting, then don't have one.
• Not all meetings have to be long, formal sessions. Quick daily huddles after lunch with the supervisors of each department to update on the status of cases and balance the afternoon workload is a meeting.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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2.12. LEADERSHIP



BASICS

OVERVIEW

• Most veterinarians were never trained to be leaders; they were trained to be technical experts in a highly technical field. Yet at some point in everyone's career, leadership skills become important.
• Whether you are being asked to mentor a new employee or plan to own your own practice, your followers expect you to function like a leader. But how well trained are you for these responsibilities? If you are like most veterinarians, the answer is not particularly well.
• If you are a team member in a veterinary practice, you likely have witnessed both good and bad leadership, even though you may not have been formally trained in management.

TERMS DEFINED

Leadership: Process by which an individual influences others to achieve a common goal.



ISSUES AND OPTIONS

PRACTICE CULTURE AND ITS IMPACT ON LEADERSHIP

• Most of us think of culture in international terms: for example, the Chinese culture or the American culture. But in a more general sense, culture is the sum of all the characteristics that describe "the way we do things around here." It is the set of rules, procedures, processes, attitudes, communication methods, training protocols, or work styles that set the tone for a practice.
• Culture is what helps a practice find and keep great employees. The owner(s) as well as the employees set this tone, either overtly or simply through continued actions over a long period of time (see 2.26 – Changing Organizational Culture). Whether a practice is establishing the desired culture depends upon how the practice leaders act and what decisions are made from day to day. For example, owners may believe that giving employees a voice in operational decisions is important and fosters employee involvement, thereby motivating them to higher performance levels. But if those same leaders establish a pattern of making most of the decisions themselves and then simply announce them to staff members, they are not "walking the talk." In that case, is the culture participative or authoritarian? The owners' failure to allow true employee participation looks a lot like an authoritarian management style when viewed by the employees.
• Can employees change the culture of a practice from within? The answer is maybe, although it is much more difficult than you might think. No matter how many great ideas bombard them, owners/managers have to be willing to change in order for any suggestion to take root or any transformation to actually occur. The sad reality is that many of them do not want the current practice culture to change. Either they are happy with the status quo or they are not aware of what might be done differently and how those changes might improve the practice overall.
• Most of us have experience with suggestion boxes and brainstorming sessions or have used other means to recommend or initiate change. But how many of the employee suggestions you have seen have actually led to action or a long-term change in procedure? Change does not come easily, even if everyone is in favor of it. Only when the current owners/managers are supportive can meaningful and lasting changes actually occur.
• Even the staunchest supporters of the status quo can change their minds. By believing that the benefits outweigh the cost, owners/managers can learn new skills. Owners/managers do not have to initiate the suggestions; they simply have to be receptive to change. Sometimes it takes a new owner or manager to stir up the pot, but sometimes the staff can convince an owner or manager to take the chance to support change and to explore the benefits of becoming a leader instead of a manager.

QUOTES ON LEADERSHIP VERSUS MANAGEMENT

Understanding the difference between leadership today and traditional management is critical. Consider these observations:
• "Leaders need to be far more concerned with determining the future than specifying how to get there" (W. Warner Burke).[1]
• "Leaders enable others to act, not by hoarding the power they have, but by giving it away. When people have more discretion, more authority, and more information, they're much more likely to use their energies to produce extraordinary results" (James M. Kouzes and Barry Z. Posner).[2]
• "I'm successful because I don't go where the puck is; I go where it's going to be" (widely attributed to Wayne Gretsky).
• "Titles are granted, but it's your behavior that wins you respect" (James M. Kouzes and Barry Z. Posner).[2]
• "One of the reasons why so many solutions do not work or cannot be implemented is because differences in thinking have been ignored. Understanding such differences is at least as essential as understanding the technical factors" (Geert Hofstede).[3]

TRADITIONAL MANAGEMENT THEORY

Many of us have worked for someone who was trained to be a manager, not a leader. Traditionally, managers had certain roles, which generally included the following:
• Planning, often considered the central function of management.
• Organizing and staffing, which involved assigning activities, dividing work into specific jobs and tasks, and specifying who has the authority to accomplish certain tasks.
• Leading or managing, defined as influencing others to achieve organizational objectives. As a consequence, it involves energizing, directing, activating, and persuading others.
• Controlling, or ensuring that performance conforms to plans.[4]

Traditional management also has certain themes. For example, traditional management teaches that leaders ought to be cool, aloof, and analytical; they ought to separate emotion from work. We have also heard that management is a tough job, and that it is lonely at the top. And we have been told that management is all about control – the control of resources, including time, money, materials, and people.

Inherent in these themes is an underlying paternalistic viewpoint. When viewed through this window, a manager's job is to plan, hire, direct, and control employees. Kouzes and Posner remind us that the root origin of manage is a word meaning "hand." At its core, managing is about "handling" things – about maintaining order and about organization and control.[2]

CURRENT LEADERSHIP THEORY

• The word *lead*, at its root, means "go, travel, guide." Leadership has about it a kinesthetic feel, a sense of movement. Leaders "go first." They are pioneers. They begin the quest for a new order.
• "The critical difference between management and leadership is reflected in the root meaning of the two words – the difference between what it means to handle things and what it means to go places. The unique role of leaders is to take us to places we've never been before" (Kouzes and Posner).[2]
• You can certainly criticize Steve Jobs' leadership techniques, but his grasp of the future and his vision for what a product should be took Apple from a garage in Silicon Valley to a multi-billion dollar company with sales and stores worldwide.[5]
• Must leaders be cool, aloof, analytical, and unemotional? No. When real-life leaders discuss what they are the most proud of in their own careers, they describe feelings of inspiration, passion, elation, intensity, challenge, caring, and kindness. That is not to say that leaders cannot

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also be analytical when appropriate, but it is their sense of passion and commitment to an idea that is contagious and makes us want to follow.
• Today's leaders are not paternalistic, they are empowering. Their job is to provide the overall vision and then to articulate it to those around them. Leaders provide the environment and the tools to enable their followers to reach their own individual work-related goals, goals that are closely aligned with the practice's objectives. Once a leader has provided the vision and the resources, a good one just steps back and lets people do their jobs. Leadership is not an adversarial relationship, but a mutually cooperative one.
• Why be a leader instead of a manager? Spending your time trying to control other people is highly unrewarding (picture herding a dozen cats in an open field), but enlisting the help of others in reaching your goals requires much less effort on your part. You do not have to be unerringly wise or have unlimited energy or resources. You do not have to come up with all the ideas, and you do not have to have all the answers. In fact, you will limit your practice's success if you try. If you empower your employees to deal with day-to-day problems, then you will not have to. In fact, their solutions may be far superior to yours, not only saving you time and energy, but saving you money as well.

WHAT DO LEADERS DO?

Kouzes and Posner[2] define the five commitments of leaders today as follows:
• Challenge the Process
  ◦ Search out challenging opportunities to change, grow, innovate, and improve.
  ◦ Experiment, take risks, and learn from the accompanying mistakes.
• Inspire a Shared Vision
  ◦ Envision an uplifting and ennobling future.
  ◦ Enlist others in a common vision by appealing to their values, interests, hopes, and dreams.
• Enable Others to Act
  ◦ Foster collaboration by promoting cooperative goals and building trust.
  ◦ Strengthen people by giving power away, providing choice, developing competence, assigning critical tasks, and offering visible support. Empowering employees is generally the process of depowering managers.
• Model the Way
  ◦ Set the example by behaving in ways that are consistent with shared values.
  ◦ Achieve small wins that promote consistent progress and build commitment.
• Encourage the Heart
  ◦ Recognize individual contributions to the success of every project.
  ◦ Celebrate team accomplishments regularly.

This sounds much more appealing than traditional management, doesn't it? So why doesn't everyone operate this way?

BARRIERS TO LEADERSHIP

Whenever a manager is asked why he or she continues to plan, organize, control, and direct instead of leading, a handful of answers emerge.
• One theme involves tradition. Many of the current practice owners grew up during the decades when management gurus preached this traditional philosophy. Many owner/veterinarians worked under this kind of management early in their careers and carried the theory over to their own practices when the opportunity presented itself. They likely have not given much thought to alternate leadership theories, although some of these people end up embracing new concepts and, over time, a new practice culture emerges.
• Another possible answer is the owners' view of employees in general. Sadly, some managers view their role as adversarial, meaning that they believe they must control their employees to somehow keep them from running amok. The more benevolent of these owners believe that employees simply do not have all the information or all the skills needed to work independently, but deep down they hope the employees will improve somehow over time. The other underlying paradigm is more damaging and much more difficult to change. That is an underlying belief that employees cannot be trusted – that they are out to sabotage the practice and undermine the owners, and therefore must be closely monitored and kept in their place.
• A third theme is that leadership sounds good in theory, but there is not enough time, energy, or resources to take the necessary steps toward leadership. Owners/managers who are nearing the end of their careers are more likely to maintain the status quo rather than undergo the trauma that they perceive in making substantive changes.
• A fourth category of responses sounds something like "We tried that and it didn't work." A few years back there was a big push toward developing teams within veterinary hospitals (see 1.11 – Functioning as a Healthcare Team). Some practices nominally established teams but failed to understand how to empower them and how to deal with the inherent underlying team dynamics. As a result, teams were given tasks but no resources, or they were given duties but no authority to carry out those duties. In most cases, the underlying problem was that although teams were created, they were never truly empowered. Because employee empowerment is largely owner "depowerment" and no real depowerment occurred, no long-term change actually took place.

APPLYING LEADERSHIP THEORY TO YOUR PRACTICE

In the day-to-day chaos of running a practice, it is easy to lose track of leadership ideals. Here are some steps to foster the culture you want, to develop your skills as a leader, and to help your coworkers help you grow the practice. These steps assume that you are an owner, but if not, and if the owner is amenable to change and supports your efforts, the same concepts would apply:
• Spend enough time up front to be able to define and describe your vision for your practice in 50 words or less. Write it down. Practice communicating that vision to your spouse, your siblings, your kids, your dog, and anyone else who will listen to you until it is automatic. Only when they (OK, maybe not the dog) can communicate it back to you will you know that you have succeeded in sharing your vision. Then, share that vision repeatedly with every new employee and with your coworkers.
• Include some measurable specifics in your vision. It is not enough to want to have the "highest quality practice" in your area unless you can define what that means. Does it mean the most technological? The largest? The most caring? The highest priced? The practice with the lowest staff turnover? The one that other veterinarians refer to? The one that clients recommend to their friends because of the care their own animals are getting?
• Set a goal for where you want the practice to be in one year and in five years (see 14.5 – Strategic Planning and Implementation). Write those goals down. Again, they should be well defined and measurable. They might be numerical (targeted annual revenue, number of active clients, average transaction charge, number of doctors on staff, for example), or they might also be lifestyle-related (all after-hour emergencies are referred, you take annual four-week vacations, or cut back your hours to 30 per week to spend more time with your family). They might relate to adding new services, such as developing a surgery specialty within your practice or becoming the recognized local dentistry specialist. Remember the old saying: "If you don't know where you're going, any road will take you there."
• Take the risk of opening up to your staff and letting them see you as a person who tries, but still makes mistakes. Building trust is a process that begins when one party is willing to risk being the first to open up. Demonstrating your trust in other people encourages them to trust in return. You, as a leader, must be trustworthy in order to be trusted.
• Develop reward systems that foster the behavior you want (see 3.4 – Employee Bonus Criteria). For example, consider giving no raises or

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2.12. LEADERSHIP

only minimal raises based on the cost of living, and only minimal raises related to longevity. Instead, reward your staff with additional compensation when they become more valuable to the practice. They can do this by becoming more efficient, by learning new skills, by taking on additional tasks, and so on. Consider team rewards versus individual rewards. Doesn't it take a lot of cooperation between the front desk and the back office to enable a hospital to run efficiently? How can you reward such group behavior? Poor performance is generally the result of poorly designed reward systems. People do what gets rewarded, so what do you want them to do?

- Share information. Knowledge is power, and the more knowledge you give your employees, the more empowered they will become. Do not be afraid to share financial information (see 2.1 – Workplace Management). Let them know how high your overhead costs are each month, and involve them in discussions about increasing revenue and monitoring costs. Develop a learning organization; that is, recognize that individuals in such a culture are always "in process." Encourage people to share the knowledge gained in outside classes, seminars, and volunteer activities. You will get maximum benefit from your continuing education dollars if part of the process of attending for everyone is developing a minicourse for the rest of the staff (see 3.6 – Continuing Education Benefits). Employees who have the opportunity to learn and grow on the job are much more likely to stay.
- Recognize the value of diversity. No matter how good you are, you do not have all the answers and you probably are not even asking all the right questions. But the people who surround you have different backgrounds, different interests, and different strengths (see 2.1 – Workplace Management). Instead of dismissing diverse opinions or feeling threatened by those who question your judgment, recognize that the best ideas often come from the places you would least expect to find them. Understand that other people take in information differently than you do, make decisions based on different criteria, and communicate them differently, but they are not necessarily wrong! Take the time to hear diverse opinions and be willing to listen. By doing so, your doctors and staff will protect you from yourself; that is, they will keep you from going down a path that will not achieve the practice's goals.
- Understand that you cannot motivate anyone who does not want to be motivated (see 2.5 – Motivating the Healthcare Team). Leaders do not motivate people – people motivate themselves. Instead, leaders provide an environment in which each individual can work toward his or her own goals, and by doing so also work toward the practice's goals.
- Do not underestimate the value of "management by walking around." Managers historically isolated themselves from their employees (remember the executive washroom concept?). But leaders foster good communication by being at the front line where the "real" work takes place, at least part of the time. Information can be shared more easily when you are face-to-face with your staff while they do their jobs.
- Be generous with praise and stingy with criticism. Praise in the presence of coworkers is the cheapest reward you can give and is one of the most valued. On the other hand, criticism should be reserved for private conversations and only when the situation truly merits it. Good employees know when they have screwed up, and you do not need to remind them. Focus instead on what caused the problem in the first place. If it is a system problem, work together to improve the system. If not, assume that it is an isolated instance and will not recur. If it does, consider whether this is an employee whose goals are truly aligned with the practice's. Not every employee should stay – some need to find a better fit elsewhere.

DEVELOPING STRATEGIES TO DEFINE, ACHIEVE, AND MEASURE SUCCESS

Leadership requires you to take a broad look at the issues facing your practice. As previously discussed, leaders need to determine how the future will look, not focus on the specifics of how to get there. The specifics are for the entire practice team to work out. On the other hand, you as a leader must develop ways to measure whether your practice is on track toward your vision. But once again, you cannot do this by yourself. You must involve everyone at the hospital.

The concept of measurement often implies a fairly narrow focus on financial indicators, such as tracking the number of appointments per day or comparing gross fees last month with revenue in the comparable month a year earlier. But that is only part of the picture. A focus on financial indicators often promotes short-term behavior that compromises long-term performance. For example, increasing the number of appointments per day by shortening each office visit may increase revenue in the short term, but it will compromise client service as your clients feel they are being rushed out the door.

A more balanced approach is to focus on four distinct perspectives, each of which impacts your ability to achieve your practice vision. Just as you must communicate your vision, you must empower the entire practice team to focus on the strategy and steps that are necessary to get there. Robert S. Kaplan and David P. Norton advocate the "balanced scorecard," which suggests that businesses should evaluate success from four different viewpoints.[6] In addition, leaders must build a "strategy-focused organization," a concept discussed later in this section. The four perspectives essential in any practice are:

- **Financial:** This is the one most frequently used to evaluate a practice's success or failure. Although important, overall financial success might be viewed more as an indicator of how well all the systems within the hospital are operating. Viewed strategically, however, the financial perspective focuses on success from the owner/investor's standpoint. Without adequate reward, who will take the risk and invest money to own and operate a veterinary practice?
- **Customer/client:** What creates practice success from the clients' viewpoint? How is that different from the owner/investor's view? How focused is your practice on client service? When did you last do a client survey and ask for honest feedback and suggestions for change? How well do your clients follow up on your recommendations and advice? If not, why not?
- **Internal business processes:** How well are the systems within the practice working to "get the job done" and still creating job satisfaction for the team members who work within those systems? What barriers exist? What procedures are unnecessarily awkward or time-consuming?
- **Learning and growth:** Just as we discussed that leaders should create a learning environment for their staff, this perspective focuses on whether the practice is actually creating a climate that supports organizational change, innovation, and growth. How well does the practice respond to outside threats and opportunities? How easy or difficult is it to suggest and/or implement change in this practice? Are there missed opportunities?

The concept of a balanced scorecard reminds us that true success lies in integrating all four of these perspectives. As the leader, you must stay focused on the vision and be the cheerleader who encourages each team member to view his or her job in light of all four perspectives. This does not happen overnight and it is never easy to do. Many a leader has lost sight of the goal in the day-to-day battles we all face, but if you as the leader do not stay focused on the future, who will?

So what is a strategy-focused organization? It is when the entire practice recognizes the need for and implements appropriate changes because they understand the vision and the practice's overall philosophy (see 14.5 – Strategic Planning and Implementation). The process of getting there requires a series of steps. Defining and communicating the vision are the most common starting points, followed by planning to develop the actual steps and procedures that work toward that goal. Practices that develop a vision can usually get this far, but the next step is often overlooked. Every action taken and every procedure developed will not be perfection; that is, something will not work right or achieve the intended result. That necessitates feedback and learning, a sort of necropsy on the process itself. What

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worked and what did not? What did we learn from the process? What should we have done differently, and what can we do better in the future? Too many practices conclude that change must be a bad thing and then they quit before actually learning from their results.

This feedback and learning then lead to developing new steps and processes, but occasionally they can also lead to a modification of the vision. For example, if part of your vision was to develop a strong focus on increased diagnostics, but the actual number of in-house bloodwork procedures or ultrasounds did not increase significantly, was that because of the actual steps you and the staff took (or did not take), or was it because your vision was too ambitious? Or too vague? Or because you did not have the right equipment or training? By testing the result against the vision, it becomes more apparent whether more planning is needed or whether a vision modification or better communication may be required.

Ultimately, these steps become circular – revised steps lead to more feedback, more comparison with the vision, and more communication. Successful practices do this daily, often without even recognizing the processes at work. But over time, you as a leader will observe a subtle shift. Team members begin to focus on how the practice's strategies are (or are not) leading them closer to the shared vision. This focus on the larger picture starts with you, the leader, but leads to much less conflict as each team member recognizes the role each plays in achieving overall practice success.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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2.13. LEADERSHIP FATIGUE



BASICS

OVERVIEW

• Leadership Fatigue occurs as the result of leaders "negotiating" with team members and owners to carry out policies and procedures (versus team members carrying out the policy with their own initiative).
• Commonly, managers actively work to "put out fires" on a daily basis rather than having the ability to be "proactive" and prevent fires from starting.
• Leadership fatigue is generally experienced by a manager within four years of taking the position.
• Leadership fatigue occurs a large percentage of time in veterinary practices with traditional leadership styles such as "it is my way or the highway" or authoritative type of leadership styles.
• Clinical symptoms of leadership fatigue include loss of energy, passion, and motivation.
• Leadership fatigue can be overcome with strong leadership skills and the development of a positive, influential, and collaborative culture.

TERMS DEFINED

Adaptive Leadership: This framework incorporates change by challenging the status quo and adapting leadership styles to yield success.
Culture: The shared values, morals, and ethics of an organization that are used to achieve the common goal.
Emotional Intelligence: The ability to recognize one's own and other people's emotions, to discriminate between different feelings and label them appropriately, and to use emotional information to guide thinking and behavior.
Human Capital: The value of the skills, knowledge, and experience of persons within an organization.
Leadership: The means of social influence in which a person can enlist the aid and support of others to achieve a common goal.
Leadership Fatigue: An extreme experience of stress associated with managing expectations regarding policies and procedures in the hospital.
Shared Leadership: This entails sharing wisdom, knowledge, and influence through empowerment.
Teamship: The collective standard of behavior that is understood and appreciated by everyone participating on a team.



ISSUES AND OPTIONS

There is often a presumed leadership role for the owner of a veterinary hospital and a question as to how much authority and autonomy a manager has (see 2.12 – Leadership). Each business is unique in how they delineate responsibilities; however, a fundamental description of that relationship is often missing. A joint or shared leadership role should be created with the owner and manager.
• Joint leadership delineates the duties of both owner and manager. For example, an owner veterinarian would be responsible for the standard of medicine practiced in the hospital, while the manager would carry out human capital decisions.
• Shared leadership creates a balance of leadership within the practice.
  ◦ The intent is to share wisdom, knowledge, and influence through empowerment.
  ◦ Having too many leaders in the practice without planning can leave an organization confused and paralyzed.
  ◦ If the effort to identify the appropriate leadership team and responsibilities is left to chance, the results will reflect a lack of emphasis and importance.
  ◦ When results are less than what is expected, frustration sets in, which is a key contributor to fatigue and burnout.

Adaptive leadership is a practical leadership framework that helps individuals and organizations adapt and thrive in challenging environments. When it is realized that the organization's aspirations (innovations and progress) cannot be attained through current approaches, the adaptive leadership framework can be used to diagnose, interrupt, and innovate, creating capabilities that match the organizational aspirations. Adaptive leadership:
• takes on the gradual but meaningful process of change,
• diagnoses the essential from the expendable and brings about a challenge to the status quo,
• evolves purposefully in real time.

The Action Centered Leadership Theory recognizes that the leader accomplishes goals through the actions of the team.

Creating and sustaining a healthy leadership team will help to appropriately leverage all of the work and ambitions of the practice.

Fatigued leaders create a fatigued team. Conversely, inspired leaders can create an inspired team.

Emotional intelligence (EI) is defined as the ability to identify, assess, and control one's emotions (see 2.15 – Emotional Intelligence). The characteristics of EI include self-awareness, self-control, self-motivation and empathy:
• Self-awareness involves the recognition of one's emotions and gives insight into the response that follows a trigger. The more emotions are understood, the easier it is to control ingrained responses.
• Self-control aids one in managing stressful triggers, and can moderate angry responses, helping one maintain perspective and focus.
• Self-motivation is contagious to others; as a leader, use self-motivation to influence others.
• Empathy allows one to respond to others with a clear mind, judgment free. If responses included empathy, the speaker is more likely to open up, presenting information that would most likely be held within.

Leaders should be able to control their emotions, as these are behaviors that influence team members. Strong emotional intelligence is advised to manage leadership fatigue.

The use of humor is useful to reduce stress in the moment, to help resolve challenging situations, and to resolve conflict positively.

Obtaining an understanding of oneself is the first step in effective leadership, followership, and teamship. A leader creates followers; when the leader positively influences those followers to carry out the goals of the practice, a new level of cohesiveness, or teamship, is achieved.

To help motivate employees to their highest potential leaders should create three elements:
• **Autonomy:** People have an urge to direct their own lives, and micromanagers can block the vision. Do you give your people a vision and allow them to carry out that vision?
• **Mastery:** People want to get better at what they do, because it matters. What tools do your people have to get better?
• **Purpose:** People have a desire to serve something larger than ourselves. Do you allow them to serve the practice, and your clientele?

Great team leaders:
• challenge the status quo and lead to innovation (which embraces change);
• inspire the buy-in of the mission, vision, and core values of the organization (see 14.9 – Mission and Vision Statements);
• enable and empower – through collaboration;
• walk the walk;
• demonstrate how to share leadership responsibilities with the team and the owner;
• embrace the differences of team members and build on the strengths that each contributes (see 2.1 – Workplace Management);
• understand the generational differences and adapt as necessary to obtain success (see 1.13 – Generational Differences);

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• cultivate inclusion of all team members and incorporate all contributions; this indirectly builds accountability of each contributor, further enhancing the organization.

Create a culture that your team members respect, cherish, contribute to and help grow.

Develop mission, vision, and core values statements that resonate with owners and team members (and that supports the desired culture).

• **Mission statement:** Why do we come to work every day? What are we here for? How will we accomplish our strategic goals?
• **Vision statement:** Where is our practice going to be in 1 year, 2 years, 5 years, or 10 years from now?
• **Core values:** non-negotiable ethics that cannot be broken by any team member.

The owner will likely develop the vision statement. Allowing the team to help create the mission and core values to achieve the vision will yield better results, as they obtain a greater understanding of "why" they are important.

• Tie the mission and core values into every job description, phase training program, and performance evaluation.

When implementing policies and procedures, use a "pull" method:

• Explain "what" is happening.
• Ask the team "why" and "how" it can be fixed.
• Once the team develops the how, ask "when."

Allowing the team to understand, contribute to, and develop procedures themselves allows them to become accountable for their recommendations and make changes as necessary to yield better results. If the manager "pushes" policies on the team, the team will likely reject the procedure and the change will fail.

All leaders should "walk the talk." For example, when a mission, vision, and core values statement(s) has been developed and implemented, all leaders should practice what they preach. These actions will then be practiced by the followers. If the leader procrastinates, then so will the team. This can result in a fatigued manager who feels they must always haggle, then compromise with the leaders and team members.



EXAMPLES

Positive cultures that encourage collaboration and leadership among the team results in:

• decreased employee turnover, burnout and workers compensation claims,
• increased employee morale, leveraging and delegation of tasks,
• increased client bonding, retention, loyalty and compliance,
• increased whole team health.



CAUTIONS

When not managed, leadership fatigue results in a toxic work environment for all employees. Often managers and owners do not realize when they have reached this critical point in their career. The business becomes paralyzed, stifling client compliance, retention, and referrals.

Leadership fatigue has the potential to lead to a change in career direction for managers and suicide in owners (see 12.14 – Suicide in the Veterinary Profession).



MISCELLANEOUS

ABBREVIATIONS

N/A

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2.14. IMPLEMENTATION: GETTING IT DONE



BASICS

OVERVIEW

One of the most frustrating aspects of running a business is the potential inability to implement new processes, procedures, and plans. It seems so difficult to carve out the time while you are taking care of day-to-day matters. Ideas may be plentiful. Action on those ideas, however, may be tenuous at best. And despite the fact that new methods or tools are often deemed important, the incapacity to put them into practice means very few real changes ever seem to be fully adopted.

Change of any kind is simply challenging, for better or for worse, intended or not. Like anything worthwhile, affecting change takes planning, with a fierce determination to manage each step in the process (see 2.7 – Change Management). The accomplishment of established milestones developed in the planning phase should serve to motivate and provide additional fortitude to push on to complete a project (see 14.5 – Strategic Planning and Implementation). But you can't stop there. To ensure the incorporation of a new policy or process throughout the organization, there has be equal attention to training and follow through (see 3.10 – Staff Training). By following a prescribed process, getting things done and done well may just become a hallmark of your success.

TERMS DEFINED

Critical Path: Succession of connected tasks that will take the longest to complete. The critical path is the longest path to complete the project. Therefore, to complete the project on schedule it is the critical path and the tasks that are part of it that must be managed most closely.
Implement: A verb – to put into effect.
Project: Temporary endeavor with a defined beginning and end (usually time-constrained, and often constrained by funding or deliverables), undertaken to meet unique goals and objectives. In contrast with "business as usual," which entails repetitive, permanent, or semi-permanent functional activities, projects are temporary in nature. The management of these two systems is often quite different, requiring the development of distinct technical skills and management strategies.
Project Management: Discipline of planning, organizing, securing, managing, leading, and controlling resources to achieve specific goals.
Risk: A hazard or chance that some aspect of the project can create damage. All projects contain risk and if you are the project manager, it is not only your responsibility to anticipate risk but it is also your job to communicate the potential impact of those risks to the project.
Scope: In project management, scope is a set of boundaries that define the extent of a project. These boundaries determine what falls inside or outside the project and what is included or not, in planning.



ISSUES AND OPTIONS

When you are busy running a veterinary practice, it is hard to see the forest for the trees. Each day you hope enough of your team shows up to carry out the scheduled work as well as the unscheduled emergencies that need to be dealt with. By the end of the day you are exhausted, two people want to talk with you and you have six telephone calls to return. It is no wonder implementing anything of great importance is so difficult.

What makes people finally change? Two scenarios are most common. You are either very organized, motivated, disciplined, and ambitious, or in enough pain to make the time to find a way to fix the issue. Sadly, the latter is most often the tipping point. If you can learn "how" to prioritize the projects, assign the right individuals to lead them, follow a prescribed set of steps, you can find a way out of your survival spiral.

Let us assume you have made a decision to finally go ahead with a particular project that you have been interested in tackling for some time. You know it will affect everyone on the team and require unanimous participation. Give ample time and thought to what you will tell the team about this change and how. If you can effectively explain the need or desire for implementation of a new system/process/policy – the change – to your employees, and get them to buy into it, your chances of succeeding increases tremendously.

WHY?

This is the primary question you need to answer for your employees. Why the need for the change? Take the time to clearly share the reasons behind what is about to occur.

- What are the reasons behind our proposed change?
- What are our goals?
- Who does the change affect?
- What are the likely repercussions of change throughout the organization?
- How will we all benefit from the change?

The goal is to create acceptance while reducing ambiguity and uncertainty. Then you need to communicate the vision – what it will look like after the implementation, so everyone can picture the end result, providing further reason to get on board with the project.

- Make sure all employees are aware of the vision.
- Reassure stakeholders that the proposed change is justified and will be properly managed.
- Praise individual contributions that boost progress.
- Address and resolve any issues that occur prior to initiation of the implementation process.
- Keep people informed as change progresses throughout the organization, recognizing that this may be a challenge with full and part-time staff where everyone is not there at the same time.
- Make it benefit oriented – what's in it for me (WIIFM).
- Describe specifically what the outcome will look like – how will we/the patients benefit?
- How are we going to get there? Provide a brief outline of the process along with an estimated timeline.
- Listen to their ideas and concerns so you can address the right obstacles to succeed.

WHEN?

The sensitivity or size of a project will determine the importance you give it relative to the team. However it would never be wrong to place this type of information on an agenda for a team meeting. If you give it personal attention, your team will understand the level of importance you have ascribed to it and be more likely to join you.

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WHO?

Who will manage the project and take responsibility for the implementation? This may be a tougher question to answer than initially envisioned. A good project manager must simultaneously manage four basic elements:

- Resources – people, equipment, materials
- Time – individual tasks (steps), dependencies, critical path
- Money – costs, contingencies, risk
- Scope – project size, goals, requirements.

This may be just the right project for someone on your current staff. Or it may call for it to be outsourced. If someone on your team has the skills, time, interest, and resources to take on the implementation project, wonderful. But keep in mind you will need to accommodate for the regular work they will not be getting done as a result and the related costs. On the other hand, if this type of project is best suited for someone with more experience, do not hesitate to hire an outside expert.

PUTTING IT ALL TOGETHER

The primary challenge of project management is to achieve all of the project goals while managing the constraints of scope, time, resources, and budget. Ideally, and even more ambitious, is striving to optimize the process to meet or exceed defined objectives under time or budget.

- **Scope:** This is the definition of what the project is supposed to accomplish in detail and the budget (of time and money) that has been created to achieve these objectives. If there is any change to the scope of the project, you must have a corresponding change in budget, either time or resources.
- **Resources:** Managing the people resources means having the right people, with the right skills and the proper tools, in the right quantity at the right time. It also means ensuring that they know what needs to be done, when, and how. And it means motivating them to take ownership in the project too.
- **Time:** Any project can be broken down into a number of tasks that have to be performed. To prepare the project schedule, the project manager has to figure out what the tasks are, how long they will take, what resources they require, and in what order they should be done. Each of these elements has a direct bearing on the schedule and is part of the critical path.
- **Cost:** Each project task will have a cost, whether it is the cost of the labor hours of a vendor, staff member, or the purchase price of a piece of equipment. In preparing the project budget, each of these costs is estimated and then totaled.

There is no shortage of project management software tools. Find one that works for you. Create visual planning documents as well as standard written steps as it will help everyone responsible for the implementation or adoption of the new process to understand how you will get to completion. As you develop the plan, think about how you will know if you have been successful – based on resources, time, money, and scope.



EXAMPLES

Implementation can cover a full spectrum of projects from minor to major, but they all can easily be relegated to the back burner if you do not have a system and a plan to tackle them. Here are a few examples of simple and complex projects and the overview of steps you would want to acknowledge in the development of the plan.

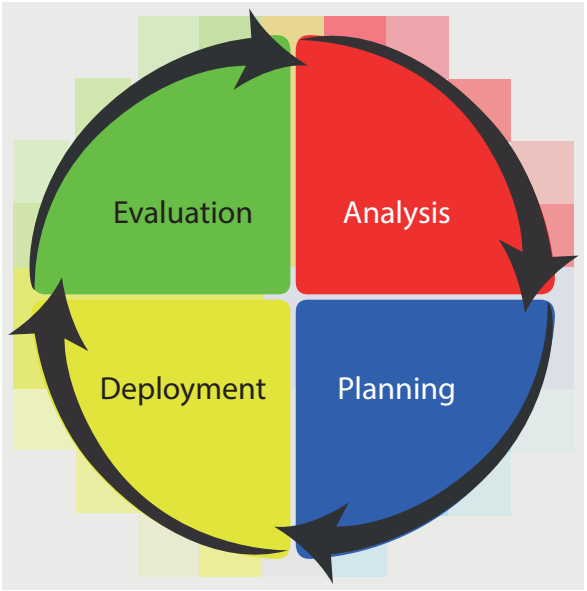


Figure 2-14-1.

One visual planning approach to project management.

SIMPLE: CHANGING THE PROCESS FOR ADMITTING PATIENTS

Perhaps you have always had your front office personnel scheduled to arrive first, open the hospital at 7 a.m., and receive drop-off appointments for the day. The procedure was to have the owner fill out a drop-off form indicating the best phone number to reach them during the day and validate that the pet has not eaten (if undergoing an anesthetic procedure). Once the pet has been checked in, the front office team member places the pet in a cage/kennel and creates a cage card for identification.

This all sounds rather benign and simple to manage, however the practice has found that many pet owners are calling throughout the day to check the status of their pet and what time they can pick them up. The volume of calls has delayed response times for the doctors to return calls and increased the hold time for all callers. The front office staff want to help the clients but are often unable to find any information on the pet because the technicians and/or doctors are busy with other patients or procedures. Thus, time is wasted running around trying to find someone who knows something, the pet owner is a bit frustrated with no information, and the backlog of unattended clients grows. The front office person feels helpless to provide real assistance and assurance that everything is ok and when they will be able to receive a more detailed report.

Proposed Change/Implementation Plan

- **Schedule:** Modify technician schedule so that at least one is on duty to open the clinic with a front office team member (depending on the number of drop-offs expected, there may be more assigned).

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• **Exam room:** For each drop-off, a technician brings the pet owner and pet into an exam room for a brief intake session. In addition to obtaining the best telephone number for the client and verifying NPO, the technician can walk them through the process again.
• **Provide information:** Explain the process for the pet that day.

This more personal and thorough approach can give the client much needed peace of mind. The act of taking a few minutes in an exam room, with a technician who has introduced themselves and what their role is at the hospital, explained the procedure the pet will experience that day, who will call them with an update, an approximate time they will be ready for discharge, and assurances they will be under direct supervision at all times, will greatly enhance the experience of the client. It will also free up the receptionist to tend to other drop-offs or incoming calls.

Implementing this type of change may require several people and steps:
• A manager may need to rework the schedule for both front office and technician team members.
• A protocol for the type of information to gather and share with the pet owner at the time of drop-off will need to be created and documented for future trainees and to ensure consistency of administration.
• Technicians accepting drop-off patients will require training of the intake.
• Operational systems will need to be created that flag who will call the pet owner after the procedure and at what part in the process.
• Additional follow-up activities may also need to be documented and carried out if the patient remains hospitalized beyond the day of admittance.

Other fairly simple projects requiring an implementation plan may be:
• Changing schedules – moving from five 8-hour shifts a week to four 10-hour shifts.
• Planning an open house for clients in celebration of a noteworthy milestone.

COMPLEX: GOING PAPERLESS

This is a major change for a practice and one that hinges on many people, many steps, and a sizable investment. Choosing the right vendor as your practice partner is critical so be sure to take the necessary time to evaluate many systems, visit other practices to see how they work in reality, and develop a realistic budget with the vendor after you have defined the full scope of the project.

In order to make a change as far reaching as implementing an electronic medical records system, or changing systems, it helps to define what the problems are you see with the current way of doing things. Then define what it means to go paperless – or have the problems solved if that is the primary intent.
• What is a "paperless" office?
• What are the advantages of paperless?
  ◦ Reduces waste and inefficiency
    ▪ Less storage space needed
    ▪ Less paper and office supplies
    ▪ Less time looking for charts
    ▪ Simultaneous access to the same chart by more than one person
    ▪ Staff and clients view the practice as organized and more competent.
  ◦ Increased security
    ▪ No more interpreting bad penmanship
    ▪ Notations are time stamped and coded by the individual making the entry
    ▪ Less confusion over terminology – electronic medical records contain options preselected for use for specific medications and other abbreviations commonly used
    ▪ Control over access levels which can easily be assigned by management.
  ◦ Improved quality
    ▪ Information that is entered into the practice management software can be extracted, categorized, and analyzed for better decision-making
    ▪ Reduces reliance on paper, which can travel, get lost, be misfiled, etc.
    ▪ Lab results can be managed, as well as radiography storage and retrieval, prescription dosages and dates, client communication, billing, and so on.
• Create a plan
  ◦ Determine who is on the implementation team – choose a leader (from inside the practice or an outsourced resource) and all of the other participants and define what roles they will play.
  ◦ Create a timeline with identified milestones.
  ◦ Create the new "work-flow" by mapping it out in visual terms. Use it in training documents. Begin by walking through a typical new client who is calling to schedule an appointment and every step their pet's file may go through, including all forms that will be entered into their record.
  ◦ Have doctors list the items and sequence of steps they would like to appear in the medical notes template.
  ◦ Assess your current information technology (IT) infrastructure and determine if it is adequate to support your new system. Think about workstations, storage, redundancy, etc. This step, more than any other, requires an expert – outsource to a trusted resource.
  ◦ Engage the team – what role will they play and how will they help with work-flow, training, and input into the "wish-list" of functionality?
  ◦ Integration! Inbound and outbound faxing, emails, laboratories, digital radiography, etc.
  ◦ Who needs to be informed of the change outside the practice?
  ◦ Training.
• Go live!
  ◦ Reassess the learning curve and determine what additional training is needed and how you can utilize more of the system once the basics are mastered.

Now this may seem like a huge initiative, and it is, however it is illustrative of the basic steps necessary to create an effective plan that takes into account scope, resources (people), time, and budget (money). Each step listed above can and should be broken down into many micro steps and time-lined, as well as assigned a resource (person) to oversee. Regular meetings should be scheduled along the way and an authority map followed, stating who needs to sign off on what steps in the process before moving onto the next (critical path).

Other more complex projects requiring an implementation plan may be:
• Moving to a new facility
• Integration of a new service
• Adding a new doctor.

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INCENTIVES

Consider incentivizing the vendor or your team, or both, for their work toward successful implementation. This is quite common in some professions, such as construction. If a foreman completes a job on time, under budget, etc., they may be eligible for some incentive. Depending on the length and complexity of the project, you may want to consider incentives to keep staff engaged, motivated, committed, and responsible for the outcome. And certainly celebrate at the conclusion – you've all worked hard.



CAUTIONS

Assign the right person for the job, even if that means outsourcing. The higher the investment or the more dependent you are on the results of the project implementation being successful (higher risk), the greater the importance that should be applied to determine the resources. If you cannot afford to do it right, do not do it or the results could be disastrous. Thoroughly evaluate all the risks of failure and what that could mean to your practice.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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2.15. EMOTIONAL INTELLIGENCE



BASICS

OVERVIEW

• Emotional intelligence (EI), also referred to as emotional quotient (EQ), has become a popular topic lately, but its roots can be traced back over a hundred years.
• Many claims have been made for EI but there is still some controversy over the validity of some of these claims.
• EI is important in the workplace, but its relationship to actual intelligence has been disputed.
• Various definitions have been proposed for EI, and various models also exist.

TERMS DEFINED

Emotional Intelligence (EI): Capacity to perceive, assess, and positively influence one's own and other people's emotions.
Empathy: Ability to appreciate the feelings of others.
Motivation: Desire to accomplish things for the sake of achievement.
Self-Awareness: Ability to know one's emotions, strengths, and weaknesses and their impact on others.
Self-Regulation: Ability to control or redirect one's disruptive emotions and adapt to changing circumstances.
Social Skills: Ability to manage relationships and direct others in a desired direction.



ISSUES AND OPTIONS

MODELS

• There is substantial disagreement among experts as to what EI is and how it is best measured, and there are often conflicting reports on its predictive ability. However, even with these issues, the topic remains important.
• The mixed model of EI, introduced by Daniel Goleman,[1] focuses on the skills and competencies that drive leadership performance. These skills include: self-awareness, self-regulation, social skills, empathy (see 5.10 – Empathy), and motivation (see 2.5 – Motivating the Healthcare Team).
• There are several tests for the mixed model, including the Emotional Competency Inventory (ECI), the Emotional and Social Competency Inventory (ESCI), and the Emotional Intelligence Appraisal (EIA); 360-degree assessments are also considered measures of this mixed model.
• The ability-based model suggests that emotions are important and help individuals make sense of social environments. The four types of abilities recognized in this model are: perceiving emotions, using emotions, understanding emotions, and managing emotions.
• The most common measure of the ability-based model is the Mayer–Salovey–Caruso Emotional Intelligence Test (MSCEIT), which has some similarity to ability-based IQ tests. These generate a total score as well as scores in each of the four branches of this model.
• The trait EI model concerns an individual's self-perceptions of emotional abilities. In many ways it considers EI to be a personality trait rather than a cognitive ability.
• There are many self-tests for trait EI, including the Trait Emotional Intelligence Questionnaire (TEIQue), the EQ-I, the Schutte EI model, and the Swinburne University Emotional Intelligence Test (SUEIT).

CONCERNS

• It is important to realize that although most researchers appreciate emotional intelligence as a recognizable attribute, there are still many questions as to what is being measured. Does EI actually reflect a form of intelligence, and is it actually predictive of social and leadership success within an organization?
• Although this debate will continue to rage on, it is likely that EI reflects social skills rather than intelligence.
• Possibly more concerning is that validation studies have not really found EI to be predictive of important outcomes, such as academic and work success.[2]
• One other concern about these self-report tests is that they are actually measuring the test-taker's perception of what would be a good response, rather than measuring some intrinsic ability.

RECOMMENDATIONS FOR VETERINARY PRACTICES

• Although academics will continue to debate the merits and constraints of EI, veterinary practices are most interested in forming functional hospital teams that can deliver exceptional medical care and customer service (see 1.11 – Functioning as a Healthcare Team).
• In this regard, whether EI is a form of intelligence or a skill is not as relevant as employees being aligned with the hospital mission, their commitment to functioning as part of a larger team, their ability to communicate effectively with clients and each other, and their willingness to be accountable in their role within the hospital (see 2.6 – Accountability).
• For most veterinary practices, the primary method of assessing EI will be to increase self-awareness with the use of self-tests (such as Emotional Intelligence Appraisal from Emotional Intelligence 2.0), or 360-degree evaluations which look at the interactions of individuals with other stakeholders.
• The Emotional Intelligence Appraisal (www.talentsmart.com) has four parts, based upon the connection of what one sees and does with oneself and with others. The answers to the self-test provide an overall emotional intelligence score along with personal competence (and contributing scores for self-awareness and self-management) and a score for social competence (and contributing scores for social awareness and relationship management).

360-DEGREE FEEDBACK

• Also known as multi-rater feedback, 360-degree evaluations include feedback from subordinates, peers and supervisors, as well as a self-assessment; in some cases it can also include other stakeholders, including specialists accepting referrals, clients, vendors, and anyone else who might provide useful feedback to an individual to help them grow as a professional.
• The feedback is not meant to be punitive but rather to provide the individual with useful information about how they are perceived by others, so that they can plan their personal development for future success (see 3.14 – Staff Development).
• The accuracy of such an assessment is somewhat affected by the length of time the rater has known the individual being evaluated, with the most legitimate ratings being for those who have known the individual for 1–3 years.
• 360-degree evaluations are valuable, but need to be used cautiously as a measure of performance because there can be weak correlation between such assessments and performance appraisals done by supervisors. The latter are measuring different attributes.



EXAMPLES

Dr. Doris Silver has been an employed veterinarian for three years at ABC Veterinary Hospital and has expressed some interest in becoming a partner. The owners of the practice have decided that a 360-degree evaluation may help Dr. Silver in her personal development and help identify strengths and areas that might need further attention.

The practice contracted with a consultant to facilitate the testing and that consultant suggested that some of the competencies to

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evaluate might include: customer focus, technical skills, business acumen, communication, integrity, team-building, motivating others, and managing workload.

To conduct the evaluation, Dr. Silver and the practice owners jointly selected representative receptionists, nurses, other doctors at the practice, the owners, and the itinerant radiologist and surgeon that visit the practice to work on specific cases, to participate in the process, with the only criteria being that all raters have personally worked with Dr. Silver and have been familiar with her work for at least one year.

The consultant sent an email with rater links to Dr. Silver and the others so they could complete the assessments online. Each of the participants was assigned a code of self, boss, peer, nonveterinarian, or other, and afterward the consultant prepared a report with the rating scores for Dr. Silver's self-appraisal, the average from all responses, and the responses for each of the participant groups.

Dr. Silver was pleased that her overall assessment was quite positive, with particular strengths in technical skills, integrity, and customer focus. It was illuminating that there was an apparent discrepancy between Dr. Silver's self-rating for business acumen and the owners' ratings. The owners proposed that as part of an individual development plan (see 3.14 – Staff Development and 14.2 – Professional Development Plans) that they would involve Dr. Silver in more of the management aspects of the practice. Part of her duties in the plan will be to be aware of key performance indicators and how they are impacted by the actions of the hospital team under Dr. Silver's direction. If she does wish to pursue becoming a partner in the hospital, this will be an important aspect of her development.



CAUTIONS

There are significant limitations to EI tests and the concepts are really meant to be used to foster self-awareness and positive interactions between team members. While the general perception of EI is very positive, there are some cautions worth considering:

- As individuals develop their emotional skills, it is also possible that they could enhance some abilities to manipulate others, even if unintentional. If those individuals have self-serving motives, EI can influence others in a negative way.
- Individuals who are good at controlling their emotions may also become good at hiding their true feelings and motivations.
- An emotional "pitch" may motivate people to act against their best interests, and even against the best interests of the clinic.
- By perceiving what others feel, we are also capable of using those feelings to influence or compel their actions.
- EI is not consistently correlated with job performance unless jobs actually require attention to emotions (e.g., salespeople). In certain task-based jobs, enhancing EI can actually be a hindrance to improving performance.



MISCELLANEOUS

ABBREVIATIONS

ECI: Emotional Competency Inventory
EI: Emotional intelligence
EIA: Emotional Intelligence Appraisal
EQ: Emotional quotient
ESCI: Emotional and Social Competency Inventory
IQ: Intelligence quotient
MSCEIT: Mayer–Salovey–Caruso Emotional Intelligence Test
SUEIT: Swinburne University Emotional Intelligence Test
TEIQue: Trait Emotional Intelligence Questionnaire

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2.16. FINDING THE RIGHT FIT



BASICS

OVERVIEW

• Pricing in the practice must be sufficient to be able to adequately compensate all staff working in that practice. In too many instances, staff salaries are kept artificially low in an attempt to shield clients from the true costs of delivering high-quality medicine.
• Good staff members cost money. Good staff members produce money.
• Finding the right fit for the practice involves determining staffing levels, creating accurate job descriptions, identifying suitable candidates, conducting interviews, negotiating a hire, providing proper orientation, and carrying out effective training. It is a big investment put the right team in place. Getting it right is the key to practice profitability.

TERMS DEFINED

Credentialed Veterinary Technician: A team member who has graduated from a school accredited by the American Veterinary Medical Association (AVMA), passed the Veterinary Technician National Exam (VTNE), and has achieved registration (Registered Veterinary Technician, RVT), certification (Certified Veterinary Technician, CVT) or licensure (Licensed Veterinary Technician, LVT) or Licensed Veterinary Medical Technician (LVMT)) by the state in which he or she practices.
Job Description: Written summary listing elements of a particular job, including responsibilities, purpose, duties, qualifications, training, physical and mental demands, and working conditions associated with that job.
Office Manager: Administrative staff member who primarily oversees the reception or customer service team.
Practice Manager: Administrative staff member who oversees the daily operations of the veterinary practice, and fulfils human resource and legal requirements. A certification program (Certified Veterinary Practice Manager, CVPM) is available for practice managers through the Veterinary Hospital Managers Association (VHMA).
Veterinary Assistant: Title given to a team member who has received on-the-job training to provide assistance to the veterinarian and/or credentialed veterinary technician.



ISSUES AND OPTIONS

The goal of every place of employment should be to create a culture that provides a collaborative environment with open communication, allowing team members to be innovative and to help achieve practice goals (see 2.26 – Changing Organizational Culture). In order to develop and maintain this culture, every employee must be the "right fit."

Fit is also known as alignment. It is an overall measure of how the candidate will complement the culture of the hospital. For example, if the veterinary hospital values client education provided by veterinary technicians, and the technician being considered does not like to interface with clients, this candidate would not be a good choice. However, if this technician was to be hired strictly to provide patient care, this may be a good fit.

It is important to remember that the candidates in consideration are not necessarily good or bad, nor or they right or wrong in their beliefs or interests, but rather the degree in which they would "fit."

Hiring methodologies and techniques should continue to be honed, sourced, evaluated, and updated, not only to stay current with ever-changing employment laws, but also to keep you ahead of the curve in terms of employing the best personnel possible (see 3.7 – Effective Staff Recruitment). Your staff members are your practice. Practices sometimes simply view staff as an expense on the profit-and-loss statement, and do not recognize them as an asset in human capital. Rarely do practices approach the hiring and managing the staff with the same sophistication in commitment that they apply to medicine. Yet the reality is the value of the team directly translates to the success of the practice and the quality of care provided.

Ideal candidates must understand the mission of the practice and fit in with the vision and the core values established by the hospital (see 14.9 – Mission and Vision Statements). The job description should be very clear about the expectations associated with the position and include both soft skills and hard skills:
• Hard skills are those that can be trained and fairly easily measured for success. Examples may include placing a catheter, answering the telephone, or medicating a patient.
• Soft skills are those that are much harder to train and often come with the candidate. Examples include initiative, work ethic, positive attitude, motivation etc.

Screening candidates is about understanding the kind of person you need, not just finding someone who can fill the gap (see 3.8 – Screening Potential Hires). Prepare questions that are systematic and create a real picture of the "fit" individual. These kinds of questions help the hiring manager make the right decision when bringing talent into the business.

HELPFUL TIPS TO HIRE THE RIGHT PEOPLE

• Receptionist or client service representatives can be found anywhere you get good customer service, such as retail stores, coffee shops, and human medical offices.
• Technicians can be found through local veterinary medical association paraprofessional programs or recommendations from veterinary technician programs.
• Use your team to help evaluate, interview, and hire new team members. They will become more invested in their success and help them get up to speed more rapidly.

VETERINARY ASSISTANTS

Veterinary assistants are a disparate collection of veterinary employees with skill levels below those of technicians and technologists. While there are distance and onsite programs providing diplomas for veterinary systems, none are accredited by the American Veterinary Medical Association (see 1.10 – Veterinary Staff).

Veterinary assistants act as support personnel to both veterinarians and veterinary technicians. Many assistants aid in the restraint and handling of animals, feed and exercise the animals, and help in other capacities commensurate with their training.

VETERINARY TECHNICIANS

Veterinary technicians are the most important medical paraprofessionals in veterinary practice, and certified, registered, or licensed veterinary technicians in most states can legally do everything in a veterinary practice except make a diagnosis or prognosis, prescribed drugs, or perform surgery (See 1.10 – Veterinary Staff).

From both a medical and a financial perspective, veterinarians should do those tasks they alone are qualified to do – diagnose, prescribe, and perform surgery. All technical tasks, including laboratory work and radiography, can be delegated to a veterinary technician. The veterinary technician is educated and trained to support the veterinarian in surgical assisting, laboratory procedures, radiography, anesthesiology, prescribed treatment and nursing, and client education. Some veterinary technicians pursue additional credentials such as Veterinary Technician Specialists (VTS) in specialties such as emergency and critical care, anesthesiology, surgery, internal medicine, behavior, dentistry, nutrition, and others, as recognized by the National Association of Veterinary Technicians in America (NAVTA).

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In turn, veterinary technicians can delegate tasks that do not require their skill levels to assistants, creating efficiency in the process.

RECEPTIONISTS

Receptionists, also known as client service representatives, often present the first impression that clients have of a veterinary practice. They project the level of professionalism to be anticipated, because when a client visits with a pet, the receptionist is usually the first and last person with whom the client deals. This is a critical position and should not be minimized by practices hoping to improve their customer service and profitability.

Because receptionists are so important to the effective operation of a veterinary practice, considerable time should be spent selecting candidates with excellent communication skills, a professional demeanor, and an honest desire to serve the pet-owning public. Receptionists are the gatekeepers to veterinary services in a practice, and whereas an excellent receptionist can effectively bond to clients in a veterinary practice, less-skilled individuals can cost a clinic dearly.

Professional client service representatives are in high demand in other professions. It is unfortunate that many veterinary practices continue to hire relatively unskilled individuals for the front office duty. In some aspects, the receptionist or client service representative is actually more important to the practice then the veterinarian in helping clients bond to the practice, rather than the individual doctor(s).

PRACTICE MANAGERS

Many veterinary practices continue to train existing staff (receptionist, technicians, spouses) to be management staff. This is a less expensive alternative to professional management, but can be far costlier in the long term, because small financial missteps tend to become magnified.

Even when veterinary practices hire or train practice managers, it is critical that they also engage the services of an outside management consultant to monitor processes and provide unbiased advice and support for the in-hospital manager or administrator.

INTERVIEWS

Interviewing is a form of art and one that must be developed. When hiring for the right fit be sure to focus more on the behavioral aspect versus the hard skill aspect. Recall that hard skills can be trained; soft skills are much harder to train.

When interviewing, develop a rapport with the candidate that encourages them to open up and respond more spontaneously rather than a rigorous question-and-answer format. Information gleaned in this manner will tend to reveal more behavioral tendencies.

The key to behavior questions is to get specifics that may be buried in the stories, and to look for inconsistencies or vague responses.

Working interviews can help the team determine if this person is the right "fit." Allow the team to participate in the process. If the candidate is deemed the right person, the team will help the person to "fit" in.



EXAMPLES

N/A



CAUTIONS

Managers will often hire people they like rather than people that fit the culture. Businesses thrive on the right people to complement the culture of the hospital, not people who reflect each other. Everyone should share similar values, but do not have to be alike.



MISCELLANEOUS

ABBREVIATIONS

AVMA: American Veterinary Medical Association
CVPM: Certified Veterinary Practice Manager
CVT: Certified Veterinary Technician
LVT: Licensed Veterinary Technician
LVMT: Licensed Veterinary Medical Technician
RVT: Registered Veterinary Technician
VHMA: Veterinary Hospital Managers Association
VTS: Veterinary Technician Specialist

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2.17. NEGOTIATING 101



BASICS

OVERVIEW

Negotiating skill is one of eight business practices that are leading predictors of higher personal income.[1] It is often associated with business success.[2] Although the term negotiation may not be directly used, the process is used every day in clinical practice.

In veterinary business, the term "negotiate" is most commonly associated with rental property leases, equipment leases, extended laboratory service contracts, buy–sell agreements, and associate veterinarian contracts. The "negotiation" process takes place, among other times, with clients in the exam room discussing the provision or services and payment options; with employees regarding their work schedules; and with fractious animals reluctant to be examined.

Thus, the art and science of negotiating are skills that are truly relevant to personal and practice success.

TERMS DEFINED

Negotiation: Any communication process between individuals that is intended to reach a compromise or agreement to the satisfaction of both parties; a discussion aimed at reaching an agreement.



ISSUES AND OPTIONS

Negotiation, regardless of the context or the issues involved, is fundamentally about human interaction. However simple or complex the issues, however well-intentioned or malicious the parties, however familiar or unprecedented the challenges, the question we are always trying to answer in negotiation is this: How might we engage with other human beings in a way that leads to better understandings and agreements?[3]

Negotiation, then, is the process by which two or more parties that perceive a difference in interests or perspective attempt to reach agreement.[3] In looking at the very basic Latin definition, "an act of dealing with another person," you can see that the very basis of negotiation is fraught with challenges. The innate problem of negotiations is that, when dealing with another person, there is the built-in competitive need for a winner and thus a loser.

Small businesses with an unyielding entrepreneurial spirit can separate themselves from the competition. However, negotiating skills are an essential component of success as the ability to forge favorable relationships with customers, suppliers, employees, lenders, and partners directly affects profit margin and cash flow. That can be challenging and even stressful.

Commonly, negotiation outcomes between two parties (people or companies) are viewed as:

- win–lose,
- lose–win,
- win–win, or
- lose–lose.

There is not much intermediate in those outcomes. And if you enter negotiations seeking only a win–lose, you are setting up confrontation right from the beginning.

There are some ways to negotiate that allow for a mutually beneficial (win–win) outcome. The art and science associated with them involves asking the questions: Who?, What?, Where?, When?, Why?, and How?

WHO?

Who will be involved with the discussions? It is best to have final or ultimate decision-makers actively involved so as to avoid an interruption in negotiations as one party has to get an approval from the ultimate decision-maker.

The "who" you will be negotiating with during common veterinary negotiations might include:

- Real estate leaseholder
- Real estate seller
- Practice seller or buyer (buy–sell)
- DVM Employment Contract (associate or owner/manager)
- Staff employment (managers, key staff)
- Partnership contract
- Suppliers
- Bank loan officers
- Business representatives (accountants, attorneys, reference labs, waste disposal, etc.)
- Employees (schedules, roles, expectations, etc.)
- Clients (for the opportunity to provide care via a treatment plan and then a payment plan)
- Change (yes, just the general concept of change within the business is frequently a negotiation).

WHAT?

What is the desired outcome? The outcome is frequently an agreement that is acceptable to both parties. If both parties enter into a negotiation with an outcome in mind and that outcome is inflexible, negotiations will fail or stall. On the other hand, if negotiations start with the end in mind – a fair contract, a reasonable lease, etc. – then there is flexibility and the better possibility of a win–win outcome.

WHERE?

Where should negotiations take place? This is more relevant than you may think based upon the built-in distractions that take place during business hours of a veterinary practice. The best negotiations take place where both parties can focus on the issues at hand and are not constantly being disrupted by phone calls or people.

A neutral site can be a private room, a restaurant (make sure it is quiet), or even over coffee. Negotiating across someone's desk creates both a perceived and real barrier and an environment where there is a "home field advantage." If you negotiate at someone's place of business, choose a neutral setting where there is neither a table nor other barrier between the parties. Of course, in a restaurant or coffee shop, the table is a neutral table but still a barrier.

WHEN?

When should you negotiate? Before you enter into a negotiation, you should ask yourself whether the negotiation will meet your needs, whether you will feel comfortable negotiating to obtain your end goal and whether the negotiation will be worth the effort.

Do not mistake negotiations for battlefields. Do not enter the battlefield!

Try not to see negotiations as a zero-sum game. The type of negotiations where one party's gain is another party's loss is best avoided. It is best not to get into a negotiation at this level.

WHY?

Why do you negotiate? The answer is to come to an agreement. You do not negotiate to disagree. You are looking to give and take to come up with a mutually beneficial outcome – lease, contract, treatment plan, etc.

HOW?

The process of negotiations is about how you will get from where you are today to where you want to be. Even the most brilliant strategy for the substance of negotiations can be undermined if there is insufficient attention to process.

This is the art of negotiation. And here are some thoughts on how to negotiate with confidence:

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• Be positive: Successful negotiations require rapport and finding common good, not on being stubborn. Confidence and positivity go hand in hand.
• Share your vision: Accomplishing your goals, dreams, and hopes are a focus as you negotiate. Share them so that others understand your heart and emotions during the process.
• Write it dow: As you negotiate, especially in some less formal situations, make sure terms are documented. Create a document that both parties agree to and can sign to avoid confusion and misunderstandings.
• Investigate before your negotiate: Do your research and learn about the party you are negotiating with. Try to determine the strengths and challenges of the other party. Bringing insights to the table, especially common or mutual interests, provides a means of breaking down barriers.
• What is your target? What are the deal breakers? Create and determine realistic expectations.
• Strategy versus tactics: Having goals of long-term success for both parties is a strategy that will help in developing terms that are mutually beneficial. Focusing strictly on negotiation tactics without a strategy for success frequently leads to failure.

In negotiations, you should strive to bring fairness considerations to the surface, so that everyone will understand one another's needs and wants. Negotiating is rarely successful when the reason you negotiate is to win. On the other hand, allowing for emotions to interject into a negotiation can be both good and bad. A common mistake made by people is to think that empathy is what you use when you want to be nice, or that it is an instrument of the weak. This reflects a dangerous flaw in understanding. During negotiations, the reason to empathize with the other party is not because it is somehow the "nice" approach to dealing with nasty people. We need to empathize because it makes it more likely that we can achieve our own goals. In negotiations of all kinds, the greater your capacity for empathy – the more carefully you try to understand all of the other party's motivations, interests, and constraints – the more options you tend to have for potentially resolving the dispute or deadlock. Empathy does not guarantee success, but a lack of empathy usually guarantees failure.

With the "how" in mind, there is also the "how not." There are numerous mistakes that can occur during negotiations. These include:
• Viewing negotiations as a rigid focus: If the outcome is perceived to be inflexible then arriving at an outcome can be downright challenging. On the other hand, if the outcome can be a moving target, the opportunity for success is much greater. Think cooperation not competition. There are a lot of moving parts in a negotiation. Looking for tradeoffs can be a deal maker versus a deal breaker.
• Thinking too highly of yourself: If you are in a competitive marketplace and/or a competitive bidding situation, your ego can be your downfall. Level-headed rationality will go a long way in contrast to a "mine's better" mentality.
• Power plays: A take it or leave it approach will frequently shut down negotiations before they even have a chance to start. There is nothing wrong with negotiating from a position of power. There is everything wrong when you underestimate your opponent, overlook their perspective, and devalue their concerns. In the veterinary field, digging in your heels or other irrational behaviors may frequently lead to a null negotiation.
• Not knowing your desired outcome: "If you don't know where you're going any road will get you there" (Lewis Carroll). Think and know what will make you happy before you get into the negotiation. A keen understanding of what will make you happy can help you make better choices during the negotiation process.
• Do not get too caught up in the deal: There will be others. Being too committed to making a deal can lead to mistakes in overcommitting resources such as time and money that you will not be able to recover. You may win the battle but lose the war if you get too invested. You may also quit the war before you have had a chance to work a deal because you feel trapped in what you perceive to be a disappointing deal. Manage your expectations.

SUMMARY

As Sun Tzu wrote in *The Art of War*, "First rule of war: Avoid war. Second rule of war: Offer options". It is always best to remember that the people you are dealing with are not competitors, allies, enemies, or friends – they are just people who, like you, have interests, constraints, alternatives, and perspectives. As a negotiator, your job is to understand these factors and to address the situation accordingly. Rather than using sports- or war-based terms for the other party (e.g., "competition," "other team"), consider terminology such as "associate," because it reminds you to have empathy, to be open to the possibility of collaboration in even the most difficult relationships, and to shed assumptions about what is or is not possible.

Every problem wants to be solved. This is especially true in negotiation. You may not solve it today – it may not even be solvable today – but you will solve it sooner when you remember that all problems of negotiation are, fundamentally, problems of human interaction. Therefore, humans have the capacity to solve them.



EXAMPLES

NEW GRADUATE ASSOCIATE CONTRACT NEGOTIATIONS

This is probably one of the most common negotiations that take place as well as one of the more challenging. It is not always done face to face; it is frequently done via email or over the phone.

As an associate (employed veterinarian) negotiating their first contract, there is a significant disadvantage as you are a complete unknown (in most cases) and, depending upon the competition (i.e., other applicants), you may be one of many seeking the same position. As an associate it is imperative to know your strengths and weaknesses – clinically and life skills and business skills; to fully understand your financial challenges based upon student loan debt; the cost of living in the community; your other sources for income; and your personal budget (yes, you need one). As an associate, you also need to do your due diligence on the practice, tapping into all resources including websites, reviews, past and present employees, and even local specialty referral practices. Besides the practice, you need to do your due diligence on the community and the lifestyle. As an associate, your self-confidence will frequently determine your outcome since you can either take the lead (put what you want on the table) or follow the lead (be given an offer).

As an owner or manager negotiating a new employed veterinarian contract, you need to know what you are looking for from a skillset standpoint; what your budget will allow from a financial standpoint; and what your practice culture is from a team-based perspective. There may be a plethora of candidates, which puts you in a strong position, or a dearth of candidates, which puts you in a challenging position. Using your budget as a guideline, you should know what you can afford and how you want to pay (salary, pro-sal, production); you must know your benefit package; and expectations for the new veterinarian. Do you have a budget for relocation expenses or for a signing bonus? What schedule do you need for them to work? Not only do you need to know your practice you need to know your community as you may not only be negotiating for a position in your practice but for them to move to a community that they know little about.

Bottom line: Think give and take; compromise; concessions; salary versus benefits; mutual respect.

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BUY–SELL

This is probably the second most common and possibly the most challenging of negotiations. A multitude of people may be involved – attorneys, banks, accountants, brokers, spouses, partners, etc.

All parties need to surround themselves with experts to ensure a speedy and accurate outcome. There are many possibilities for things to go wrong. But the real goal is a win–win. The seller is seeking an exit strategy and has an emotional and financial attachment to the business that they are selling. The buyer is looking for a business opportunity that will give them a return on their investment of time and money. The seller does not want to sell for too low a value. The buyer does not want to pay too much. And of course, there are tax implications for both parties.

With the number of parties involved in these negotiations, it is imperative that the buyer's representatives know exactly what the buyer is looking for, what the buyer can afford, and what the potential for the business is *and* can help temper any emotional desires by the buyer to "own" a practice. On the other hand, the seller's representatives much recognize what is fair and equitable for an owner who has invested years and years of blood, sweat, and tears in their business *and* has a very strong emotional attachment to their "baby" (practice). Of greatest concern to both the buyer and the seller is that their representatives are working for them and not for their own self interests. It is amazing how many buy–sells could be completed with a handshake win–win until a multitude of representatives get involved and fail to represent what the principles truly want.

This deal requires serious negotiation skills that include the "how to" negotiate described above plus more.

LEASE NEGOTIATIONS

There frequently is little wiggle room in commercial real estate contracts. Those areas for negotiation include: length of the lease; tenant improvements; free rent; lease increases; triple net; move in date; availability date, and so on. This is a perfect opportunity to negotiate for both short-term and long-term benefits. If you negotiate for money from the landlord for tenant improvements and/or more free rent, you will have short-term benefits. On the other hand, if you negotiate a shorter lease, you may have to pay higher rent. If during negotiations, you cannot negotiate to include the ability to easily transfer the lease this could also work against you in the long run as it may be difficult to sell your business without being able to transfer the lease. Seek a skilled and local real estate attorney and/or broker to assist you in these negotiations, recognizing that there is a tendency for the lessor to offer the same options to everybody and stick to the status quo.

In these cases, always have a plan B. Consider negotiating with two property lessors concurrently so you can truly walk away from a deal that is not a win–win.

ASSOCIATE VETERINARIAN CONTRACT RENEWAL NEGOTIATIONS

This topic will come up on an annual basis. It can be a very uncomfortable time for all parties. Was it a good year? As an associate did you feel well compensated for the work you did and the income you generated for the practice? As an owner, did the associate live up to and deliver upon expectations?

There is frequently a lot of data that can be used when entering into these negotiations. Data can be both good and bad. The data will usually support one party or the other, rarely both. Negotiations solely based upon data will frequently leave one party uncomfortable.

There is the question of the practice team and clients and where the associate fits in with them. A good fit from a practice culture standpoint is a strong negotiating position. Concurrently, a clientele that is a true fan of the associate is also a strong negotiating position. These subjective measures may allow for negotiations and compromises on the data-based discussions since the associate brings a lot of intangibles to the table. And of course, there are the questions: Is the practice better off looking for a new associate at this point in time and is the associate better off looking for a new practice at this point in time?

In these negotiations, both parties should present their positions and both parties should listen for what each other needs. In fact, both parties may be in a position where they need to "sell" themselves to the other. Is there a feeling that the associate may leave? Or that the practice may not renew a contract? Both sides know each other; both sides should know the numbers; both sides know the benefits; so the negotiations should be for the greater good of both parties. And at the end of the negotiation, you have to work together again … so be nice! You will have to do it all over again next year.

NEGOTIATING WITH CLIENTS

This is done daily and frequently multiple times daily. From presenting treatment plans to discussing estimates (healthcare plans), from discussing wellness needs to discussing whether it is time to euthanize a pet, there are constant negotiations with pet owners.

A treatment plan defines what is needed for a patient at that time and may include future needs as well. Whether a pet is ill or not, a client will frequently balk at a long list of needed services when they do not know what those services are and why they are needed. The client is frequently negotiating from a position of fear and uncertainty – they are uncertain of words they do not understand; they are afraid what might go wrong; they are afraid of what it will cost. As a veterinarian and veterinary hospital team, in many cases, we are negotiating on behalf of the pet as an educated and knowledgeable healthcare provider. It is our responsibility to educate clients to ameliorate uncertainty. It is our responsibility to mitigate risk by explaining the benefits of the treatments under discussion. We need to provide value for the services rendered and communicated to alleviate the cost barrier. In many cases, all that negotiations with clients require is listening, asking questions, answering questions, and providing time so that the client does not feel pressured or rushed. In client negotiations, a win–win outcome is the ability to provide the best care needed for the pet and affordable by the client (or at the very least having payment options as a negotiating option).



CAUTIONS

- No brief discussion can serve as a how-to guide from negotiating success. What it can do is identify certain general truths about negotiation.
- Negotiating is not an inborne gift. It is a skill that can be developed with practice, just like a veterinarian's clinical skills.



MISCELLANEOUS

Life is a constant series of actions where we attempt to influence others. We seem forever absorbed in trying to get people to agree with us. Whatever the case or cause, whenever you communicate with an objective in mind, engaging in social exchange to affect someone's attitude or behavior, you are playing the negotiating game. Like it or not, your attitude and actions have the potential to determine the nature of a relationship, the distribution of available resources and the satisfaction of those involved.

Above all, negotiation is a pervasive process in which people ultimately attempt to reach joint decisions on matters of common concern in situations in which there is initial disagreement. Thus, a negotiation always requires both shared interests and issues of conflict.

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Obviously, without commonality there is no reason to achieve resolution. So without discord there is nothing to negotiate about.

NEGOTIATION CHECKLIST

- Listen before you speak
- Ask lots of questions
- Determine the objective
- What will you walk away with?
- What are the specific results you need?
- How do the short-term results feed into your long-term plans?
- Identify and rank the issues – yours and theirs
- List all issues
- Assign priorities to issues
- Determine which are negotiable and which are non-negotiable
- Point out common ground and shared objectives
- Decide which are musts versus wants
- Identify the other party's issues and priorities
- Set the parameters
- Is it a range or a fixed target?
- Where do you start?
- When do you walk? When do you close?
- Develop your strengths
- Know your strengths and your ability to offer options
- Know what concessions can be made
- Leverage better for what you need
- Strategically think through timing, priority, and concessions
- Brainstorm alternatives
- As many as possible
- For each issue
- What's most valuable to the other side?
- There is greater power in the number of alternatives.

ABBREVIATIONS

N/A

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2.18. When to Hire an Office Manager/Administrator



BASICS

OVERVIEW

The function of a practice administrator or practice manager is to assist the practice owners and their organizations to reduce and ultimately eliminate an otherwise chaotic environment in the practice. Those veterinary hospitals that hire a practice management professional find that the function greatly improves the overall delivery of quality veterinary care. Although the person is responsible for services unrelated to the actual delivery of medicine in the practice, their institution of protocols and guidelines allow the veterinarians and allied professionals to concentrate on care and not on the responsibility for development of business systems.

Depending upon the size and type of hospital, the practice manager's job description could include functional authority over the following areas:

- Hiring, training, supervision, and termination of employees
- Purchasing, retail display development, and inventory management
- Accounting and budgeting
- Website development and maintenance, public relations, and advertising
- Operational flow analysis and designing new protocols for service delivery.

The requisite skills for success as a veterinary practice manager include:

- A diversified business background, including employment in a professional services field (particularly medicine, but not exclusively veterinary medicine).
- Current computer knowledge such as practice management, CRM (client relationship management), and accounting programs, as well as proficiency in the use of Microsoft Word, Excel, and Outlook.
- A desire to manage employees with a diverse skill base.

Practice managers should also be able to understand and put into practice:

- Financial statements, including understanding accrual basis accounting
- Budgeting, forecasting, cash flow, debt structuring, accounts receivable, capital expenditures, fee setting, and accounts payable
- Incident reports, which you will need if an employee becomes injured or if an issue arises regarding malpractice claims
- Personnel management and developing and implementing policies and procedures, including position descriptions, organizational structure, performance evaluations, and knowledge of legal issues impacting human resources
- Regulatory and legal issues.

TERMS DEFINED

Hospital Administrator: Similar to practice manager, with more responsibility for professional and paraprofessional staffing.
Practice Manager/Hospital Manager: Similar to an office manager, but typically with more responsibility for staff supervision and human resource issues. An unregulated term, although there is a certification program (Certified Veterinary Practice Manager, CVPM) offered by the Veterinary Hospital Managers Association (VHMA).



ISSUES AND OPTIONS

A strong practice manager is not easily hired. Although there is no "perfect match," the attributes to look for when hiring a practice manager/administrator include the following.

LEADERSHIP

A practice administrator must be a good leader of both staff and veterinarians (see 2.12 – Leadership). They must gain the respect of both groups and should have a demonstrated record of accomplishment in doing so in other organizations. In a veterinary practice, leadership involves providing guidance to the veterinarians in defining a clear vision and strategic plan for the practice. The practice manager must then communicate the vision and strategy to the practice employees and obtain their tacit understanding. The practice leader must also provide a role model for both staff and veterinarians by being caring yet professional.

COMMUNICATION

A leader must strive to be the consummate communicator. They must develop and maintain a strong communication structure in the practice. This includes establishing a decision-making process among the veterinarians that provides for implementation and follow-up on a timely basis. Depending upon the nature of the issue, implementation may occur among the veterinarians, or it may occur at the operational or staff level (see 2.14 – Implementation: Getting it Done). In either case, the administrator must facilitate two-way communication between the veterinarians and the staff. Inherent but missing in most practices is the ability of the practice manager to maintain confidentiality. Veterinarians must be able to confide in the administrator, and vice versa. The administrator must develop a culture of respect for confidentiality and confidential issues within the organization. Administrators may also help veterinarians relate more effectively to one another and their staff.

STRATEGIST

A practice manager must be able to take the organization beyond its day-to-day operational focus (see 14.5 – Strategic Planning and Implementation). Otherwise, the practice becomes caught in a time warp that forces it to stay in the shadows. They must guide the practice through a process that is oriented toward the future. That refreshed vision is gained through attendance at regional and national conferences, subscriptions to trade periodicals (not necessarily veterinary-related), and membership in professional associations.

"AGENT FOR CHANGE"

Developing a vision and a plan for the practice often involves making needed changes within the organization. The practice manager's role is to manage these changes (see 2.7 – Change Management). This can be a challenging task, because most people resist change (see 2.1 – Workplace Management). This is of particular concern, for example, when veterinarians hire an executive level administrator for their practice for the first time. The veterinarians often do not understand the impact that this change alone will bring to the practice. Employees often resist the new administrator because they have become accustomed to going directly to the veterinarians for resolution of their issues. If the practice has mid-level managers or other professionals, they may also be resentful of a new "authority figure." All this poses a challenge to an administrator, who must be sensitive to the issues and handle them with a great deal of finesse.

NEGOTIATION

Negotiations occur every day in a veterinary practice. Practice administrators must be able to negotiate effectively with patient owners, vendors, landlords, referring veterinarians, regulatory agencies, and the community (see 2.17 – Negotiating 101). The complexity of today's pet healthcare market requires the ability to work with a wide variety of inside and outside forces to accomplish practice goals. An administrator who can create a "win–win" situation is a prized hire for the practice.

HUMAN RESOURCES ARBITRATOR

A good practice manager must handle employee situations with both fairness and firmness. They must be able to listen to both sides of an

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issue and make a decision to benefit the organization as a whole. There is often a temptation to make decisions based on how they affect one individual in the practice. The administrator must balance the needs of individuals against the organization's needs and decide accordingly. When conflict arises, the practice manager must look for middle ground by focusing on points of joint agreement (see 3.24 – Conflict Resolution).



EXAMPLES

Finding the right practice manager is the first step in gaining delegation authority. The qualities that make up the ideal person will vary by practice size and culture. The kind of person that you need for a small practice – three or four veterinarians – is different from the person you need for a larger group.

A smaller practice might need someone with more hands-on experience who can get their hands dirty with billing, assisting with some procedures on an as-needed basis, or answering phones. A much larger veterinary practice should typically look for a classic manager (someone with possibly an MBA or MHA, with maybe a human medicine practice background) who can evaluate the big picture.

Finding a practice administrator who has to know "a lot about a lot" can be a time-consuming and complex process, particularly for newly created positions. A practice should take time with the process and ensure the candidate has the skills and attitude to lead the organization into the future. Whatever the route, the appropriate person will fit into the culture of the practice, including staff, veterinarians, and pet owners.



CAUTIONS

- It is important that the veterinarians not undermine the administrator by allowing employees to circumvent the administrator. This defeats the goal of the veterinarians becoming less involved in the practice's day-to-day activities, while also rendering the administrator ineffective.
- Veterinarians should look for managers who understand the dynamic nature of practice management. Besides managing the business side of the practice, a manager is, in essence, the veterinarian's boss. He or she must provide the veterinarians with sound advice. At the same time, of course, the veterinarians, who take all the financial risks, employ the practice manager.
- Administrators should view their role not as practice commanders but as advisors, adopting a position of "chain of command" leadership.
- Veterinarians should look for practice managers who have a managed "balance" in their lives, such as someone who enjoys spending time with family and friends and who has outside interests and hobbies (see 2.1 – Workplace Management). If an administrator spends too much time at work, this is often a sign that they have poor organizational/delegation skills.
- The practice manager must keep the owner aware of what is going on in the practice at regular management meetings, either on- or off-site. If a veterinarian acts as though the practice manager is a human "buffer" for business problems, the veterinarian may have outsourced an integral component of practice ownership, with potentially unintended consequences if the practice manager's decisions conflict with their own. And that may not be discovered until decisions are too late or costly to correct.
- Practice owners need to set goals and expect action. Veterinary practice owners need to schedule annual reviews with the practice manager. Annual review goals need to be objective, measurable, and connected to specific deadlines. An administrator must be able to build and manage a team comprising the practice's employees as well as the veterinarians. In many practices, veterinarians do not function well as a team. This is because veterinarians are independent thinkers and decision-makers both by nature and by virtue of their medical training.
- Often, there is a variety of personality types within the practice group. Therefore, veterinarians may be in the habit of making organizational decisions without consulting each other, creating an atmosphere of chaos within the organization.
- The administrator must never deviate from helping veterinarians and staff work together to solve problems. Team-building often involves conflict resolution and, ultimately, finding alternatives everyone can live with.



MISCELLANEOUS

ABBREVIATIONS

CRM: Client (or customer) relationship management
CVPM: Certified Veterinary Practice Manager
MBA: Master of Business Administration
MHA: Master of Healthcare Administration
VHMA: Veterinary Hospital Managers Association

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2.19. STAFF PERFORMANCE PLANNING



BASICS

OVERVIEW

Retaining quality team members is an ongoing challenge for most veterinary practices as staff turnover rates within veterinary medicine continue to persist at a national average of approximately 30%.

- Lack of positive feedback, lack of training opportunities, and failure of management to include staff members in the larger strategic vision of the practice are three of the most commonly cited reasons why staff members leave practices and leave the profession.
- A well-run performance planning program helps address all three of these issues.
- Historical performance appraisals can be a valuable tool for new employees, or employees in a new role within the practice. However, once an employee has mastered the basics of their role, historical reviews do very little to educate and motivate experienced staff members. In many instances, repetitive historical reviews may actually have the opposite effect, by causing employees to become unmotivated and disengaged.
- Performance dialogues (as driven by the Millennial workforce) is the hottest performance management trend. Supervisors meet with employees to discuss their performance in a more casual dialogue rather than presenting "scores" and other feedback usually perceived as one directional. Monthly intervals are the most common format. It is best for supervisors to meet with the employee off the work floor in a quiet environment without interruptions. The supervisor should take notes during each session.
- Performance planning is a performance management system that goes beyond performance dialogues. It is based upon a mutual commitment between the practice leadership and its staff members. In essence, the practice leadership helps each staff member establish and achieve specific goals throughout each year of employment. The program may also be referred to as "proactive goal setting."
- The most common format involves quarterly goal setting.
- Typically, a full-time employee might be required to develop three new goals each quarter. The requirement for part-time employees can be prorated based on their average number of scheduled hours each week. For example, a staff member scheduled for 20–30 hours each week may be required to develop two goals per quarter, whereas a staff member scheduled for less than 20 hours may only need to develop one goal per quarter.
- A performance planning program is most effective when the individual employee and his or her supervisor have equal input in the development of each plan.
- Performance planning is an effective motivator and training tool because this program is built on the theory of positive reinforcement rather than negative reinforcement.
- Basing a work relationship on positive reinforcement is more enjoyable for supervisors as well.
- Businesses with performance planning programs in place are more productive, have higher retention rates, higher engagement scores, higher customer service scores, and higher job satisfaction rates than businesses without a performance planning program.
- Performance planning allows supervisors to guide employees through job enlargement, job enrichment, and career pathing.
- Proper goal setting is best achieved by using the SMART method.
- Changes in compensation can be tied to a review and analysis of the difficulty of the goals developed throughout the year and the number of goals achieved.

TERMS DEFINED

Career Pathing: Scheduled progression of responsibilities that helps an employee achieve a higher position. For example, a technician could become a shift manager, then a technician manager, and then a practice manager.

Job Enlargement: Assignment of additional tasks similar to those the employee is already trained to accomplish. For example, asking an employee who is trained to do callbacks for one doctor to begin doing callbacks for all of the doctors.

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Job Enrichment: Training an employee to be able to complete new tasks in addition to her regular responsibilities. Cross-training technicians and receptionists so they are able to cover for each other is an example of job enrichment.
Roadblock: Typically an employee who works to prevent another employee from achieving his or her goal(s).
Skill Hog: Employee who has mastered a skill, but refuses to train others. These individuals are generally insecure in their position within the practice and believe that "hoarding" a specific skillset gives them job security or elevated status within the practice. For example, there is only one technician in the practice that can take dental radiographs, but they never seems to have time to teach anyone else this skill.
SMART: Acronym for Specific, Measurable, Attainable, Related to mission, and Time limited.
Trainer: Someone in the practice who has mastered a specific skill well enough to be entrusted with the responsibility of teaching it to others.



ISSUES AND OPTIONS

GOAL CATEGORIES

Most performance planning systems allow staff members to choose from many different types of goals (see 3.14 – Staff Development). Common types of goal are the following:

- Learn a new skill. Many practices require at least one goal to come from this category each quarter.
- Teach a skill. This is an excellent way to make talented staff members responsible for training others. This is part of an effective strategy for engaging and leveraging skill hogs. If they are given goals to train others, their success within the hospital (as well as compensation) is now at least in part dependent on them sharing skills with and developing others.
- Upgrade an existing skill or attend a class. The Internet is a fantastic resource for locating courses that are available for all staff members, including receptionists, technicians, managers, and doctors.
- Improve customer service. This allows someone to develop and implement an idea that improves customer service. Examples could include decreasing the number of calls put on hold or speeding up the discharge process.
- Improve client education. This could include developing new handouts or a collection of digital photographs.
- Develop a marketing program for a service or product. Pet Dental Month is a common choice, along with Spay Day USA.
- Improve practice profitability. This could include ideas to increase revenue or decrease waste in the practice.
- Simplify a process or procedure within the practice. One specialty practice reduced the number of forms a staff member needed to complete to admit an animal to the hospital from nine to only three.

ACTING SMART

- **Specific:** A goal to increase laboratory work is too vague. A more specific goal would be to increase the amount of pre-anesthetic bloodwork performed on patients admitted for routine surgery.
- **Measurable:** If relevant, it is desirable to include a measurable target in the goal so you can know when the goal has been successfully achieved. For example, increasing the client compliance rate for authorizing pre-anesthetic bloodwork from 60% to 75%.
- **Attainable:** An attainable goal is a realistic goal. Once accomplished, attainable goals help channel employee enthusiasm and build confidence. In the previous example (see "Measurable"), an increase from 60% to 100% would probably be unrealistic.
- **Related to mission:** This makes sure that the employer is getting proper value for helping to develop the employee's career path. For example, if an employee asks to attend a course on panda bear behavior, such a request would probably not relate to the practice's mission and, therefore, would not provide a payback for the practice.

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• **Time limited:** If the goal-setting plan is limited in length to one quarter, the employee should be reasonably expected accomplish their goal in 90 days or less. If, however, an employee is making sufficient effort and progress, their goal(s) can always be extended into the next planning cycle.

PREPARING A PERFORMANCE PLAN

• The supervisor should meet with the staff member prior to the beginning of each quarter.
• The supervisor and staff member should work together to develop three goals using the SMART system (if applicable).
• They should draft a plan that describes the goal and from which category it derives (see 14.2 – Professional Development Plans).
• Many practices require that the subject staff member select three different types of goals each quarter.
• Specific start dates and target completion dates should be chosen (if applicable).
• A mentor should be identified (if required).
• Any potential costs for the practice and the mode of payment for such costs should also be identified (such as registration fees for a class).
• Specific follow-up dates should be established to ensure that the employee is making reasonable progress throughout the quarter and is not waiting until Day 89 to begin working toward their goal(s).
• The supervisor and the staff member should both sign and date the plan. The supervisor should keep a copy of the plan in the employee's file.



EXAMPLES

• A supervisor meets with a full-time technician, and together they develop three goals:
  ◦ The first goal is to take an online course on how to operate a practice blood bank. The fee for the course is $99.
  ◦ The second goal is related to client education. The technician wants to author a handout for client distribution regarding dogs with minor separation anxiety.
  ◦ The third goal is for the technician to become a trainer and teach a skill to another technician. Because the subject technician has excellent laboratory skills, she and her supervisor determine that she should teach three other technicians how to perform a manual differential. This would be a manageable "training" goal.
• Establishing dates spreads the goals out evenly. Because the course is scheduled during the first month of the quarter, the technician should work on her handout during the last two months of the quarter.
• The technician will mentor one technician per month. That is, she will teach one technician how to do a differential during the first month, another in the second month, and the last in the third month. This pace will allow plenty of time for hands-on training.
• The subject technician and her supervisor determine that their first follow-up meeting should occur one week before her course begins. During this meeting the supervisor will confirm that she has registered for the course and that she has started training the first technician on differentials.
• A second follow-up meeting should be scheduled 30 days later to make sure that the subject technician has started researching information for her handout and that she has started training the second technician.
• The final follow-up meeting should be scheduled 15 days after that to make sure that technician number 3 is being trained and the handout has been submitted to the doctor for proofreading and approval before it is released to clients.
• The goal-planning cycle begins anew at the beginning of the next quarter.



CAUTIONS

• Supervisors need to master the skills associated with performance dialogues before launching a performance planning program.
• Although this program does create more work for supervisors, the practice rewards are tremendous. The practice leadership must support the program by allowing supervisors to take the amount of time necessary to administer the program effectively. If supervisors are not allocated time, the program will fail.
• Be careful to set realistic goals, especially in the beginning, to make sure the program gets off to a good start. Ninety days is not a long time. If the practice adopts quarterly goal setting, make sure the goals are small enough to be completed within the 90-day window and in addition to the employee's regular responsibilities. Initial goals may need to be broken down into several smaller components, or timelines may made to be extended into the next quarter to ensure success.
• Supervisors must be vigilant in maintaining their follow-up commitments. Supervisors should start small and build on success. One goal per quarter for full-time staff only is a reasonable starting point for most practices. If supervisors fail to execute their responsibilities, such as reliably meeting with each team member on schedule, employees will disengage from the program and it will fail. Thus, we will emphasize again, it is recommended that supervisors

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master performance dialogues before transition to performance planning.



MISCELLANEOUS

- The number of goals attempted, the difficulty of each goal, and the number of goals achieved can all be factored into compensation decisions for each staff member.
- Supervisors can use this tool for overcoming challenges such as getting skill hogs to share their knowledge with others.
- Performance planning is also an excellent tool for helping supervisors facilitate job enlargement and job enrichment and driving employee engagement and job satisfaction scores.
- Goals can be developed to support career pathing and career development, such as developing managerial skills in a high-potential technician or receptionist.
- Goal development should be aligned with the strategic needs of the practice. For example, if the practice wishes to grow dental revenue, receptionists and assistants can learn how to educate clients and promote dental care and technicians can learn how to perform basic dental procedures and how to assist the veterinarian with advanced procedures.
- Larger practices (50 employees or more) can benefit tremendously from performance management software. These programs typically charge a monthly fee per employee, so they are very scalable and cost-effective. Performance management software reduces the hours consumed by the performance management process and results in a far better result than is possible by managing the process manually.
- Do not become discouraged by a slow start. It often takes several complete cycles for staff members and supervisors to become proficient in managing performance plans.

ABBREVIATIONS

SMART: Specific, Measurable, Attainable, Related to mission, and Time limited

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2.20. STAFFING BUDGETS



BASICS

OVERVIEW

• The costs associated with staffing constitute the largest expense in virtually all types of veterinary practices.
• All practices should have a strategic operating budget (see 8.21 – Controlling Cash Flow – Budgeting). A staffing budget is an integral component of any strategic operating budget. If the idea of creating a strategic operating budget seems too daunting, a staffing budget may be an excellent place to begin developing your budgeting skills. Most individuals take 3–5 years to fully develop maximum comfort, efficiency, and effectiveness with budgets.
• In almost all geographic locations, veterinary medicine experiences some amount of seasonality. In some markets, there can be a significant decrease in workload when comparing the busiest time of year with the slowest time of year. Determining the appropriate year-round staffing level for your practice can be extremely challenging. Given the significant amount of training required by veterinary staff and their limited availability in most markets, it is not practical to lay off staff when your practice is slow and rehire them when business picks up again. Many practices are slow during the winter and holiday seasons (December through February), moderately busy during the spring and fall, and incredibly busy during the summer. Most practices, therefore, will hire sufficient staff to make the spring and fall run smoothly. They will pay overtime and hire seasonal help to get through the summer months. And in the winter, they will carry the burden of extra staff. Paying staff in the winter when business is slow could be considered a fixed expense for budgeting purposes. Paying for additional staff in the summer when business is busy could be considered a variable expense. As such, many people describe staffing as a "step" expense.
• It is important to note that it is a popular misconception in veterinary medicine that all overtime is bad. Overtime paid due to poor productivity, or poor planning should be reduced or eliminated. However, paying overtime to address a high or emergent caseload is a financially sound decision. If a technician needs to stay for 2 hours to assist with a hit-by-car that arrived at the end of their shift, the hospital will pay them the equivalent of 3 straight-time hours of pay (as overtime is 1.5 times their regular wage). This is more cost-effective than hiring another technician and paying them a full shift whether they are needed or not. If utilizing overtime properly to maximize staff efficiency, overtime should equal about 5% of your staffing budget.

TERMS DEFINED

Fixed Expense: An expense that stays the same regardless of the amount of work the practice performs. Rent is an example.
Step Expense: An expense that increases or decreases in distinctive amounts rather than in a linear fashion. Any staff member with a guaranteed work schedule is considered a step expense. This is because each staff member has the capacity to complete a specific volume of work. For example, if a new technician supports $150,000 in revenue production, the practice will not need to hire another technician until the new technician is at full capacity. The next technician represents the next "step" in staffing costs.
Variable Expense: An expense that increases as the amount of work the practice performs increases. For example, the busier a practice becomes, the more drugs and supplies it requires.
Weighted Hourly Wage: To simplify the budgeting process, many practices use a weighted hourly wage, calculated by averaging an employee's anticipated wage over the course of a year. For example, if it is anticipated that a staff member earning $10.00/hour in January is going to get a raise to $11.00/hour in July, the staff member's weighted hourly wage average throughout the year would be $10.50/hour (six months at $10.00 and six months at $11.00).



ISSUES AND OPTIONS

• It is crucial to use technology when developing a staffing budget. Spreadsheet software, such as Excel, is an excellent tool for creating real-time budgets. Some scheduling and time clock software also perform budgeting functions, but these features vary dramatically from program to program. If you are using accounting software such as Intuit's QuickBooks, make sure your budgeting software can import or export desired data automatically instead of via manual entry.
• If you are unfamiliar with these software programs, you should enroll in a local or Internet-based course to learn how to use these products. A simple beginner-level class is all that is needed to learn enough to create a staffing budget. These software programs offer so many advantages over the pencil and paper method that the latter should not even be considered as an option.
• When determining a weighted hourly wage, you must be able to anticipate all possible reasons why a staff member's level of compensation could change (see 3.1 – Compensation). Such variables could include a wage increase for a new hire that has completed an orientation period, or a wage increase for a staff member who has acquired an additional skill set, or achieved a specific certification such as passing the VTNE, or VTS examinations. Other variables include merit raises for outstanding performance, market raises to retain staff members in a competitive market (external equity in HR speak), cost of living increases for annual raises, and the completion of additional skill certifications in a skill-based compensation scheme.
• Many practices also have significant bonus programs in place (see 3.4 – Employee Bonus Criteria). If your practice has a significant bonus program, you must make allowances for such payments in the staffing table. For example, a practice may give each of its employees an additional week's pay in December as a holiday bonus. The practice should, therefore, add 40 hours to the number of hours each employee is scheduled to work during the upcoming year. Another practice offers a weekly bonus of $25 to the receptionist who creates the least number of billing errors during the week (D. Brown, Personal communication, July 1, 2004). Because the annual value of the reception staff 's weekly bonus program totals more than $1,000, it is significant enough to be included as a line item in the annual staffing budget.
• The best way to achieve staffing budget goals is to be proactive. Many practices take a passive approach to administering their budget by waiting until the end of the month to see whether or not the practice hit its goals. One way to be proactive is to utilize online scheduling software that has a built-in budget feature. For example, if the practice has a technician budget of $20,000 for the month, a schedule can be created that forecasts $20,000 or less in staff wages. If the person scheduling is not allowed to have access to staff wages, they can be given a target number of staff hours to be scheduled based on the weighted hourly wage. Therefore, $20,000 in technician wages may roughly approximate 1,000 technician hours for the month. Scheduling below the target values dramatically improves the odds of staying on budget. Some practices even offer quarterly bonuses to schedulers and or supervisors for staying within budget parameters each quarter.



EXAMPLES

• Preparing a staffing budget begins by examining the scheduling process. In order to determine your staffing needs, you should know how many staff members you need on duty at all times. Once you have enumerated all of your staffing needs, it is easy to determine the proper staffing level for your practice.

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• Each staff member should be identified by name. Working from left to right, each employee should have a complete profile of information entered into the spreadsheet. Because the majority of practices offer annual raises on employment anniversaries, the employee's start-date is important. It is usually the first piece of data after the name.
• The weighted hourly wage for each employee should be listed next to the number of hours an employee is scheduled to work during the upcoming year. A 40-hour/week employee is listed as 2,080 hours/year (40 hours/week × 52 weeks/year = 2,080 hours/year). A similar calculation should be completed for each staff member.
• The spreadsheet should then calculate the employee's annual wage by multiplying the weighted hourly rate times the estimated number of hours to be worked. With respect to salaried staff members, you can forgo the previous calculation and simply list the employee's annual salary in this field.
• The next few spreadsheet fields will usually represent benefits that have dollar values such as pension plan and health insurance deductions. Some of these numbers are fixed amounts month after month (e.g., health insurance), whereas others are contingent amounts based on an employee's total wage value for a particular month (e.g., pension program matches).
• State and federal payroll taxes should also be listed. These figures typically represent a percentage of the total wage value.
• For ease in reference, you can subtotal the costs associated with individual departments. You can also total the entire staffing budget including its associated costs. If you use a spreadsheet or similar software program to create your budget, you should be able to make real-time updates to the staffing table. For example, if you add a new team member to the staff list and enter their corresponding information, the spreadsheet will calculate and update all the associated expenses.
• If your practice uses a complete operating budget, the values obtained in the staffing budget can be divided by 12 and entered into each month of the operating budget.



CAUTIONS

The system of utilizing weighted averages does generate a small margin of error. In theory, early months will be estimated a little higher because raises anticipated for later in the year have not yet been given. During the middle of the year, the budget projections should be close to actual values. During the final months of the year, the budget projections may appear a little low. By year's end, however, the estimated total budget value for the year should match the actual value of the employee's wage. Most practices tolerate this nominal margin of error; otherwise, they would have to perform the extra work of calculating 12 individual monthly staffing tables.



MISCELLANEOUS

• Document all of the assumptions made throughout the entire budgeting process. Such documentation will ease the process of comparing projected budget amounts with actual budget amounts (i.e., monthly and quarterly values). Minor assumptions can be documented as comments within the spreadsheet for easy reference as needed. More significant assumptions should be detailed in a Word document, or in within a corresponding action plan if the assumption requires someone to take action. An example might be annual raises in June, or adding five staff members in May if the practice hires a new associate.
• If your practice is growing and you wish to account for staff expansion in your budget, do so by placing a staff member named "OPEN" in your budget. This fictitious individual will act as a placeholder. You can then estimate the number of work hours and corresponding wage based on the desired skill sets and experience required for the position you anticipate filling.
• Other scheduling factors that influence the cost of staffing should be included in the budget. Such factors include shift differentials (extra hourly pay for working undesirable shifts), supervisory differentials (extra hourly pay for managing staff while on duty), and so on.
• Practices that are expanding rapidly, or are experiencing high turnover rates may also factor in lead time for hiring, and/or a premium for staff training. Some practices budget as much as 25% of the employee's estimated wages during their first six months of employment.
• If specific individuals cover for other employees when the practice has a high caseload or is short-staffed, it may be prudent to add additional hours to their annual total beyond the full-time value of 2,080/year. Prior history can be a valuable guide for making these assumptions.
• If you anticipate that the practice will undertake any special projects during the year, you should include a line item in your budget named after the project, along with an estimate of hours needed to complete the project. If you have all full-time help, then you may need to account for overtime by listing your project help at an hourly rate equal to 150% of your full-time employee's average wage. Samples of special projects could include changing your computer or record-keeping systems, renovating your existing facility, or moving to a new facility.

ABBREVIATIONS

N/A

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N/A

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2.21. OPERATIONS MANUALS



BASICS

OVERVIEW

- Veterinary practices are very complicated healthcare delivery systems. The majority of practices offer a plethora of services that include not only clinical medicine and surgery but also ancillary products and services.
- The employees who deliver veterinary services come from a multitude of levels of education, a variety of generations, and have huge differences in the amount of training they receive.
- The veterinary consumer is becoming more and more demanding from the veterinary practice and is expecting a large amount of value for the price that they are paying.
- The veterinary practice competes for discretionary income of the pet owner who wants their coffee customized, their shopping personalized, and their healthcare dedicated just to them.
- With a highly demanding client in a highly complex business model with a very diverse employee base, it is imperative to have a dependable and reliable manner by which services are provided.
- An operations manual clearly defines how everything is done in the practice so that things are done consistently, predictably, effectively, and efficiently.
- The ultimate success of any small business, which includes most veterinary practices, depends upon delivering or even exceeding client's expectations.
- You cannot exceed expectations if there is no system for doing things the same way each time, every time, and all the time, without fail.

TERMS DEFINED

Operations Manual: An organized resource for each of the processes that take place in delivering a business model. It includes documents that describe in detail the processes and systems that a company uses to provide its services.



ISSUES AND OPTIONS

WHAT GOES INTO AN OPERATIONS MANUAL?

An operations manual is the authoritative guide of how things are done in a veterinary practice. From cleaning a cage to answering a phone; from walking a dog to prepping a pack; from monitoring inventory of fluids to providing water for cats; the operations manual is your "how-to guide" to everything. It is an organized, available, efficient, and effective ways to communicate to the hospital team all of the procedures and processes. And with the manual in hand, employees are released to perform their jobs with optimal results having the security of the clearly delineated processes.

An operations manual is a single point of reference for all important company information. It is a place to find fixes to things that are going wrong, it is one of the first training tools that new employees are exposed to, and it teaches employees, new and old, how to do things the right way.

When considered in conjunction with a policy manual, an employee manual, a practice vision, mission and core values, an operations manual creates a significant foundation for success. While the policies, vision, mission and value are relevant to the entire team, the operations manual is both position- and department- or zone-specific. Thus, a veterinary practice will have operations manuals that are either job- or position-specific or, more commonly, department- or zone-specific.

The process of creating documentation of all of the operations systems and processes is daunting but it is critical and acts as the foundation for each manual. It is time-consuming to not only create the manual in the first place but also then to routinely update and maintain it. This will require ongoing attention. In fact, your operations manual should have a process and timeline for routinely updating the manual itself. Do not create a new way each time for a process, look to improve the existing process so that the final operations manual adds immediate value to the client, the team, the management, the owner, and eventually the buyer of the now well-organized practice. Process documentation allows for work to be done without the owner always being present. And who wouldn't want to buy that opportunity?

An operations manual may start out initially as a paper document but should eventually become digital in nature (consider Google Docs or similar) with a detailed table of contents, index, and hyperlinks between different interrelated action plans aka processes aka recipes. And do not forget to back it up and protect it from alteration with passwords.

CREATING THE OPERATIONS MANUAL

The final product is a comprehensive documentation of how your company functions. A well-written manual will lead someone who is unfamiliar with your operations through the essential procedures that you perform each day to support your business.

There are a few steps you need to perform before getting started:

- Create a template that all authors will use to document the steps in a particular process or recipe. This template should include:
  - WHAT is the process about to be described?
  - WHO (not the name of an individual but the job title) is responsible?
  - WHO do they report to?
  - WHAT resources are needed prior to initiating the process?
  - WHAT is the optimal outcome of the process?
  - WHAT are all of the steps to complete the process?
  - WHEN was this created and WHEN was it last modified?
- Determine how you want to organize your manual first. Is it going to be job description based (receptionist level 1 manual, receptionist level 2 manual, etc.) or department based (client service department manual; inpatient technician manual, etc.). I would suggest departmental.
  - The individual departments you might see in a veterinary hospital include:
    - Client service
    - Animal care
    - Technician
    - Management
    - Professional.
  - Each of these departments will be the title for an individual operations manual, such as "How We Do Things in the Client Service Department" or the "Client Service Department Manual."
- Decide whether you will have a hard copy version and digital backups or a digital version that is readily accessible on the intranet of the practice or on each computer. It must be readily available.
- Develop an organizational system for each manual. If the parent manual is the client service operations manual, what are the major systems within that parent manual? These may include, for example:
  - Maintenance
  - Telephone
  - Computer
  - Pharmacy
  - Welcome/greeting.
- With the systems identified, there will be subsystems that further breakdown the operation. For the computer system, there may be:
  - Client entry
  - Client update
  - Invoicing
  - Prescriptions
  - Scheduling.

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2.21. OPERATIONS MANUALS

HOW TO ...

Each employee in that department will contribute to the content of the manual. With the title of the manual noted, you have essentially created a client service system manual. Now it is necessary to get into a granular level – from 35,000 feet to 5 feet to molecular or atomic in nature. So, what are the specific individual processes within the subsystem and system?

There are many many actions by each employee every day. Some of the actions are done multiple times per day, others only once or twice per week. They are all important. It is important to capture all of the activities of all of the employees as processes that make the practice work effectively and efficiently. Ask each employee to track his or her actions throughout the day for two weeks. Tedious, I know. This will give you a general idea of the most frequently performed processes. It is these processes that must be broken down to the molecular level by the employee performing them.

If we look at the operations manual as a cookbook for practice success, each process is a recipe for success. The individual pages of the operations manual will be the recipe or process. With the recipe identified, how do you bake the brownies? What is needed? What are the needed resources? What are the steps? From start to finish. This is an individual process that makes your practice operate. How do you want your team to:

- Answer the phone for a new client seeking to make an appointment
- Prepare a spay pack
- Clean a small cage
- Invoice a hospitalized pet
- Clean the bathroom?

The process should be in sufficient detail that any employee at any level can pick up the recipe (process) and bake the brownies the same way – each time, every time, all the time, without fail.

Parts of the operations manual may be excerpted from users' manuals for equipment, such as a phone system or software training manual. However, the vast majority of an operations manual will be customized for the way *you* do everything at your practice.

As a rule, an operations manual is a living, breathing, constantly morphing document that is constantly being updated as operations change within the practice. At the very least, it should be reviewed semi-annually for updates, although monthly or quarterly will be more effective.

Once your operations manual is complete, put it to the test. Have an employee that is *not* in a particular department pick up a process and follow it step by step from start to finish. Was the outcome easily accomplished? Was the outcome what was desired? Test the accuracy. Test the ease of use. If it is accurate and easy to use that is wonderful. If not, work on the content.

Your operations manual not only ensures that your practice team will deliver a consistent client, patient, staff and management experience, it also provides an optimal training manual for new hires. Rather than depending upon word of mouth training you now have a fully documented "How we do it here" manual for all of the systems and processes that make your practice great.

EXAMPLES

SAMPLE PROCESS TEMPLATE

Title: Bathroom Maintenance
Who: PM Animal Caretaker
To whom: Manager
When: 17:30 (5.30 p.m.)
Outcome: An immaculate, fresh-smelling, ready-to-use restroom
Resources needed: Wet floor sign; toilet brush and cleanser; mop, bucket, water and floor cleanser; mirror cleaner and rag; sink cleaner and rag; toilet paper; paper towels; odor eliminator; trash bag
Steps to complete:

1 Put out wet floor sign
2 Empty trash and make sure trash bag is secure in receptacle
3 Clean mirror – see Cleaning Mirror Process
4 Clean sink – see Sink Cleaning Process
5 Clean toilet – see Toilet Cleaning Process
6 Refill toilet paper if needed
7 Refill paper towels if needed
8 Spray odor eliminator
9 Mop floor – see Bathroom Floor Mopping Process
10 Sign off on the back of the bathroom door checklist

Created: 2019, May 05 Last Updated: 2019, July 12

CAUTIONS

- An operations manual is *not* an employee or personnel policy manual.
- An operations manual is *not* a business-related policy manual.

MISCELLANEOUS

ABBREVIATIONS

N/A

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1. N/A

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2.22. PROCEDURE MANUALS



BASICS

OVERVIEW

- Procedure manuals and reference manuals are helpful management tools in any size or type of veterinary practice. The larger the practice, the greater the need for manuals.
- A large practice may have numerous manuals, including a receptionist manual, technician manual, exam room assistant manual, laboratory manual, anesthesia on-call, safety manual, and a doctor's manual. After catastrophic events such as Hurricane Katrina and Superstorm Sandy, many practices now have a disaster manual as well. These cover simple tasks such as how to function when the Internet goes down, when the electricity goes out, or how to call forward the practice telephones to an employee's cell phone. Large events such as floods, hurricanes, and blizzards may also be covered based on the needs of your specific geographic area.
- Manuals have three distinctive purposes:
  - They serve as a convenient reference tool to ensure that standards of care and standard guidelines are followed.
  - They serve as an instructional tool to be used for staff training purposes and should be distributed to new team members during their initial orientation period.
  - They provide a standard to which staff can be held accountable for counseling and coaching purposes.
- Putting policies and procedures down in writing forces dialogue and promotes compromise. This is an important process for multi-doctor practices to complete so that policies and procedures are consistent throughout the practice.

TERMS DEFINED

Doctor's Manual: A guide to help ensure that all doctors in a multi-doctor practice are following the same basic protocols so as to avoid client confusion that will undermine client trust in the practice. In addition to outlining such routine protocols as vaccination guidelines, these manuals also include narrative on how to interpret the practice's fee structure. For example, if a practice offers a level one, level two, and level three nursing care fee, the manual will outline the criteria used to define each level (this type of information may also be included in the reception manual). Guidelines for medical records, charge capture, and preparing treatment sheets may also be included. Some practices even have communication guidelines, for example that any client inquiry made up to 30 minutes before the end of the doctor's shift must be answered before the doctor leaves for the day.
Exam Room Assistant's Manual: Resource for those technicians and aides responsible for assisting veterinarians in appointments and other exam room procedures, ranging from pedicures to emergencies. It typically includes an index of all the practice's client education materials as well as a list of community resources for clients such as obedience schools, boarding kennels, and groomers. It may also contain guidelines for handling abandoned pets and how to manage wildlife until a certified wildlife rehabilitator can be contacted.
Laboratory Manual: A complete reference guide for technicians and doctors who may be working in the laboratory or processing samples through the laboratory. It typically includes step-by-step instructions on how to perform each in-house laboratory test, and it may describe how samples should be collected, processed, and shipped to each outside reference laboratory, as well as the preferred laboratory for each type of test. This manual also includes guidelines for less pleasant procedures, such as how to prepare a specimen to be sent out for rabies testing. The manual also includes detailed directions on how to operate and maintain each piece of equipment within the practice laboratory, including troubleshooting procedures, calibration, and quality control requirements.
Receptionist's Manual: Outlines all front desk procedures in a step-by-step manner. Examples may include processing insurance claims, third-party payment applications, and payment plans. This manual typically includes customer service policies. It also outlines a vast array of procedures from how to answer the telephone to how to arrange for a pet's cremation. Furthermore, it includes step-by-step instructions on how to operate all of the standard features of the office automation equipment, including the telephone system, voice mail, facsimile machine, the credit card machine, and the practice management software.
Safety Manual: A guide that identifies hazards within the practice and delineates procedures for dealing with them. This manual includes relatively simple activities such as how to properly use the autoclave and how to perform a daily leak test prior to using your anesthesia machine(s).
Technician's Manual: Designed to support the technicians in accomplishing their daily tasks in the back of the practice. It includes step-by-step instructions on how to operate and maintain all of the equipment in the practice from intravenous pumps to pulse oximeters. It may also provide directions on how to complete daily, weekly, and monthly quality controls for equipment such as anesthesia machines and sterilizers. Depending on your specific practice model, it may also include instructions for proper charge capture and medical record auditing.



ISSUES AND OPTIONS

DEVELOPING A MANUAL

- The first step in developing any of these manuals is to designate one individual in the practice to be the project leader. The project leader ensures that the manual will be prepared pursuant to a schedule and completed by its deadline.
- Every member of the manual's target group should be included in its development (in addition to the members of the practice leadership such as the practice owner, hospital administrator, or practice manager) and production. For example, if it is a reception manual, all of the receptionists should contribute to it.
- A brainstorming session should be scheduled during which everyone in the target group is encouraged to suggest topics to be included in the manual. This list of topics should be converted into a table of contents for the manual.
- Most of the manuals identified in the Terms Defined section will have a table of contents consisting, on average, of 20–50 topics.
- At the next meeting, the team member responsible for writing each portion of the manual should be identified. Some practices ask for volunteers to author a particular for each topic, whereas other practices assign topics to specific individuals.
- A deadline should be established for each of the authors to submit the first draft of their material. The project leader needs to review each submission for accuracy and completeness.
- It is not unusual for authors to discover conflicting protocols and/or procedures within the practice, so it may be necessary for the project leader to seek clarification from the practice manager or practice owner(s).
- It is also quite common for authors to discover that there are multiple ways in which a specific task may be completed. An experienced manager should focus on desired outcomes rather than processes. Therefore, if all the ways identified to complete a specific task are equally efficient and effective, then there may be a need to include them all in the manual and let individuals decide which method they like best. This is often the case in the reception manual,

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which includes topics that relate to completing tasks within the practice management software.
• A draft copy of the manual should be prepared and distributed to each participant, as well as to the practice manager and practice owner, for final review. A comprehensive final review allows the entire practice to contribute their combined experience and insight to each of the tasks that will benefit future users (it is also an excellent refresher course for everyone involved).
• The manuals should then be printed, bound, and distributed to the appropriate team members. A signed receipt should be obtained for each manual distributed, and the receipt should be kept in the employee's personnel file. As an alternative, some practices email electronic copies of the manuals to their team members. It is less expensive, less labor intensive, and more environmentally friendly to revise and maintain electronic versions rather than hard-copy versions.
• One or two additional manuals should be placed in strategic locations throughout the practice for ease of use.



EXAMPLES

• The following example represents a typical entry in a procedure/reference manual. In this example, a larger practice is making sure that everyone on staff understands how to charge the proper examination fee based on the number of pets the client has brought with them. This type of reference would actually be included in a doctor's manual, a receptionist's manual, and an exam room technician's manual, because all these team members would be required to explain these charges to a client.

XYZ Veterinary Clinic has numerous exam codes. Therefore, it is easy to understand why there has been some confusion in the past regarding the proper code to be charged for a specific type of visit. The purpose of this section is to define each type of exam code and explain its proper usage. Doctors do have discretion to increase or decrease an examination fees as they deem appropriate; however, it is important to communicate the reasoning behind any change to the appropriate receptionist. In this way, the receptionist can appear informed and be properly prepared to address client concerns (i.e., the client may question why the amount of the final invoice is different from the amount they were originally quoted).

ID	Description	Fee
107	Exam – Office call/exam	XX.00

This code is for our standard physical exam to be charged to our regular appointments.

106	Exam/per pet 2	XX.00
102	Exam/per pet 3	XX.00
112	Exam/per pet 4 or more	XX.50

These codes are used if multiple pets belonging to the same client are examined during the same appointment slot. Basically, you can think of them as multi-pet discounts. The code should be selected that represents the total number of pets in the appointment (i.e., if there are three pets, use 102, and each pet would be charged for an Exam/per pet 3). These discounts are not applied in a sequential order such as Exam, Exam 2 pets, Exam 3 pets, etc.



CAUTIONS

• Avoid reference to specific staff members by name. Instead, you should refer to them by title or position. For example, instead of "Bring the sample to Sue in the lab," it should be, "Bring the sample to the laboratory technician on duty."
• Many procedures may have a short and long version in each manual. The long version is a very detailed step-by-step version designed to support someone who has never completed that specific task before, or as a tool to aid training and/or accountability. The short version is often a bulleted refresher designed to support someone who is familiar with the task, but feels a little rusty and wants to be sure they are completing the task correctly and completely.
• Maintain an off-site computer media backup of each of the manuals (see 10.7 – Information Security: Backing Up and Archiving Your System). Many practices have made the mistake of trusting the creation of the manuals to a single individual. Unfortunately, if the designated individual absconds with the files upon his or her departure, the practice is forced to recreate all of its work in order to update their manual.



MISCELLANEOUS

• Directions need to be very specific. Vagueness decreases the value of the manual and allows subjectivity to infiltrate procedures and/or protocols.
• Establish a reminder in your practice management software to review each manual twice per year in order to keep its contents current. Each manual should have a revision date and older versions should be discarded to avoid confusion. These updates are imperative as software enhancements, equipment enhancements, new equipment, etc. will all necessitate updates in the manuals, so they reflect the most current policies and procedures.
• Before revised material is put into use, it is a best practice to have someone unfamiliar with the process (such as a team member from a different department) read through the material as a test. If they are able to complete each task without difficulty, then the manual contains all of the necessary information in the proper detail. Too often the person writing content for a manual is so familiar with the process that they skip over steps or details they take for granted that "everyone" would know.
• Screen captures, photographs, and video links can improve the effectiveness and user friendliness of a manual.

ABBREVIATIONS

OSHA: Occupational Safety and Health Administration

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N/A

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2.23. ENHANCING DOCTOR PRODUCTIVITY



BASICS

OVERVIEW

- Productivity can be defined as the ratio of inputs to outputs.
- Doctor productivity is often measured by the ratio of hours worked (input) to revenue (output).
- There are many other ways of measuring doctor productivity. Measuring these parameters assists with the management of productivity and provides motivation for production.
- A doctor's knowledge and skill level will play a role in their productivity. Doctor productivity is also dependent upon the knowledge and skills of management and support staff, the quality of materials and equipment available, technology, and hospital design.

TERMS DEFINED

Productivity: The rate at which goods or services are produced per unit of labor.



ISSUES AND OPTIONS

MEASURING DOCTOR PRODUCTIVITY

- Measurement allows management to identify potential problems and address areas of concern. It allows management to recognize and reward performance. Measurement can be used to motivate staff to higher levels of performance.
- There are several ways doctors can be motivated to perform, depending upon how performance is measured. Traditionally, doctors have been measured on revenue as a result of labor input.
- Additional measures of productivity may include:
  - Number of patients seen per doctor hour
  - Number of patients waiting ≥10 minutes per doctor per day
  - Number of spays per doctor hour.
- Analyzing trends in performance measures over time (quarterly) is more informative than analyzing the data in a given week.
- The primary reason to measure productivity is to provide motivation to doctors to increase productivity. It is based on the premise that measurement motivates.
- An example of measuring doctor productivity can be found in Table 2-23-1.

DOCTOR SKILLS AND KNOWLEDGE

- Medical and surgical knowledge contribute to a doctor's productivity, and appropriate training must be provided; however, doctor productivity is highly dependent on their communication skills. Doctors need to develop a communication style that is both productive and caring (see 5.1 – Effective Client Communication). Doctors have limited time in an exam room. They require communication skills that can direct the client through the appointment process quickly and make clients feel their concerns are being addressed caringly. It may be helpful for management (or a qualified consultant) to shadow a doctor through office appointments, identify areas of improvement, and offer solutions.
- Doctors must be willing and able to delegate nondoctor duties to support staff.

TECHNOLOGY

- Productivity improvements, even with an unfavorable economic climate, can largely be attributed to technology utilization and development.[1] These findings suggest that investment in technology can assist veterinarians through a recession and enhance productivity. Some examples of technology investments that can improve doctor productivity include the following:
  - **Electronic medical records (EMR):** Productivity benefits of these depend upon the software chosen. In general, EMRs provide quick access to a patient's chart and medical history – patient files are never lost or misfiled or inaccessible because they are physically in another area of the hospital. The medical record is quickly and easily interpreted by doctors because documents are always placed in chronological order and are legible.
  - **Digital radiographs:** These allow doctors to review radiographs within seconds (see 9.8 – Digital Imaging Systems in Practice). They can then email radiographs to specialists, resulting in faster turnaround time. Retrieving radiographs to review a case is simple – doctors do not have to search for hard copy films or wait for support staff to retrieve films.
  - **Mobile computing:** Tablet PCs with veterinary-specific software are available to veterinarians. These tablets are used by veterinarians as they travel from appointment to appointment. Productivity benefits depend upon how well the tablets integrate with your management software (see 10.21 – Technology: Redefining the Client Visit).
  - **Communication devices:** Wireless communication devices reduce the amount of time wasted in locating and communicating with doctors and support staff. Several studies have confirmed the productivity benefits associated with wireless telephones in human healthcare. Off-the-shelf wireless communication devices are economical, but sometimes insecure; users should be aware that the potential exists for third parties to overhear communications.
- The most significant productivity improvements in the future will come from the redesign of business processes between a business, its customers, its suppliers, and its competitors.[1] An example of a business process that has been redesigned using technology in the veterinary industry is the way veterinary laboratories communicate with veterinary practices. Lab results can be transferred directly into practice management software, resulting in increased productivity throughout the hospital (including doctor productivity).
- Technology investments can be expensive. Perform a cost/benefit analysis to determine if your clinic would benefit financially from the proposed technology investment; be sure to factor in the additional cost of training, upgrades, and ongoing support when performing a cost/benefit analysis (see 7.13 – Breakeven Analysis).

Table 2-23-1. Measuring doctor productivity.

Dr. / *Date*	*Average revenue per transaction*	*# of no-shows*	*New patients seen*	*Established patients seen*	*Productivity statistics*		*Average # of patients seen per doctor hour*
					Total patients seen	*Doctor hours*	
Monday							
Tuesday							
Weekly total							
Monthly total							

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2.23. ENHANCING DOCTOR PRODUCTIVITY

• Technology costs decrease over time, and it may be more economical to wait a few years before considering an investment. Waiting also allows more of the "bugs" to be worked out of the system.
• Do your research and always obtain references from veterinarians currently using the technology before committing yourself to an investment.

MANAGEMENT AND SUPPORT STAFF

• Management must lay the groundwork for enhanced doctor productivity. The most productive doctor will be unproductive if the environment is not supportive. Management must establish processes and protocols that allow doctors to work more productively. They must implement systems that have doctors performing doctor duties (prescribing, examining, diagnosing) and support staff doing the rest. Adequate support staff numbers and training are essential.
• Systems should minimize the amount of time doctors spend on:
  ◦ waiting for a patient to be placed in an exam room,
  ◦ waiting for an exam room to be stocked (or worse, doctors stocking the exam room themselves),
  ◦ accompanying clients to and from the reception area, the pharmacy, or the treatment area; doctors' time should be spent going to and from different exam rooms only,
  ◦ searching for technicians to assist them in an exam room,
  ◦ searching for the next appointment.
• Note: The last two problems can be resolved by implementing a system that indicates when the doctor requires a technician in a room and when a room is ready for the doctor. Some practices use a lighting system to visually indicate the status of the exam room.
• Staff interruptions are a major source of lost doctor productivity. Interruptions should be kept to a minimum during hours when doctors are seeing clients. Staff should be adequately trained and empowered to deal with day-to-day responsibilities and questions from clients. Problems that require doctor input should be addressed at scheduled intervals outside of client appointment hours. Each morning, the doctor and staff should review the schedule for the day and indicate the times the doctor will be available to answer questions and return messages. Personal calls should be avoided during office appointment hours.
• Support staff using online resources can save doctors' time by compiling differential diagnoses, determining the latest therapeutic protocols, seeking other doctors' experiences with similar cases, and so on.
• Appropriate scheduling drives doctor productivity (see 3.18 – Staff Scheduling Options). Patient appointments must be streamlined to allow doctors to move quickly and efficiently from room to room while addressing more than one client appointment at a time.

QUALITY OF MATERIALS (TOOLS) AND EQUIPMENT AVAILABILITY

• It can be difficult for doctors to be productive if they are not provided with quality materials and equipment. An x-ray machine that requires several retakes results in lost doctor productivity. Suture material that constantly breaks during surgery prolongs the time the doctor spends in surgery. Discuss quality issues with doctors and make adjustments where appropriate.
• New equipment purchases can increase doctor productivity. Conduct a cost/benefit analysis on new equipment purchases and include costs associated with training the doctor and staff.

HOSPITAL DESIGN

• Hospital layout is a key component of patient flow and doctor productivity (see 11.13 – Client/Patient Flow). Inadequate space, especially in exam rooms, will have a significant effect on the number of patients a doctor can see in an hour.
• A renovation to an existing building may be worth the investment (see 11.10 – Practice Renovations). Solicit professionals familiar and experienced with designing veterinary practices – the payoff may be increased productivity for years to come.



EXAMPLES

MEASURING DOCTOR PRODUCTIVITY

• Appointment "no-shows" can significantly impact a doctor's productivity. A large number of no-shows or an increase in no-shows may indicate inadequate appointment confirmation processes or changes in the process.[2] If you confirm appointments by telephone the night before, try confirming appointments two days before the scheduled appointment. This gives clients more time to adjust their schedules if they have forgotten about the appointment. There may be other reasons behind appointment no-shows requiring follow-up.
• Trends in new patients seen and established patients seen may also indicate a problem that requires investigation by management.[2]
• The number of patients seen per hour can provide important productivity information regarding a doctor's efficiency and effectiveness in the exam room. If this measurement indicates a problem, the doctor may need assistance with their communication skills. Shadowing another doctor with a higher measure may be the solution.[2] A way to measure doctor productivity is shown in Table 2-23-1.



CAUTIONS

With increased productivity comes the fear of reduced quality of care. Management should measure quality as well as productivity. A balance between productivity and quality can be achieved by creating performance incentives for veterinarians based on their production and customer satisfaction.



MISCELLANEOUS

ABBREVIATIONS

EMR: Electronic medical records
FACMPE: Fellow in the American College of Medical Practice Executives

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National Commission on Veterinary Economic Issues. www.ncvei.org

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2.24. ENHANCING TEAM PRODUCTIVITY



BASICS

OVERVIEW

The productivity of the team in a veterinary practice is not always an easy thing to measure. Profitability does not always signal that your entire team is productive. However, productivity does play a role in operating a profitable practice – hence the importance of the team being productive.

One could describe productivity as applying "inputs" to produce "outputs" of value. Your team members perform the inputs in a transaction with a client or when treating a patient. You want a valuable output, valuable to the client and valuable to the practice team. When you have inputs resulting in valuable outputs, you have productivity.

Productivity is tied to your culture and employee engagement. The practice leaders and team members must have the attitudes and behaviors to focus on performing their best with every patient, every client, every time. To build the necessary attitudes and behaviors for a highly productive team you will need to focus on individuals and the entire team – productivity involves both.

TERMS DEFINED

Productivity: Productive employees are satisfied, motivated individuals working toward a common goal. A productive business is one that generates revenue from efficient inputs of resources and labor.
Team: Trained and focused group of people working synergistically toward a goal.



ISSUES AND OPTIONS

SHARED PURPOSE

- The team must have a shared sense of core values and guiding principles that offer direction when difficult decisions must be made.
- The team needs a sense of purpose, a sense of the mission, the reason why you all do what you do. Having this sense of a common purpose permits team members to focus their energy on that purpose in every transaction.
- Shared purpose and shared values mitigates the risk of rogue employees veering away from the mission or core values, and making poor (unproductive) decisions.

TOOLS TO DO THE JOB

- Evaluate the tools you are providing in relation to the productivity levels you need the team to hit for business success.
- Make certain that the team has what they need to get the job done. You would not want your team to run a blood panel without the tools to draw the blood and run the tests; much as you would not want your team to answer four telephone lines and treat patients with too few people scheduled to work.
- Tools include equipment, labor, and training. You cannot expect the team to use equipment without proper training. You cannot expect equipment to be used if not enough trained people are scheduled to operate the equipment.

STANDARD OPERATING PROCEDURES

- Quality inputs from the team can be standardized and communicated to the team as standard operating procedures (SOPs) (see 2.21 – Operations Manuals).
- Establishing standard processes helps the team deliver consistent, high-quality medical care.
- SOPs provide a clear communication of expectations and how one will be held accountable.
- SOPs provide guidance for prioritizing tasks and leveraging team members to perform services in a timely and efficient manner.
- SOPs should be written and readily accessible by every member of the team.
- Schedule regular reviews of your SOPs to remove obsolete steps or outdated procedures, and to add new processes and create steps that are more streamlined.

PERFORMANCE STANDARDS

- Management must communicate expectations to the team, how the team will be held accountable, and what the consequences are for failure to meet the standards.
- Job descriptions detailing not just duties but also skills and behaviors are useful for evaluating team performance standards.
- Use performance standards (PS) to ramp up ongoing training programs for new hires and seasoned team members by communicating productive activities for successful patient care and client service.
- Recognize that an annual review is not as productive as conducting frequent, one-on-one check-ins with the team. These quick check-ins give managers and employees a chance to review goals, address road blocks, and plan action steps. They can be compared to those tracking devices people wear to track their personal biometrics. The devices give real-time updates on the current status of the individual. Performance updates should be the same – frequent, real-time, quick check-in to assess the current performance status of the individual.

ENGAGE AND EMPOWER

- Engaged employees are more productive than the disengaged (see 3.15 – Engaging Staff).
- Encourage input from the team by creating a psychologically safe culture, which permits constructive confrontation and open discussions.
- Encourage open dialogue, taking time for brainstorming sessions and discussing continuous improvement initiatives.
- Trust is not just a word, it is a cultural priority. Building trust and incorporating it into your culture's core values is vital for a productive workforce. Those teams operating without trust spin their wheels waiting for someone to make a decision or double check their work. Productivity slows down and can come to a screeching halt when trust is lost.
- Open-book management can build trust (see 2.1 – Workplace Management). It allows for a certain degree of transparency in the activities of the business, and it allows for involvement of team members. Take the time to evaluate business initiatives and then give some of the team members the opportunity to gather data and metrics to present to the team on a regular basis – all in the interest of keeping everyone appraised of the effects their efforts are having on the business and on the delivery of exceptional medical care.

RECOGNIZE AND REWARD

- Appreciating a person, valuing their input or their efforts, adds to their emotional wellbeing, thus improving their engagement and satisfaction, translating into activities that are more productive.
- Not all recognition and reward programs are about money or giving raises. Explore all your options and survey the team for new ideas.
- Realize that what is a reward for one person does not translate into a reward for every team member (see 3.4 – Employee Bonus Criteria). Rewards are not a one-size-fits-all and it does take some investigation (and having an interest in your individual team members) to know what will have an impact on them (see 2.5 – Motivating the Healthcare Team).

PHYSICAL FITNESS

- Absenteeism and presenteeism both affect productivity. An absent employee is not very productive and may harm the productivity of those working with less manpower. An employee who shows up to

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work but is only functioning at 60% (presenteeism) is also not very productive due to factors (illness, etc) distracting the employee.
• Ensure that team members get a break for meals or time off the floor to rest and recharge.
• Explore options for creating an employee wellness program – perhaps providing healthy snacks, break times, fitness advice, emotional and mental wellbeing workshops, and so on. Well/healthy employees will enhance optimal functioning of the mind and body.

PERSONAL FOCUS

• Just as important as knowing the focus of the business is knowing about the personal focus of each team member.
• Incorporate into your performance appraisals a time to discuss desired career growth of each individual (see 3.14 – Staff Development). When talking about the career goals of the employee, explore ways that the business may be able to assist the employee in achieving this goal (through training sessions, continuing education conferences, flex scheduling or opportunities to lead projects in the business).
• Never underestimate the power of a buddy system, coaching, or mentoring in helping an individual gain new skills or grow in their personal career goals (see 3.16 – Effective Coaching and 3.17 – Mentoring).

TEAM FOCUS

• Create team-building workshops to strengthen the team's work relationships (see 2.4 – Working in Teams).
• Team-building fosters awareness and reinforces commitment to the mission and purpose of the team.
• Cohesive, efficient, effective, and productive teams develop when the business works on the team (not just in a team).



EXAMPLES

• Social media use is growing as a method to reach the most team members in the fastest time. Consider the use of internal messaging, texting, and web-training when looking at ways to keep team members updated (the staff bulletin board in the lunchroom is quickly being replaced by technology).
• Improve productivity of team members with a performance improvement plan created by the manager and involving the employee and perhaps a peer-to-peer teaching relationship or coach.
• On-the-job training is a technique that can be very useful in veterinary hospitals for training new hires or newly promoted individuals (see 3.11 – Structured On-the-Job Training).
• Keeping your team productive may just come down to getting a group of people together who are passionate about what they do, who are the best at what they do, and who understand what drives economic success for the business. Such a team is likely one that is committed to excellence (personal and business excellence), and delivers excellence to every patient, every client, every time.



CAUTIONS

• Do not attempt to assign a number to every aspect of team performance; some aspects of "productivity" cannot be measured.
• Benchmarking the practice to national numbers may not be beneficial in every instance. Realize that some of your best initiatives will be benchmarking your practice to last year's numbers and instituting changes.
• Improving productivity does not mean doing more with less. This only results in alienating and demoralizing the team.
• It is important that leaders recognize the demoralizing effects of perceived inequality or favoritism on productivity of the team.
• Having a member of the team not pulling their weight is a hazard to productivity. Leaders must be constantly aware of those members who are not performing and the effect being felt by the rest of the team. Take immediate action to remedy the situation through performance improvement programs and recognize/reward programs.
• Practice leaders must hold team members accountable or suffer the consequences from a lack of trust on productivity.



MISCELLANEOUS

ABBREVIATIONS

SOP: Standard operating procedure
PS: Performance standard

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2.25. APPROPRIATE HANDLING OF MEDICAL ERRORS



BASICS

OVERVIEW

- Preventable human medical errors kill an estimated 44,000–98,000 hospitalized patients annually.[1] This reported range exceeds the number of deaths attributed to motor vehicle accidents and breast cancer that occur every year.[1]
- These statistics are not available in veterinary medicine nationally or globally. However, two separate 2015 reports from the United Kingdom suggest that veterinary medical errors stem from cognitive limitations, system failures, or a combination of both.[2,3]
- Retained surgical instruments, drug overdoses, and inadvertent administration of the wrong drug are commonly reported in veterinary medical insurance claims.[2]
- Reducing error requires open dialogue about the fallibility of the veterinary professional.[4]
- Full disclosure of an error is supported by the American Veterinary Medical Association (AVMA) and Professional Liability Insurance Trust (PLIT).[5]
- Acknowledging and apologizing for an error reduces the chance of litigation in human medicine by 50%.[5]
- Given that the majority of state veterinary board complaints are due to perceived deficiencies in communication, it stands to reason that more effectively addressing veterinary medical errors should improve the veterinary–client relationship and work toward rebuilding trust.[3]
- Various models have been proposed to prepare the veterinary team for bad news delivery, including CONES, TEAM, and SPIKES.[6–9]

TERMS DEFINED

Adverse Outcome: Unanticipated harm that was induced by appropriate veterinary medical care. For example, the development of fibrosarcoma at the site of a rabies immunization in a young adult cat is an adverse outcome.[8]

Cognitive Limitations: Veterinary medical mistakes that result from distraction or absentmindedness. For example, failing to count sterile gauze squares prior to closure of a laparotomy is a cognitive limitation.[2,3]

System Failures: Deficiencies in the surrounding environment that contribute to or result in a veterinary medical error. For example, lack of mentorship and oversight of house officers in a veterinary teaching hospital is a system failure that may result in rookie mistakes.[2,3]

Veterinary Medical Error: Unintentional harm that was induced by inappropriate veterinary medical care. For example, the accidental administration of one medication instead of another due to the similarity of their trade names or their packaging constitutes a veterinary medical error.[8]



ISSUES AND OPTIONS

Medicine is an imperfect profession with imperfect outcomes, yet our training provides the illusion that mistakes rarely happen. If they do, they must be the result of laziness or apathy.[4] However, this assumption creates a culture of shame and fear in which errors are silenced rather than addressed.[10] Silenced errors are more likely to recur, taking away the potential for learning from past mistakes to develop safety mechanisms for future patient care.[4]

Studies in aviation and nuclear power confirm that the majority of industrial accidents are not because of apathy, inadequate knowledge, or poor technical skill. Up to 80% stem from being human and therefore subject to fatigue, distraction, omitted actions, ineffective communication, task monotony, and faulty leadership.[4]

The human medical profession has paved the way for the veterinary profession to initiate an open dialogue about medical errors by admitting that mistakes do occur. These mistakes contribute to patient morbidity and mortality, and require risk reduction strategies.[11,12]

Failure to communicate effectively, particularly with regard to adverse event reporting and medical error disclosures, only increases the risk of litigation.[7,13–15]

In response to the impact that the silencing of medical errors has on the provider–patient relationship, the AVMA and PLIT developed a model to facilitate discussions of full disclosure.[7] The model is designed around the acronym, TEAM:[7]

- "T" stands for truth, teamwork, and transparency.
- "E" stands for empathy.
- "A" stands for apology and accountability.
- "M" stands for management.

It is the client's right to understand the truth: what happened to the patient, when, how, and why. It is important to address the short- and long-term consequences of the medical error, and to answer the client's questions with candid responses. Rather than react defensively, team members need to work together to demonstrate their commitment to the client, and work toward resolving the issue in a manner that meets client expectations.[7]

It is inappropriate for the veterinarian or the veterinary team to minimize or rationalize the medical error; it is equally inappropriate to invalidate what the client is feeling in the heat of the moment or in the immediate aftermath. Empathy is about tapping into what it is like to be that client, and how it might feel to be confronted with the same situation, understanding that you will never in fact completely know what it is like to be the client.[7]

Apologizing to the client is more than a simple, "I'm sorry." Apologizing means taking responsibility for the medical error and recognizing that we must hold ourselves accountable so that it is less likely to happen again.[7]

Appropriate management of the situation involves collaborating with the client to facilitate the client's wishes. The client may elect to have patient care transferred to an alternate facility. The client may elect to discontinue treatment or may expect financial reimbursement for care that was ineffective or inappropriate. The client may benefit from mediation to discuss financial compensation.[7]

In addition to facilitating the best outcome for the patient and client, given the circumstances, management of the medical errors implies designing and implementing a strategy for risk reduction in the future. Knowing that the system will be corrected to prevent the same harm from happening to other patients may provide a sense of relief to the client.[7]

Mistakes cannot be reversed, and the damage to the patient may or may not be undone. What can potentially be repaired is the fragile trust between the veterinary team and the client if the medical error is addressed sincerely, without the illusion of a cover-up.



EXAMPLES

Accept that members of the veterinary team are fallible: mistakes can and will happen. Foster an environment that facilitates communication about the potential for adverse events, and encourage open discussion when these events occur.

Remove the stigma associated with medical errors. Rather than focus on shame and blame, use the opportunity to come together as a team to determine how to reduce the chance that the error will happen again.

Create a culture of safety. Recognizing that to err is human, take the lead of the human medical profession and develop checklists.[4] For example, the World Health Organization (WHO) designed a surgical safety checklist to reduce risks such as operating at the wrong site, on

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the wrong patient, performing the wrong procedure, and implanting the wrong surgical hardware.[16] Similarly, the veterinary practice can create surgical checklists to guard against cognitive limitations by providing reminders, for instance, to count sterile gauze squares prior to abdominal cavity closure.

Strengthen the veterinary team's nontechnical skills, including communication, leadership, and task awareness. These areas are protective and have the potential to stop a medical error in its tracks before it goes to completion. For example, consider a technician who is about to administer "x" mg of "x" drug via "route x" to an inpatient. If the technician is required to confirm the dose, drug, and route prior to administration, then he or she may catch an error simply through communication.[4]

Develop a practice protocol for how to address medical errors when they arise so that team members understand the approach and what is expected of them.

Initiate morbidity and mortality rounds on a regular basis to discuss adverse outcomes or medical errors, and consider areas for improvement within the practice. These discussions may be uncomfortable; however, keep in mind that the purpose of these rounds is to unify team members in their approach to patient care.



CAUTIONS

It is imperative that you consult with your malpractice liability insurance carrier prior to full disclosure. You need to be transparent with your carrier in terms of what happened and why. Share with your carrier the results of your investigation: What did you discover about the medical error and how do you intend to reduce the chance of recurrence? Be prepared to discuss your practice's philosophy on disclosure. Be open to accepting liability and offering compensation.[7,17]

Recognize that it is normal to feel a flood of conflicting emotions when facing the reality that a medical error has occurred. These emotions include fear, blame, disappointment, shock, anger, frustration, shame, guilt, and self-doubt.[5,10] It is important to acknowledge what you are feeling and to share your thoughts and concerns with colleagues.[5] Medical errors can leave scars if they are experienced alone.

Remember that full disclosure is about your patient and client, not you. The sea of conflicting emotions that you are feeling may make it difficult to focus. However, it is critical that you separate your own emotional needs from the emotions that you anticipate in your client. You are there to help the client through this, not the other way around.[11]



MISCELLANEOUS

ABBREVIATIONS

AVMA: American Veterinary Medical Association
PLIT: Professional Liability Insurance Trust
WHO: World Health Organization

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2.26. CHANGING ORGANIZATIONAL CULTURE

BASICS

OVERVIEW

What exactly is "culture"? Most people would say that culture is "how we do things around here," or the "personality" of an organization. Another good definition of culture is organizational influences that affect individual behavior. Your culture makes most of the decisions in your practice no matter what you tell people to do, and it will teach new employees how to behave. People simply look around the organization for clues on how they should behave and what makes others successful. Maybe it is tenure, maybe it is performance, maybe it is protecting their turf, and maybe it is resisting change. Whatever the culture is in your practice, people take their cues from what others are doing around them. Because of this, culture is much stronger than any strategy, memo, policy, or handbook that you can ever create. The thing to remember with culture, though, is that you have a choice. You can define and create the culture you want in your hospital, or you will become a victim of the one that evolves. Culture change becomes worth all the effort when people throughout the hospital are more accountable, more engaged and more committed to success.

Although leaders throughout the practice have to work quite hard during the change effort, it is indeed possible to create an environment where owners and leaders no longer have to tell people what to do because the culture they have built sustains accountability, engagement, and commitment. Culture change is the only way to build a team of people who work together to achieve the full potential of the hospital.

TERMS DEFINED

Change Agent: An individual that serves as a catalyst for change within the organization.

Organizational Behavior: The values and behaviors that contribute to the unique social environment within an organization.

ISSUES AND OPTIONS

There are several key steps to making a culture change happen in your practice. Figure 2-26-1 illustrates a typical change curve. We walk through each stage in the following text:

DEFINE THE CULTURE

Have you ever sat down to decide exactly what kind of culture you want in your hospital and on your team? It is important to determine what the culture of your hospital should look like. Get together as a group, write down the aspects you value most in the current culture, and make decisions about the characteristics you want to build into your culture that may not be there yet. It is essential to build a collective agreement about what kind of future culture would best create growth for your hospital, the kind of service and medicine you want to practice, as well as the level of engagement and commitment you expect from the staff. Collaboratively, the hospital should build a document that defines and describes the kind of place they want to work and the kind of culture they want to be a part of creating.

This document, often referred to as "Our Vision" or "Our Culture," serves as the guiding force for change. When we make decisions in the hospital, when we coach others, when we look back on our day at work, we use this document to determine if we are moving toward this future state, or staying where we are. That is part of the reason we must be ambitious about the kind of culture we want to build. No one gets excited or works hard to achieve a modest improvement. The future culture must be compelling and one that every staff member feels connected to. Know that it can happen and that other hospitals have made it a reality.

If you follow a process that is proven, such as the one we discuss here, you can create any kind of culture change you desire.

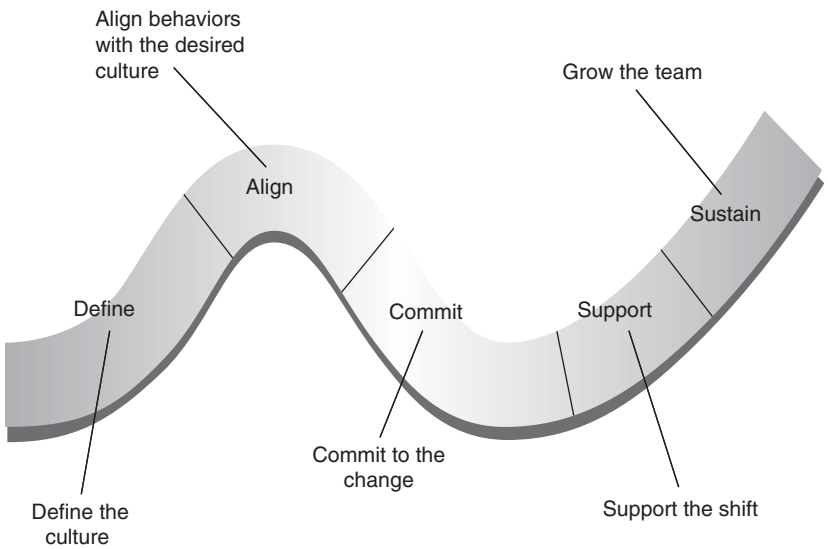


Figure 2-26-1.

A change curve.

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2.26. CHANGING ORGANIZATIONAL CULTURE

• This planning phase takes time, but it is important to invest time now so that you get the end result that you need.
• Be sure to develop a consensus among the staff and to cultivate ownership. Everyone should be involved in the process of defining and building the culture. It is not necessarily a democracy, but it should be a conversation.
• Ensure that there is clarity around the picture of the new culture. Everyone should be able to describe it in detail and understand how everyone will need to align their own behaviors with the desired culture.

ALIGN BEHAVIORS WITH THE DESIRED CULTURE

Review the leadership behaviors, processes, policies, and routines within the hospital, and check for alignment with the newly defined culture. Ask yourself: What are the things that we currently do that are driving us away from where we want to be? What are the things that we are already doing in the organization that will help us create a better culture? What new things do we need to do throughout the hospital to support the kind of culture that we want?

An example of this might be: We want a hospital where people refrain from gossip or negative comments about their team members. An aligning behavior for that cultural shift might be that we agree to not participate as individuals in those kinds of conversations and when we see it happening, we make people aware of what they are doing. We may talk about this in a staff meeting to determine how we handle these situations today and to collectively decide how we should handle them in order to create the kind of workplace we want (see 2.6 – Accountability). We may decide that if we see that behavior happening, we ask the question: "How would we feel if people were talking about us this way?" Or if the conversation is about a mistake someone made ask: "Have you shared this with the person you are discussing so they can improve on that next time?"

Once we have these kinds of candid conversations as a team about why the new culture matters and how we specifically work toward it together, it is much more difficult for individuals to continue with old behaviors that the entire team has decided need to shift. Awareness becomes our first ally in creating needed, impactful change.
• Work on a few key things first, and then let the momentum for positive change build. The worst thing you can do is announce a lot of major changes and then not follow through on them.
• The early changes should begin with leaders in the organization: how the leaders act, how they have conversations, how they coach others, and how they embody the new culture.

COMMIT TO THE CHANGE

At this stage, the entire organization is watching to see if this is going to be the "flavor of the month" or a lasting change. Initially there will be a lot of skeptics and people who push back against the change because they fear loss of power and influence. This is the time when leaders make believers out of people in the organization by supporting the principles that they agreed to, relative to the new culture. The bottom line is that if a leader wants to create a different culture within the hospital, the leader has to go first. If leaders in the hospital decide that it is acceptable for them to continue with behaviors that may not push us toward the new culture, it will send a strong message to the staff that everyone has permission not to change.
• Be consistent. If it is perceived that some people are held to new standards but others are not, change can stall.
• Admit that change is hard, and that mistakes can happen.
• Manage people's expectations by letting them know that this is a long-term commitment and to expect a lot of bumps along the road.
• Reinforce the potential by leading discussions about what is possible for the organization. Allow them to offer their own thoughts about why the change matters and what benefits it will have. Explain what it means for the employees, the health of the business, and the environment in which people spend so many hours working.

SUPPORT THE SHIFT

Support must always be present during a change, but it is especially critical when things look bleak and unobtainable. Look out for people who are showing continued effort and a positive approach in spite of the difficulties of change. Publicly and privately, we must thank, appreciate, and applaud those who are doing the right things to help the culture shift. Support also means helping those who are struggling with the changes. There may be people who decide they no longer want to stay with the organization, and we need to help them find their new path.
• Leaders must remain steadfast. If people see leadership waiver, it can fuel those attempting to derail the change.
• Be sure to notice the difference between someone struggling with the change, and someone discouraging it. It is fine to struggle, but if an individual attempts to sabotage the change effort, he or she ultimately must make a choice whether the fit in this hospital is the right one. If an individual is working hard to stop the change, that cannot be allowed to continue.

GROW THE TEAM

The commitment and support that you employed, the doubts you overcame, and the choices you made to keep moving forward have now created real, sustainable momentum. The change is now driven by the organization and the leader's job is to continue to support the efforts of the change agents, and to help use the new culture to grow the organization and achieve its goals. Be alert for any roadblocks or setbacks and deal with them immediately to help people continue the growth of the new culture. Also continue to reward behaviors that exemplify the new culture.
• Empower those who are leading the changes by giving them more freedom and support.
• Leaders will now have more time to leverage the new culture. They can shift their focus to things like strategic planning, changes in the marketplace, and new and improved products and services.
• Continually applaud the efforts of the organization in achieving the new desired culture, and encourage the team to build on the better environment.



EXAMPLES

Creating momentum can be the biggest challenge to creating a culture change. Learning about the "six momentum points" can help you track your momentum and ensure that you are on the path to achieving lasting change.
• **Interest:** Everyone usually likes the general ideal of improving their culture. At this stage, theories are circulating about the possibilities that culture change could bring. There is significant discussion about whether a culture change could happen in the organization, and if the organization needs to embark on that kind of journey. There is also discussion about whether culture change is even possible and whether or not we should just "execute better" in order to achieve our goals. (Many organizations try that approach but it rarely works without shifting the culture to cause better execution.) Roadblocks at this point include the following:
  ◦ Wanting to do things differently, but feeling like it may not be possible.
  ◦ A history of failed change initiatives that were not executed well.
  ◦ The current set of management and communication tools are not effectively driving change.

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2.26. Changing Organizational Culture

• **Novelty momentum:** At this stage there is excitement about starting something new and achieving something different. There is strong energy surrounding how we drive change and how we create new patterns, behaviors, and habits. One of the biggest challenges to real culture change is that this early excitement fades quickly once the hard work starts. The novelty creates expectations that the change will be fast and easy. People typically see some early signs of success during this phase but they are often short lived and unsustainable because they have no solid foundation. This stage is akin to the first week on a diet or exercise program. The hard work is still ahead and the change has not yet been challenged.
• **Effort awareness:** At this point, reality sets in that change is hard work. This was characterized by one practice leader in the statement "I knew this would probably be hard for the organization, but I did not think it would be so hard for me." The short-lived changes that everyone was so excited about fade and people return to their old patterns and habits. A strong resistance to the change begins to mount and a divide in the organization between those who want to continue moving forward and those who want to pull back emerges.
  ◦ You will likely hear comments like "I don't think this is working" within the leadership team, as well as the rest of the staff.
  ◦ Leadership begins to doubt that the time and investment are worth it, and even that the culture change is possible.
• **Decision point:** This is the most critical of all the momentum points and where the difference is made. Here, people and leaders make a choice to move forward or abandon ship. The difficulties that emerged during the effort awareness phase have increased. The situation has worsened relative to the negativity toward the change and the people who are leading it. This is where the status quo seems to have an unbreakable grip on the organization and change can seem hopeless. Individuals have struggled with their own internal change as part of the effort and they begin to give up. The change seems doomed and it is only moved forward by a few courageous individuals. True leaders emerge during this phase and they can, if supported, move the change to the next phase and beyond. This stage is necessary, even though it can be painful, because this is where the resolve of the true leaders in the organization is hardened and that resolve pulls the rest of the team forward.
  ◦ Leadership may consider pulling the plug on the culture change initiative.
  ◦ You will notice a few individuals who, if supported, can help others get through this stage. Embolden them by any means necessary. They are the future leaders in the organization.
• **True change:** The sustainable breakthroughs begin. There is a small contingent of individuals who are doing things differently, more in line with the future state. There are pockets of real sustainable momentum in the organization. Stories of success begin to emerge and are heralded because people had thought it was not possible. Individuals have been able to make real internal changes that have caused them to operate differently. Some have decided to lead rather than follow and they are inspiring others around them to make that same choice. People in the "this will not work" camp begin to slowly move over to the "maybe this can work" area. People who are making individual changes and driving organizational changes begin to feel better about their contribution, more comfortable with the path they have chosen, and more satisfaction about how they do their job. It is at this point that you can begin to feel the shift between pushing the new culture and the new culture pushing the organization or business.
  ◦ You may begin to hear success stories like "She has really changed and seems to be more engaged in her work."
  ◦ Business results become evident. There are stories of a client who was delighted or a process that was improved – not because it was dictated, but because the new culture, and the individuals close to the solution drove the change.
• **Sustainable momentum:** This is the point where the new culture becomes "how we do things around here." New people who enter the organization immediately adopt the new culture and begin working with those beliefs rather than the old ones. The "this will never work" crowd no longer exists; those people have either made a different choice on how to behave in the environment or left the organization. Hospital leadership can turn their attention to supporting the new culture with much less effort and are now leveraging that culture to execute more effectively in their marketplace.
  ◦ People are no longer talking about problems; they are talking about solutions.
  ◦ Problems get solved at lower levels within the organization and leadership is free to focus on strategy and the future of the hospital.
  ◦ Accountability is evident throughout the business.
  ◦ New staff members are brought up to speed faster and are more productive earlier.
  ◦ Many policies and procedures no longer exist because no one is causing the problems that create the need for more rules.
  ◦ The business is growing, changing, and adapting to become more successful on a continuous basis.



CAUTIONS

• Any organizational change can be extremely challenging because businesses are not built for change. Rather, they are built to deliver their specific product or service. And yet, your hospital's ability to execute change will ultimately determine its success.
• Most businesses that struggle with change fail to take into consideration all the vectors of organizational change. Change is harder if you allow some vectors of change to push back against the change effort. Aligning all of the vectors can help make change smoother and more consistent.
  ◦ **Clarity:** People do not resist change. They resist change that they do not understand or that they do not agree with. Leaders must paint a detailed picture of the change, so that people know what to expect and how to think and act. If people can see where they are going, they are much more likely to get there easily.
  ◦ **Communication:** The more effective communication goes beyond telling, and moves into understanding. Leaders should address challenges immediately, and have open conversations and discussions with all employees throughout a period of change.
  ◦ **Leadership:** In any organizational change, leaders must take the first step. You cannot expect your employees to change their behavior, if you are not able or willing to change your own because this will send a mixed message to the entire organization, and will create doubt that the change is here to stay.

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2.26. CHANGING ORGANIZATIONAL CULTURE

- **Coaching:** An organization's ability to change is only as great as the individuals who work there. Some people will find change easier than others, but consistent coaching will keep everyone on track. Businesses with great coaches adapt more quickly and achieve greater results.
- **Structure:** When an organization changes, its structure must change with it. Everyone in the organization should decide how things should be built in order to maximize success and minimize internal chaos.
- **Process:** If you want to operate differently as an organization, your internal processes must change too; otherwise they will inhibit the change. For example, if you are looking to shift to a culture of excellent client service, but many of your processes entail a lot of extra work to effectively serve clients, your employees may choose to forgo the better service in order to reduce their effort. If you align your process with the change you are hoping to achieve, the path of least resistance should lead employees straight toward the desired state.
- **Talent:** There must be a strong link between who you want to become as an organization and the talent you hire to help you get there. Your talent strategy should take into account the direction of the business, so that you are sure to hire the kinds of people you need to become the organization you are striving to be (see 3.8 – Screening Potential Hires).



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

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2.27. PRACTICE INSURANCE NEEDS



BASICS

OVERVIEW

Veterinary practices are not immune to many of the concerns facing other businesses. A practice must be able to survive a fire, theft, lawsuit, death or disability of key personnel, and more. Veterinary practices concerned with the attraction and retention of talent may also want to offer employee benefit programs, providing health insurance, dental or vision coverage, a retirement plan, or other benefits (see 2.28 – Employee Benefit Programs). In addition, some practices may want to have a buy/sell agreement between partners, and have key-person insurance to protect the practice from lost revenue if a doctor were to become disabled or pass away.

TERMS DEFINED

Bailee: A person or party to whom goods or property are delivered for a purpose, such as custody or repair, without transfer of ownership.
Liability: The state of being responsible for something, especially by law.



ISSUES AND OPTIONS

MINIMUM RECOMMENDED COVERAGE AND PROTECTION

At a minimum insurance should cover business personal property, employee dishonesty, money and securities, accounts receivable, bailees customer, computers, valuable papers and records, general liability, professional liability, employee benefits, business auto liability, and workers compensation.

- **Property exposure** depends on the operations. For large animal veterinarians, there is very little office exposure as the veterinarian performs most services at clients' locations. On-premises storage may be limited to equipment, medicine, and paperwork. Small animal veterinarians and surgical clinics may use flammable anesthetic gases. Cleaning equipment necessary to maintain a sterile environment may be susceptible to fire, smoke, and water damage. If grooming and kenneling take place, exposures increase. Damage to property due to animal escape is also a concern. Crematories or incinerators on premises pose additional fire hazards, and fuels must be stored in approved containers.
- **Crime exposure** is from employee dishonesty, and money and securities improprieties. Hazards increase without proper background checks and monitoring procedures. Ordering, billing, and disbursements should be handled as separate duties and audits should be conducted on a regular basis.
- **Inland marine exposure** is from accounts receivable, bailees customers, computers, owned medical equipment, and valuable papers and records. A veterinarian may take equipment and tools to off-site locations to perform surgeries or other types of treatments. The bailees exposure comes from animals left in the veterinarian's care for boarding or treatment. Coverage is necessary for those animals as loss due to fire, windstorm, theft, or other physical causes of loss would not be covered under the professional liability policy.
- **Premises liability exposure** can be high if customers visit the premises. The customer waiting area must be kept clean of animal waste and loose animals in order to prevent slips and falls. Leashes and carriers should be required to protect the other customers and animals. Known problem animals should be given special hours to restrict them from interacting with other animals in the waiting area.
- **Products liability exposure** exists if the vet is selling animal food and supplies. If the veterinarian modifies or sells a directly imported product, the exposure should be evaluated as a manufacturer.
- **Professional liability exposures** are significant, particularly for veterinarians who specialize in farm animals, as a mistake in diagnosis can result in loss of an entire group of animals. Veterinarians should be well trained, experienced, and properly licensed. Employees must carry out only the procedures they are licensed to handle. Interns must be carefully supervised. The primary professional exposure is the failure to correctly diagnose and treat diseases and injuries. The problem is compounded for vets specializing in high-value animals, such as race horses or zoo animals.
- **Environmental impairment exposure** is a concern due to handling and disposal of biological waste material, and your practice must follow appropriate procedures for disposal.
- **Automobile exposure** is generally limited to hired and non-owned autos for employees running errands. If the veterinarian travels to the patient's site, as with farm or zoo animals, the exposure increases. All drivers must be licensed with acceptable motor vehicle records. Age, training, experience, and records of the drivers, as well as age, condition, and maintenance of the vehicles, are all important items to consider.
- **Workers compensation exposure** is high due to the unpredictability of even the most domesticated animal. An injured animal may cause major injury to a person by biting, scratching, kicking, or other attack. All employees must be trained in appropriate restraint techniques. Problem animals should be clearly identified so that the appropriate precautions can be taken. Owners should be required to assist as needed. Lifting injuries are common, resulting in back strains or sprains. Animals also present a communicable disease exposure. Employees should wear gloves and masks to prevent contamination from bodily fluids, particularly blood.
- **Employee benefit programs** are often offered as a tool to attract and retain talent, and may include group health insurance, dental or vision coverage, life and disability insurance, and more (see 2.28 – Employee Benefit Programs). Benefits are typically employer-paid, meaning the practice covers the cost in full or pays a portion of the premium, or voluntary, meaning that employees are responsible for the cost of any elected benefit.
- **Key-person insurance** protects a practice in the event a key team-member, such as a doctor responsible for a significant portion of the practice's revenue, becomes disabled or passes away. A key-person insurance policy is typically a life insurance policy purchased by the practice with the key person listed as the insured, and the practice named beneficiary.
- **Buy/sell agreements** are contracts among business owners which, upon the death of one of the owners, require the remaining owners or the practice itself to purchase the deceased's interest in the practice according to the agreed upon terms of the contract (see 13.9 – Buy/Sell Agreements). In addition, the deceased's heirs are required to comply by selling their inherited interest at the previously agreed upon price. Although there are many options for funding a buy/sell agreement, one of the smartest methods for doing so is through life insurance. This ensures that funds are immediately available when a death occurs; plus, the funds used to buy the deceased's share are purchased for pennies on the dollar and the premiums will likely be significantly lower than the cost of repaying loan interest. The benefits of a buy/sell agreement include the following: Establishing a valuation of a deceased owner's interest in the business for estate tax purposes, establishing a mutually agreeable price and terms, and making sure the family of the deceased owner receives cash instead of unmarketable stock.

OTHER INSURANCE COVERAGE TO CONSIDER

- **Privacy and cyber security coverage** provides protection for business owners with sensitive data stored digitally. With the enormous amount of sensitive information stored digitally today, practices need to take proper measures to ensure this data is never compromised.

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2.27. PRACTICE INSURANCE NEEDS

Ultimately, it is the responsibility of business owners to protect their clients' data. Failing to do so can result in a data breach, which costs companies billions of dollars every year. Understanding the risks involved with data security can help you prevent a privacy breach. Common risks include hackers, or those who exploit weaknesses in software and computer systems, and malicious code, which describes code in part of any software that is intended to cause harm.

- **Employment practices liability insurance** protects you from employment-related lawsuits, which are a growing concern for employers of all sizes. Employment practices liability (EPL) insurance is a policy used to cover your risks due to some of the most common employment-related lawsuits, including wrongful termination, discrimination, and sexual harassment.
- **Bailee coverage** protects you when you have a client's property (such as their animal) in your possession, and can cover losses to customers' property due to such things as fire, theft, burglary, robbery, earthquake, and more. This is important because customers' property is usually excluded from your commercial property and general liability policies. It is important to note that most bailee policies exclude flood coverage, so be sure to work with your advisor to ensure that your practice is properly protected.
- **Flood insurance** protects your practice from the risks associated with flooding, which can be a risk to any business, even if you are inland and not near the coast. A general liability policy will not cover flood damage, which is only available through the National Flood Insurance Program (NFIP). There are two types of commercial building flood insurance, and you can purchase one or both. The first is commercial contents, which covers inventory, merchandise, machinery, and other contents. The second is commercial building, which covers your practice's building (if you lease the building, NFIP will cover a portion of the improvements that you may have made). As always, you should consult with your advisor to ensure that you are properly protected.



EXAMPLES

- If, for example, an employee suffers a dog bite while at work, the practice's workers compensation policy will provide coverage for treatment of the wound and lost wages while the employee is out.
- Professional liability coverage would protect a veterinarian if, for example, the practice was held liable for the misdiagnosis or treatment of a family pet.



CAUTIONS

The most important step a practice owner must take is finding the right insurance professional to evaluate all needs of the business. There are many insurance agents, but only a small percentage are familiar with veterinary practices and a practice owner's needs. Ensure that the individual you are working with is qualified, has thorough knowledge and understanding of a veterinary practice's needs, is properly licensed, and represents top-rated insurance companies. Always request a quote, in writing, that identifies coverage and limits.

Before purchasing any insurance coverage, or implementing any employee benefit program or buy/sell agreement, it is recommended that you consult with your insurance agent, advisor, accountant, or attorney.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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2.28. EMPLOYEE BENEFITS PROGRAMS



BASICS

OVERVIEW

• Remaining competitive in the hunt for the right job candidates who will propel your practice to success can be a struggle. Once you find the people you need, you have to convince them that your practice is a better place to work than others. A strategic, quality benefits package can help you attract and retain those top employees.
• Employees value a well-rounded selection of benefits, and health insurance, a retirement plan, life insurance, and dental coverage are a few of the plans that you can consider offering.
• Veterinary practices concerned with the attraction and retention of talent may want to offer employee benefit programs. These can be either employer-paid or voluntary (see 3.2 – Benefits). Employer-paid benefits are those in which the practice covers the cost in full or pays a portion of the premium, and voluntary benefits are those in which employees are responsible for the cost of any elected benefit.
• Benefits packages offer value to your employees and help you attract talent, boost productivity, and improve retention in a cost-effective manner.
• Developing a strategic benefits package that targets specific types of employees can help attract the right job candidates to keep your practice running at peak efficiency, and once you have these top-performing employees at your hospital, providing a tailored employee benefits package may serve as a barrier to them leaving. A great benefits package can be a huge advantage when looking at retention strategies because it holds more than just monetary value for the employee (see 3.3 – Wage and Benefit Summaries: the Whole Package). A bigger salary at another practice likely will not be as strong a pull for an employee tempted to leave if the other practice's benefits package is not as attractive as yours.

TERMS DEFINED

401(k): A tax-qualified, defined-contribution pension account for US workers, defined by section 401(k) in the Internal Revenue Code.
Health Savings Account (HSA): An account to be used in conjunction with a high-deductible health plan for individuals or families to use for paying health-related costs.
Section 125: Part of the IRS code that allows employees to convert a taxable cash benefit (salary) into nontaxable benefits. Under a Section 125 program, employees may choose to pay for qualified benefit premiums before any taxes are deducted from their paycheck.



ISSUES AND OPTIONS

Employee benefit programs usually fall into two categories: employer-paid or voluntary, and a practice will typically offer both types of benefits to create a comprehensive benefit program.

Employer-paid benefits usually require that the practice owner pays all, or a portion, of the cost of coverage for their employees. Voluntary benefits require no employer contribution, and employees that elect coverage are usually asked to pay the cost in full. Both types of benefits are commonly referred to as employer-sponsored benefits.

The most common employer-sponsored benefits include:
• Health insurance
• Retirement plans
• Short- and long-term disability coverage
• Dental insurance
• Vision insurance
• Life insurance.

Most1 of these plans are relatively inexpensive, and many can be offered at no cost to the practice. The most popular benefits, which almost always have an employer contribution to the cost, are health insurance and a retirement plan.

HEALTH INSURANCE

A group health insurance plan is typically the most expensive of all employer-sponsored benefits, but also one of the most valuable to employees. While different states, and different insurance companies, impose different requirements on an employer, in general, a practice is required to pay 50% of the cost of employee coverage (but there is no requirement that a practice contribute toward the cost of dependents' premiums), and a minimum level of participation must be achieved. Participation is the percentage of those enrolling in the plan versus the number eligible for coverage.

Group health insurance may offer many benefits to your staff, including the ability to pay for their coverage pre-tax through payroll deduction (as long as a Section 125 is in place; your accountant or payroll provider can assist with this usually), and more health plan choices than what may be offered in the individual insurance market.

RETIREMENT PLANS

There are many different types of retirement plans that a veterinary practice can implement, the most common of which in the United States is a "401k." In many cases, it will be up to the practice to decide whether or not to contribute, or "match" employee contributions. Retirement programs are a great way to encourage employees to save for retirement, and may increase employee retention. In order to establish a retirement plan for your practice, you will want to work with an experienced and licensed professional to evaluate your needs, and determine which type of plan is most appropriate.

DENTAL PLANS

Usually offered as voluntary or employee-paid benefits, dental and vision plans are very popular among veterinary practice staff as well. Dental coverage works similarly to a medical insurance plan. You (or your employees) pay premiums, and then the insurance will cover dental costs according to the benefits listed in the plan. The routine exams and cleanings are usually covered at 100%, but other services are often subject to a deductible and co-pay. The deductible is the amount you must pay before the insurance will pay. After the deductible is met, the insured may be responsible for a co-payment (flat amount) or co-insurance (percentage of cost), which is the part of the treatment cost that the member pays. For example, if you have a filling done and have already met your deductible, but you have a 20% co-insurance, the insurance will cover your filling at 80% and you would only have to pay the other 20% of the charge.

Every plan is different, so you will need to work with your trusted advisor to select the appropriate coverage for your staff.

VISION PLANS

For vision coverage, you (or your employees) pay a premium or membership fee. Then, when they visit an eye doctor or purchase corrective lenses, they pay a reduced amount for services. Eye exams will typically be covered at 100% or have a small co-pay. Corrective lenses are usually covered with a co-pay or a maximum allotted amount per year. If the plan you select provides an allotted amount, members would only have to pay if the eyewear exceeds that amount. For example, if the insurance covers eyeglass frames up to $120 and the frames cost $160, a member would only have to pay the additional $40.

Other services, such as eye surgery or treatment for eye diseases, are usually covered at a reduced rate.

Keep in mind that most plans will place limits on their coverage for eyewear. For example, a plan might cover a new set of eyeglass lenses once a year, eyeglass frames once every two years, and contact lenses once a year. Many plans will further limit coverage to either eyeglasses or contact lenses during a plan year. Plans vary, so make sure to work with your trusted advisor to select the appropriate benefit plan(s) for your staff.

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2.28. EMPLOYEE BENEFITS PROGRAMS

DISABILITY INSURANCE

Additional benefits that are growing in popularity are disability and life insurance, which provide financial protection for your employees and their loved ones, or those that are dependent upon their income.

When severe illness or injury strikes, the next few weeks, months, or even years can seem scary and uncertain, and your staff may worry about how they will pay their bills and afford their next rent or mortgage payment. Short-term and long-term disability insurance can ease your employees' worries and help with expenses while they are away from work if they suffer an off-the-job injury or become ill. The purpose of short-term disability insurance is to protect an individual's income during short periods of disability, while long-term disability provides financial protection for an extended period.

LIFE INSURANCE

Many people who are the primary or sole providers for their families will purchase life insurance to take care of their families in case they die and are no longer there to support their families. Life insurance can be offered as a voluntary (employee-paid) benefit or as an employer-paid benefit. The most common life insurance benefit usually has an employer-paid component, called basic life insurance, and allows employees to purchase additional (or supplemental) life insurance at their expense.

Other types of benefits that may be valuable to your staff include discounted veterinary services, contributions toward the cost of continuing education, education reimbursement programs, and voluntary worksite benefits (such as cancer, critical illness, or accident coverage).



EXAMPLES

N/A



CAUTIONS

If you are purchasing a clinic that has an existing employee benefit program, you will want to fully understand what is being offered. As the new owner, you may be able to continue coverage, or may need to terminate and/or replace existing programs. If a practice is being established or no current benefit program exists you will have many different types of benefits and insurance programs available to choose from.

Some insurance and benefit programs may shift fiduciary responsibility to the practice owner, many have administrative and compliance requirements that must be satisfied, and some benefits can be very costly. The most important step a practice owner must take is finding the right insurance professional to evaluate all needs of the business. There are many insurance agents and brokers, but only a small percentage are familiar with veterinary practices and the insurance needs of their staff. Ensure that the individual you are working with is qualified, has thorough knowledge and understanding of a veterinary practice's needs, is properly licensed, and is able (and willing) to provide hands-on support with regard to compliance, cost-control, employee education, and issue and claims resolution.

Before purchasing any insurance coverage, or implementing any employee benefit program, it is recommended that you consult with your insurance agent, advisor, accountant or attorney.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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2.29. NOT-FOR-PROFIT FOUNDATIONS



BASICS

OVERVIEW

• Many pet owners are unprepared for the expenses associated with their pet's healthcare, especially when confronted with a serious or chronic issue.
• When pet owners are unprepared for the cost of care, or cannot afford such care, and when veterinarians are faced with an animal that would benefit from such care, there is a desire on the part of both parties that there be some type of mechanism for delivering such care in a subsidized fashion, especially for the poor and indigent.
• When dealing with such situations, there is often the near impossible dilemma of either treating these animals with little or no compensation, or declining to treat them (when legally permissible). In some cases, pets are euthanized for no other reason than their owners cannot afford to pay for care (economic euthanasia).
• In most areas there are not-for-profit veterinary hospitals (see 1.22 – Not-for-Profit Hospitals), often associated with charitable organizations. The mission of these hospitals is typically to deal with homeless animals, but many also provide veterinary services, often at prices below those of typical veterinary hospitals. Even so, there are many more pet owners seeking free or discounted care than could possibly be provided by any one charitable organization.
• Most veterinary hospitals already provide discounted services for clients in need, but clearly there are more people asking for such relief than it would ever be possible to deliver in a private veterinary setting.
• In a typical veterinary hospital situation, it can be difficult to discern clients who are truly in need from those that just do not want to pay for services.
• One way to add some rigor to the process is to establish a not-for-profit foundation, a charitable entity capable of providing relief for indigent clients and administered as a charitable organization.
• Such a charitable organization is able to raise money through tax-deductible donations for the purposes of providing healthcare services for pets whose owners would otherwise not be capable of paying for such care.
• Such charitable organizations do not earn profits for their owners; all of the money received is used for pursuing the objectives of the organization, such as providing care for homeless animals or those with indigent owners.

TERMS DEFINED

Charitable Corporation: A corporation that has been organized under state law as a nonprofit corporation and that meets the criteria under Internal Revenue Code Section 501(c)(3) to have its income exempted from federal income taxes and its donations tax deductible for the donors.
Disqualified Person(s): Anyone who has contributions in excess of that allowed to the charitable corporation from its inception, or persons who manage or control the charitable corporation.
Economic Euthanasia: Euthanasia of an animal as an elective procedure because the owners cannot afford to initiate or continue care.
Exclusively Organized and Operated for Charitable Purposes: A charitable tax-exempt organization must be exclusively organized and operated solely for a recognized charitable purpose. If any part of its purpose or its operation is for anything other than a recognized charitable purpose, then the corporation could lose its tax-exempt status.
Inurement: Refers to a private person or company inappropriately benefiting from a charitable corporation.
Nonrelated Business Income: Income earned by a charitable corporation from the sale of goods or services unrelated to its charitable purpose. For example, a corporation sells pet supplies to raise money to treat the pets of indigent owners. The proceeds from the sale of the pet supplies are considered nonrelated business income. A corporation that earns income from providing medical services at a discounted rate for pets of indigent owners is earning related business income because the income is related to its charitable purpose (providing medical services to the pets of those in poverty).
Private Foundation: A nonprofit organization which is usually created via a single primary donation from an individual or a business and whose funds and programs are managed by its own trustees or directors.



ISSUES AND OPTIONS

WHAT IS A FOUNDATION?

• A foundation is a nongovernmental entity that has been established as a nonprofit corporation or a charitable trust.
• The principal purpose of a foundation is to make grants to unrelated organizations, institutions, or individuals for charitable purposes.
• Foundations can be private or public organizations. Private foundations derive their money from a family, individual, or corporation. A grant-making public charity derives its support from diverse sources, which could include other foundations, individuals, or even governmental agencies. Most foundations established by veterinary hospitals are private.
• Foundation itself is not a legal term so one cannot assume that an organization with "Foundation" in its title is actually a grant-making charity.
• However, a charitable foundation is a legal category of nonprofit organization that typically donates funds and support to other organization, or provides a source of funding for its own charitable purposes.
• Not-for-profit organizations can apply for tax-exempt status, so the organization is not subject to most forms of taxation.
• Donations made to a tax-exempt, not-for-profit organization may be tax deductible to the donor.
• Once the foundation is registered and in operation, it needs to maintain compliance with the appropriate state and federal agencies regulating charitable organizations.

GETTING STARTED

• Assess the need for creating a foundation and consider other options. There will always be needy clients but setting up a charitable foundation may not be the most practical solution. Could that need be mitigated somewhat by helping clients better establish reasonable expectations for their pet's care? Other mechanisms, such as pet health insurance (see 8.11 – Pet Health Insurance), payment plans (see 8.12 – Payment Plans), and third-party payments (see 8.13 – Third-Party Financing) may be suitable for some clients.
• Also ensure that you are not duplicating the resources already provided in your community by another nonprofit. Research the situation and communicate with other charitable organizations already providing such care to see if the needs of your clients can be met without you having to create your own charity.
• Once you are committed to proceed, create a business plan and mission statement to effectively communicate the nonprofit's purpose.
• While it is not imperative to incorporate, incorporation gives credibility to the program and also can limit the liability of the organization's officers and directors.
• Within the United States, foundations apply for tax-exempt status with the Internal Revenue Service and also register with the state's agency that regulates charitable organizations and charitable solicitations.

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2.29. NOT-FOR-PROFIT FOUNDATIONS

GENERAL GUIDELINES

- Nonprofit status and charitable status must be granted both by the state of incorporation and by the Internal Revenue Service.
- To qualify for "charitable" status, the corporation must meet the criteria of Internal Revenue Code Section 501(c)(3), and the primary qualification of the organization must be "exclusively organized and operated for charitable purposes."
- Private foundation status has a number of unfavorable limitations, including stiff excise taxes for violations, deductibility limits for donors, and minimum annual asset distributions.
- A charitable corporation's funding comes from a broad-based public support, and the corporation must not be controlled by any disqualified person.
- Three important limitations on charitable corporations are: (1) a limit on the amount of nonrelated business income a charitable corporation can earn, (2) an absolute prohibition against benefiting a private individual or organization, except for other charitable organizations, and (3) the rule preventing such organizations from engaging in any political activities or from attempting to influence governmental decisions, policies, or legislation.
- A charitable corporation will be taxed on its nonrelated business income, and if it derives too much income or devotes too much of its resources to nonrelated business income, it will lose its exemption.
- Benefiting a private person or "inurement" is not allowed. All property and funds contributed to a charitable corporation must be irrevocably dedicated to the charitable corporation and can never inure to the benefit of any individual.
- A corollary is that a charitable corporation can never pay more than a reasonable and competitive amount for goods and services provided to it.
- Charitable corporations have been successfully used by independent organizations to solicit tax-deductible donations to provide veterinary care for strays, or for animals whose owners cannot afford to pay for proper care.



EXAMPLES

N/A



CAUTIONS

- Forming a new charitable foundation is a complicated way of meeting the needs of your community, but it is an option if your motivations are pure.
- The legal issues are so complex and the consequences of mistakes so severe, it is imperative that no person attempt to create or use a nonprofit corporation for the previously mentioned purpose without a qualified attorney advising each step of the way.
- A corporation controlled by a veterinarian who expects to be compensated by that corporation for providing medical care to needy animals may not qualify for the charitable corporation status on several grounds. First, it raises the question of whether the corporation is "exclusively organized and operated for charitable purposes." If any of the purpose in organizing and/or operating the corporation is to compensate a person who controls it, then it does not meet this requirement. Second, it raises the "inurement issue." Third, as a person in control of the corporation, the veterinarian is a disqualified person and therefore subject to additional restrictions. If the corporation has not qualified for one of the exceptions to the private foundation status, he or she would be subject to substantial excise taxes.
- Beneath a certain level of funding, private foundations can be inefficient vehicles for furthering charitable purposes.
- The corporation should be operated entirely separate from any veterinary practice that would seek compensation from the corporation.
- The board of directors should be a broad representation of the community at large and should include community leaders. It should be entirely independent of any substantial donors and of veterinarians expecting to receive compensation from the corporation.
- Charitable purposes should be defined broadly and not discriminate in favor of any individual or entity, including favoring any particular animal hospital over another animal hospital.
- There is a substantial amount of paperwork required to create a charitable corporation and a substantial amount of reporting on an annual basis, including a number of state and federal forms, procedures, and formalities to be completed and followed in the formation of the corporation and the obtaining of the charitable corporation exemption status.



MISCELLANEOUS

ABBREVIATIONS

IRS: Internal Revenue Service

References

N/A

Recommended Reading

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Section 3

Human Resources

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3.1. COMPENSATION



BASICS

OVERVIEW

Finding and keeping good employees is always one of the most difficult tasks facing a veterinary practice. Without good employees, veterinarians cannot offer high levels of medical and surgical care, nor provide the kind of service that keeps clients returning to a practice, allowing the business to prosper financially. Thus it is essential that the compensation program be designed with the hospital staff's goals in mind, as well as those of the practice owners.

Many studies have been done regarding the components of employee job satisfaction. Employers traditionally think that money is the most important driver of employee satisfaction, but it is clear that other factors, such as appreciation of one's work or an ability to learn and grow on the job, are equally, if not more, important to employees. Sometimes this is interpreted as a license to offer very skimpy pay and benefit packages. Although it is true that a positive and employee-oriented practice culture can make up for pay levels that are not the highest in the community, it will not make up for poor pay levels. This is especially true in lower level jobs, where every dime earned is genuinely needed by the employee for basic housing, food, transportation, education, and other needs. And, as the old adage goes, "You get what you pay for."

An employee compensation package in the United States has two components: W-2 earnings (salaries/wages) and benefits. Both are important to employees and both need to be considered when reviewing or designing compensation packages. Compensation is discussed in this section, whereas benefits are addressed elsewhere (see 3.2 – Benefits). Continuing education benefits (see 3.6 – Continuing Education Benefits) and other employee-related costs (see 3.5 – Employee-Related Costs) are also discussed in their own sections.

One of the most important new concepts in determining pay and benefit packages is flexibility. Historically, companies offered the same type of pay and the same benefit package to all employees. As the diversity of employees seen in all kinds of businesses has increased, so has the range of needs and desires regarding compensation. Not everyone wants the same thing. The more flexible a company can be in tailoring pay and benefit packages to individual employees, the more success the business will have in attracting and keeping the kinds of employees it wants. Flexibility can take many different forms:

- Lower compensation in exchange for more paid time off
- Higher wages for hours worked outside those the practice has traditionally been open
- A menu of benefits from which the employee can select those desired
- The ability to work some hours off-site.

The first step in creating an equitable and effective compensation system is to develop a consistent system for setting and reviewing pay levels for each position.

In the real world of veterinary practices, there is often no consistency in how people are paid; for example, the newest receptionist may make more than the head receptionist simply because receptionists were hard to find and the practice had to pay more to get one.

Ideally, pay should equal performance and those employees who produce more and contribute more will be paid more. In order to implement a system such as this, the practice owner/manager must understand what community pay scales are for different positions in the practice, identify the skills and attributes that are most important for each position, communicate these expectations to employees, evaluate performance based on these expectations, and pay accordingly.

Associate veterinarians may be compensated by straight salary, percentage of production, or some combination of the two. There is no universal answer; each practice must determine what works best for them.

Compensation systems for owner veterinarians are different from those for associates in that these individuals are more likely to be compensated explicitly for management work in addition to their medical/surgical duties. Practice owners also receive a share of the practice's profits and although this may be paid through the payroll system, it technically is not part of the compensation package.

When the economy is less than robust, it is tempting to save money by skimping on compensation. However, any short-term gain will be easily lost by staff turnover and a lower than desired quality of medicine and client service.

TERMS DEFINED

Benefits: Generally indirect and noncash compensation paid to an employee. Examples include health insurance, paid time off, and retirement plan contributions.

Compensation: Total monetary pay given to employees for their work during a given period. The term is sometimes used to represent both the monetary and non-monetary amounts paid to employees.



ISSUES AND OPTIONS

DEVELOPING THE COMPENSATION SYSTEM

The objectives of a compensation system are to:

- attract, retain, and motivate high performers,
- maintain internal consistency in how people are paid,
- recognize and reward performance.

An employee compensation package has two components: W-2 earnings (salaries/wages) and benefits. Both are important to employees and both need to be considered when reviewing or designing compensation packages.

The procedure for developing or revising an effective compensation system is similar regardless of whether this is being done in an existing practice or for a new practice. In an existing practice, however, part of the process will involve identifying and rectifying pay inequities. Steps include: identifying the job positions in the practice and the skills and attributes that are most important for each position; understanding what community pay scales are for different positions in the practice; communicating job expectations to employees; evaluating performance based on these expectations; and paying accordingly.

Step One: Identifying Positions in the Practice and Critical Skills and Attributes for Each Position

- List all of the jobs in the practice.
- Group the jobs by major function: management, reception, technical, and so on.
- Define both the technical and nontechnical competencies valued by the practice and needed for each specific position. Do not focus just on knowledge, work experience, and technical skills; also define the critical nontechnical competencies the person must have to be successful in the job. For example, if it is a position that has contact with the public, such as a receptionist, the employee must have a friendly and sympathetic manner and the ability to both accurately gather data from clients and communicate back recommendations and other information.
- If the practice has well-defined, current job descriptions, use these as a starting point for defining these critical competencies. If not, the process used to define these skills and traits as part of the compensation process can be used to update the job descriptions. Although there are usually similarities in what a technician or receptionist does across practices, every hospital has some job nuances that are unique to that practice and these need to be identified.
- There is a good correlation between the productivity of employees and their education levels, skill sets, and work experiences, although more experience and more education do not always translate into

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Table 3-1-1. Example of compensation analysis.

Date: Name	Position	FT/PT	Current $/hour	Length	Last PA rating	Comment
Brandy	Reception	FT	9.25	6 months	7	Learning fast, enthusiastic
Susan	Reception	FT	12.25	5 years	7	Dr. M's wife
Linda	Reception	PT	9.25	1 year	6	Wants FT
Matt	Tech	FT	12.00	2 years	4	Good with clients, slow learner, average worker
Jennifer	Tech	FT	12.50	1 year	5	Intelligent, good skills, not team player
Andria	Tech	PT	12.25	4 years	6	1–2 days/month, 2 small children
Johnny	Tech	FT	13.50	6 months	7	Very responsible, much potential, pleasant
Angela	Tech	PT	14.00	2 years	7	Susan's sister
Heather	Tech	FT	15.50	3 years	7	Very loyal, pleasant
Joel	Kennel	FT	8.25	1 month	5	Very intelligent, lazy, has potential
Sara	Kennel	FT	8.25	1 month	6	Much potential, introvert
Chad	Kennel	PT	8.00	6 months	7	Has potential to assume additional responsibilities

better work. In salary and job attribute determination, the key is to make sure that the education, skills, and experiences being rewarded are specific requirements of the position and are contributing to better job performance.

- While technical skills can be learned, it is much harder to change or improve interpersonal skills. Veterinarians tend to make hiring and compensation decisions based on technical skills because it is something they understand well. In small businesses such as veterinary practices, strong communication skills, customer service acumen, and a good attitude are essential and should be rewarded. One whiner and one chronic gossip can destroy the work environment. These abilities should be included in the job descriptions.
- As a part of this process, prepare an analysis of your current employees' compensation in order to evaluate internal parity. Nothing demotivates employees more than seeing a colleague who does less good work be paid more. In order to keep this from happening, practices need to evaluate their internal compensation parity at least once a year as a part of the performance evaluation and raise determination.
- The analysis should contain the following information about each employee: name, position, full-time (FT) or part-time (PT), hourly wage or salary, length of employment, ranking on last performance appraisal, and any particular comments about the employee's performance (Table 3-1-1). Additional useful information includes the date of the last raise, amount of last raise, and benefits given to the employee.
- Employees holding similar positions (doctors, receptionists, etc.) should be grouped together. After the worksheet is prepared, employees in each category should be compared to one another. Inevitably, questions such as the following will surface:
  - Why does the best receptionist make less than the problem child?
  - Why does the head technician make less than the people she supervises?
  - Why does the new hire technician with unknown skills make more than all but one of the techs in the practice?
- As a part of the raise process, attempts should be made to correct the inequities. Once salaries are normalized, the practice needs to be careful when hiring to maintain the balance.

Step Two: Identifying Community Pay Scales

- Information about the compensation and benefits typically seen in veterinary hospitals is readily available from the American Animal Hospital Association's *Compensation and Benefits* book[1] and the Veterinary Hospital Managers Association compensation and benefits surveys[2–4] although it is important to remember that these figures are averages and may be higher or lower than what is appropriate for a particular geographic area. The Internet is also a great resource for salary information for both veterinary-specific jobs (such as a technician) and nonveterinary-specific jobs (such as a receptionist). Sites such as Salary.com, CareerOneStop.org, and the Bureau of Labor Statistics (BLS.gov) have pay information not only for particular jobs but also within certain cities or other geographic areas. Other sources of salary information include job listings/ads, staff members who know what counterparts are earning in other practices, and job candidates with recent experience.
- It is essential to know not only the pay ranges for veterinary practices in the area, but also the going rates for positions in other businesses where current staff members or job candidates might apply. If veterinary receptionists are making $10 an hour, but receptionists in general are paid $12, then $10 probably will not attract top candidates.
- This information can then be used as a guide in designing a pay structure for new hospitals or to verify that current salaries in an existing hospital are still competitive.
- The salary structure should be reviewed annually; once the initial development is completed, updating is relatively easy.
- The general recommendation is that all salaries in the hospital, new and old, should be in the upper seventy-fifth percentile of these local ranges. To find and keep better-than-average people, it is necessary to pay better-than-average salaries.

Step Three: Communicating Expectations to Employees

- As discussed, it is logical to pay more to those employees who produce or contribute more. The key is to know how to measure job performance and how to tie it to the practice's mission and goals. This is where defined job descriptions and a well-designed performance appraisal system come into play.
- Communication of expectations is also essential, particularly if pay has only loosely correlated with performance in the past. Employees

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3.1. Compensation

need to know exactly what tasks and duties their job requires and the level of competence at which these are to be performed both to maintain their current salary and to increase it.
• When new employees join the hospital team, it is critical that they be told exactly what is expected of them by means of a thorough job description and a phase training program (see 3.10 – Staff Training). They also should be given the date of their first performance appraisal and a copy of the performance appraisal form. Ongoing communication of expectations should also occur through staff meetings, staff training, and individual conversations with employees.

Step Four: Evaluating Performance Based on Expectations

• Once the skills and duties of a job have been defined, the performance appraisals should be created or updated to reflect these expectations.
• Performance appraisals should be done at least once a year and raises should be determined based on this assessment of performance.
• See more on performance appraisals in 3.19 – Staff Performance Evaluations.

Step Five: Determining Pay

• An effective performance appraisal system enables matching pay to performance. For some employees who are performing adequately but not exceptionally, a very small or no increase may be all that is warranted.
• If an employee has increased their level of responsibility, moved into a new position, or acquired new skills that make him or her more valuable, he or she should be rewarded with a "merit raise" in addition to the regular cost of living raise.
• If there were concerns about internal parity as previously discussed, an attempt should be made to correct this.
• Some veterinarians feel that salaries should have ceilings; for example, a receptionist should never receive more than $12 an hour. The problem with this thinking is that it is unrealistic. The economy never stands still, and neither should the salaries of employees. The salaries necessary to find and keep good-quality people change over time.
• Seniority is a widespread workforce sacred cow. If seniority means a top-notch employee who can work in several areas when needed, who volunteers to help out in difficult situations, who is knowledgeable, and who has great people skills, then seniority in this sense is a factor in compensation. Years spent on the job per se, however, should not be.

ASSOCIATE VETERINARIAN SALARIES

• Associate (employed) veterinarians may be compensated by:
  ◦ Straight salary
  ◦ Percentage of production
  ◦ Some combination of the two.
• There is no universal answer; each practice must determine what works best. It is also important that hospital owners understand the kind of a message the compensation structure is sending to the associates about performance expectations.

Straight Salary

• An advantage of straight salary pay is that the doctor is compensated for all of his or her work, not just medical/surgical production. All doctors will spend some of their work time on management and administrative functions, such as training and supervising employees, meeting with vendors, working on marketing, and so on.
• A straight salary ensures that they are paid for these duties without complicated formulas. Disadvantages are that it does not encourage the doctor to focus on the business side of the practice, nor does it encourage the doctor to find ways to increase production.

Percent of Production

• One advantage is that earnings are determined objectively and understood by all – they are not based on a whimsical decision by the owners or practice manager. It is attractive to doctors because they see a ready way to increase income.
• Disadvantages are that the doctor loses the incentive to do anything but work that generates production. They may sacrifice time with each client in order to increase the volume of clients, and may use inappropriate sales tactics. Further, it leaves the owners with no clear-cut way to reward for excellence in nonproduction functions.
• It can also result in some unfortunate staff infighting.

Combination of Salary and Production

• The best compensation structure is one that rewards efforts in all areas. Combinations seem to be effective. There are several options:
  ◦ Percent of production for medical/surgical work, with flat salary for other activities.
  ◦ Salary with production-based bonus. Salary is initially calculated on approximate production and then modified for other activities; the bonus is based on production.
  ◦ Salary with bonus at owner's discretion (see 3.4 – Employee Bonus Criteria). Salary is initially calculated on approximate production; bonus is based on additional work done or exemplary contributions.

Issues in Calculating Percentage of Production

• What percentage rate is appropriate for services provided and products sold? Historically the same percentage was used for both services and products but more practices are using a split rate model now with the percentage used for products being less than that used for services.
• What is the appropriate percentage if benefits given to the doctor are more or less than those typically seen? Ideally, the production percentage is increased or decreased proportionately to the cost of the related benefits.
• With a 100% production system, the production percent may be higher than with a base salary plus production methodology.
• When is production calculated – monthly or quarterly? The final decision is based on the time incurred in doing the calculations. What frequency will most motivate and reward the doctor and the desires of the associate and owner?
• How are shortfalls treated with a base system? Some practices require associates to make up the production shortfall before receiving another bonus; others do not.
• What is included in production? Does it include refills and over-the-counter products, therapeutic diets, heartworm medications, and flea/tick products, and so on?
• How should the practice allocate services done by different doctors on the same patient?

OWNER VETERINARIAN SALARIES

The compensation system for owner veterinarians is different from that for associates, in that they are more likely to be compensated explicitly for management duties. Profit distributions are sometimes included in the payroll paid to owners but these are more correctly viewed as a return on investment (ROI) rather than compensation.

Here is one example of a multi-tiered compensation calculation for owners:

• **Tier I. Personal Production:** A percentage of their medical and surgical services. The same issues apply for calculating the percent for associates (18–21% of production is most commonly seen).
• **Tier II. Management:** A percentage of gross revenues times the percentage of total time spent in management activities such as strategic planning, financial planning and tracking, training and supervising employees, meeting with vendors, marketing, and so on. Generally 2–4% of gross revenue is divided among the owners based on the split of duties performed if the practice does not have a practice manager. The percentage is smaller, usually 1.5–2.0% of gross revenue if the practice does have a manager.

SUPPORT STAFF SALARIES AND WAGES

In planning for support staff salaries, it is essential to consider the total compensation package, including benefits, when budgeting (see

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3.3 – Wage and Benefit Summaries: the Whole Package). Remember too, that in order to get good-quality employees, a practice must pay competitive wages. Employees will not be pacified with statements such as "We can't afford it." One of the duties of practice owners and managers is to manage the hospital in such a fashion that fair salaries can be afforded.

- **Registered and Certified Veterinary Technicians (RVTs and CVTs):** Because these employees are specific to the veterinary profession (also referred to as veterinary nurses in some parts of the world), it is important that they are paid the local market rates in veterinary practices, remembering the recommendation that the pay should be in the upper seventy-fifth percentile of these local ranges in order to attract top-quality candidates.
- **Non-Credentialed Veterinary Technicians:** Because these employees generally have skills that are specific to the veterinary profession, it is important that they are paid the local market rates in veterinary practices, remembering the recommendation that the pay should be in the upper seventy-fifth percentile of these local ranges in order to attract top-quality candidates.
- **Veterinary assistants:** Although some of these staff members choose to work only in veterinary practices, others can work in a variety of different businesses, so it is harder here to determine an appropriate rate of pay. If workers are leaving or not accepting a position because the pay is too low, or if their quality is insufficient, then the pay scale is probably wrong.
- **Receptionists:** These employees clearly have many work opportunities, and it is important to determine general area pay scales for receptionists.
- **Kennel staff:** These workers also have other opportunities. It is most useful to determine what has historically been successful in the practice in attracting and keeping these employees, and also what other veterinarians are paying.

MANAGEMENT SALARIES

- Depending on the size of the hospital and the practice's philosophy, the actual title for these positions and the related job responsibilities can vary greatly. Management personnel, for example, may be called hospital administrators, practice managers, or office managers. In the same way, the position can be a heavy-duty management position that "runs" the practice, or it can be a clerical position, or something in between.
- At its highest level of responsibility, a veterinary practice manager manages virtually all of the business activities of the hospital. This is highly beneficial because it frees the doctors for more income-producing activities.
- Top-level practice managers are not easy to find, and their compensation should be carefully designed to encourage good-quality work as well as job satisfaction and retention. Because they can work in other types of businesses, it can be difficult to determine the right pay scale. Pay research should be a combination of what other practices of comparable size are paying, and what office managers and administrators with a similar scope of duties are paid in other fields.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
CVT: Certified Veterinary Technician
FT: Full-time
PA: Performance appraisal
PT: Part-time
ROI: Return on investment
RVT: Registered Veterinary Technician

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3.2. BENEFITS



BASICS

OVERVIEW

For many of today's employees, benefit packages are just as important as wages and salary. Salary and benefits for practice employees should be determined at the same time because they are both a part of the larger issue of effective compensation planning.

- One of the most important new concepts in determining pay and benefit packages is flexibility. Historically, companies offered the same type of pay and the same benefit package to all employees. As the diversity of employees seen in all kinds of businesses has increased, so has the range of needs and desires regarding compensation. Not everyone wants the same thing. The more flexible a company can be in tailoring pay and benefit packages to individual employees, the more success the business will have in attracting and keeping the kinds of employees it wants. Flexibility can take many different forms:
  - Lower compensation in exchange for more paid time off
  - Higher wages for hours worked outside those the practice has traditionally been open
  - A menu of benefits from which the employee can select those desired
  - The ability to work some hours off-site.
- The benefit package in a veterinary hospital can be simple or complex, and will be influenced by the overall profitability of the practice as well as the types of benefits that other comparable practices in the area offer. It is also important to consider the benefits offered by other, nonveterinary businesses in the area with which the practice competes for employees.
- As with compensation, when the economy is less than robust it is tempting to save money by skimping on benefits. However, any short-term gain will be easily offset by increased staff turnover and the resulting decline in the quality of medicine and service offered by the practice.
- Employee benefits in general are considered by the Internal Revenue Service (IRS) to be taxable income to the employee unless specific regulations issued by the IRS state differently. Some benefits offered by veterinary hospitals do not have to be treated as income to the employee; a significant exception to this is pet care benefits. The practice should consult its tax advisor for further information on this topic.
- Publications from the American Animal Hospital Association and the Veterinary Hospital Managers Association provide excellent information about the current compensation and benefits offered by veterinary practices.[1–4] This is recommended reading for anyone developing a veterinary practice's compensation and benefits program.
- Most benefits are discussed in this section. The compensation section of this book (see 3.1 – Compensation) discusses salary, wage, and other compensation-related issues. Continuing education benefits and other employee-related costs such as payroll taxes are each covered separately (see 3.6 – Continuing Education Benefits). See also 2.28 – Employee Benefit Programs.

TERMS DEFINED

After-Tax Contributions: Contribution to a retirement plan made from employee earnings that have been included in the employee's taxable income for that year. When funds are finally withdrawn from the plan, the contribution itself is not taxed because this has already occurred.

Co-insurance: Payments for medical services shared by insurance companies and individuals, usually expressed in percentages, such as 80% paid by the insurance company and 20% paid by the individual.

Co-payment: Insured individual's portion of the cost for a particular service; for example, $10 for an office visit.

Pretax Contributions: Contribution to a retirement plan made from employee earnings that are not included in the employee's taxable income for that year. When funds are finally withdrawn from the plan, the contribution is considered taxable income because it was not previously taxed.

Primary Care Physicians: Physicians who coordinate and manage the medical care of health maintenance organization (HMO) and point of service (POS) patients. They see patients for all services and refer to specialists as necessary.



ISSUES AND OPTIONS

Examples of benefits commonly offered by veterinary practices include the following:

- Health insurance
- Continuing education
- Paid vacation days
- Professional liability insurance
- Sick leave/personal leave
- Retirement plans
- Dues and licenses
- Pet care
- Paid legal holidays.

Less frequently offered benefits include:

- Dental insurance
- Life insurance
- Disability insurance
- "Cafeteria plan" benefits where employees have a certain amount of money to use for benefits and choose the benefits they want, within the plan offering.

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3.2. BENEFITS

One criterion that must be determined when establishing a benefit program is the number of hours an employee must work to be considered "full-time," because benefits offered for full-time employees are usually better than those for part-time employees. Full-time employees are usually defined as those who regularly work about 35 hours per week or more. With health insurance and retirement plans, the definition of a full-time employee is ordinarily determined either by applicable law or the company administering the plan, and the employer can not change it. For other benefits, the practice can themselves define the number of hours that qualify an employee as full-time; however, most practices use the definition required by their retirement or health plan for ease of administration.

HEALTH INSURANCE

Health insurance is the most expensive employee benefit and the most difficult to administer, given ongoing attempts to change healthcare policy. It is very difficult to know what the future for health insurance will look like. A good health insurance agent is absolutely necessary in order to understand the differences in plans available and to aid in controlling plan costs. It is valuable to talk with other veterinarians in the area to determine their satisfaction with both their agent and their plans.

The practice's benefits administrator should focus on:

- understanding the various types of healthcare coverage available in today's market;
- selecting the most desirable coverage for the practice (by balancing the quality and range of services offered with their costs);
- keeping abreast of rapid changes in plans and laws regarding health coverage.

Because the details of health insurance change so rapidly, the practice owner or manager must spend a certain amount of time evaluating possible plans. There is no shortcut to this; however, with some basic information about health plans, the owner or manager can let the health insurance agent do a lot of the work in locating possible plans. It is beneficial to use an agent who has several years experience in supplying health insurance to veterinary hospitals

Each owner or manager should develop his or her own checklist for evaluating plans:

- Basic type of plan (HMO, PPO, etc.)
- Extent of the coverage
- Extent of network of physicians, hospitals, laboratories, or other facilities
- Cost to employer and employee; costs for family members; deductibles/co-payments
- Employee eligibility
- Ease of administration.

PAID VACATION DAYS

Each hospital must decide how many paid vacation days it will offer each year, and to what categories of employees (doctors versus staff and full-time versus part-time employees). This should be documented in the form of a written policy and included in the employee handbook. Generally speaking, veterinary hospitals do not offer as much paid vacation time as do large corporations.

Besides the number of actual vacation days allowed, the written policy should include the following:

- The increments in which vacation days can be taken. Allowing employees to take vacation in one-hour increments is difficult to track; however, half-day increments may work well in satisfying both employee and employer needs.
- When employees will become eligible to take earned vacation: Immediately? After a three-month probation period? After six or twelve months? Traditionally, employees did not receive any vacation time during the first year of employment, but this is now changing.
- How the daily vacation pay rate is calculated, with an example (normally based on the standard work day without overtime).
- How vacation days are accrued.
- How vacation is scheduled.
- Whether or not unused vacation may be carried over into the next fiscal year.
- What happens to unused vacation upon termination.

SICK LEAVE/PERSONAL LEAVE

The issues surrounding paid sick and personal leave are similar to those for paid vacation. This policy should also be in writing and included in the employee handbook. Areas to address include:

- the increments in which days can be taken (for example, a minimum of one-half day);
- when employees become eligible;
- how the daily leave pay rate is calculated, with an example (normally based on the standard work day without overtime);
- how the days are accrued;
- the notification process when an employee wants to use days;
- whether or not unused days may be carried over into the next fiscal year;
- whether or not an employee will be paid for unused days at the end of the year;
- what happens to unused days upon termination.

PAID LEGAL HOLIDAYS

The first decision to be made is which holidays will be observed. The most common ones in the United States are New Year's Day, Memorial Day, the Fourth of July, Labor Day, Thanksgiving, and Christmas. Regardless of the general holidays observed by the practice, a policy should be in place regarding religious holidays, which may affect some employees but not all.

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As with other benefits, the policy needs to address eligibility and pay calculation.

PROFESSIONAL LIABILITY INSURANCE

- Professional liability insurance is generally carried only by doctors.
- This is a particularly complex subject; liability insurance should be purchased only after a careful evaluation of the provisions of the policy.
- The AVMA Professional Liability Insurance Trust is an excellent source for information and coverage. There are other carriers as well that exist through cooperative efforts of state and national veterinary associations or directly from other insurance companies, and these may be identified and evaluated as part of the selection process. Most veterinarians choose the AVMA Professional Liability Trust for coverage because the rates are reasonable, the underwriter is very familiar with veterinary malpractice issues, and the plan provisions allow veterinarians a great deal of say in how claims are handled.
- Historically, the costs of professional liability insurance have been low and stable.

ORGANIZATION DUES AND VETERINARY LICENSES

The policy regarding dues and licenses should state:

- Items that will be covered
- Employee eligibility
- The portion of the dues or licenses paid by the practice.

RETIREMENT PLANS

- Retirement plans are offered in the majority of veterinary practices. Some employees consider them to be an important factor in the employment decision while others would prefer higher wages.
- Because of past pension plan abuses with employees' hard-earned money, retirement plans are highly regulated by the government through ERISA, the Employee Retirement Income Security Act of 1974.
- A practice should obtain advice about retirement plan options from an agent who specializes in this area; one that specializes in plans for veterinary hospitals is a plus.
- As with health insurance, it is wise to check with other veterinarians to determine their satisfaction with both plans and agents.

Types of plans most frequently used by veterinary hospitals include the following.

SIMPLE IRAs

- SIMPLE is short for a Savings Incentive Match Plan for Employees, while IRA means Individual Retirement Plan. A SIMPLE IRA is established by employers to allow eligible employees to set aside part of their pretax (see Terms Defined) compensation as a contribution to the plan.
- The employer is required to make either dollar-for-dollar matching contributions or a specified percentage nonelective contribution to all eligible employees.
- Advantages of the SIMPLE IRA are: it is relatively easy to administer, the start-up and maintenance costs are very low compared to other types of plans, and because the responsibility of funding the SIMPLE IRA is shared between the employer and employee, employees have some degree of control over how much and when their SIMPLE IRAs may be funded.

401(k) Plans

- This is a plan established by employers to which eligible employees may make contributions and defer income tax on the amounts contributed until it is distributed to them. Usually they can also make contributions on an after-tax basis (see Terms Defined).
- Employers may make matching or nonelective contributions to the plan on behalf of eligible employees, but they are not required to. It is good business to do so, not only for the tax deduction, but also for employee morale.
- Employers may also add a profit-sharing feature to the plan.
- 401(k) plans require a professional administrator and can be more expensive to administer than other kinds of plans.

PET CARE

- Most practices offer discounts on veterinary services, ranging from charging the employee only the cost of the service to giving a substantial discount off the fee charged a client. Similar discounts are given on product purchases by employees.
- Traditionally, veterinary clinics have been liberal in the quantity and amount of the discounts given because other, more traditional benefits were not offered to the extent seen in other industries or professions. Some practices have found, however, that usage of this benefit has exceeded reasonable expectations of care needed for the employee's own pets and have started to place limits on the number of pets covered and the discounts offered.
- Both full-time and part-time employees generally receive pet care benefits, though the number of pets covered may be less for part-time employees.
- Some practices purchase pet insurance for employees' pets in lieu of discounts, or give employees an allowance of a certain dollar amount from which service and product purchases are deducted at normal cost.
- The IRS has regulations governing the tax treatment of employee discounts. These regulations apply to all kinds of businesses, including veterinary practices. If the discounts offered by a practice exceed those allowed by the IRS, some or all of the benefit is to be treated as taxable income to the employee. The discounts offered by many practices exceed those allowed by the IRS, and most practices do not properly account for the excess amounts. Each practice should consult their tax advisor for more information on this topic.

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UNIFORMS

• Many practices provide paid uniforms for full-time veterinary staff and a more limited number of practices do the same for part-time team members.
• Uniforms should reflect the professional image of the practice, be reasonably easy to care for, and be comfortable and attractive across a wide variety of body types. The employee's name and position in the practice should be readily visible on the uniforms either through the use of nametags or through embroidery directly placed on the uniform tops or jackets. An employee team should be involved in choosing the uniforms (within cost and style guidelines) in order to avoid the large morale issues resulting from a dislike of the uniforms selected.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
AVMA: American Veterinary Medical Association
CE: Continuing education
ERISA: Employee Retirement Income Security Act of 1974
HMO: Health maintenance organization
IRA: Individual retirement account
POS: Point of service
PPO: Preferred provider organizations
PTO: Paid time off
SEP: Simplified Employee Pension Plan
SIMPLE: Savings Incentive Match Plan for Employees

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3.3. WAGE AND BENEFIT SUMMARIES: THE WHOLE PACKAGE



BASICS

OVERVIEW

• Employee salary and benefits summary statements are an increasingly popular tool used by the owners or managers of a business to educate their employees regarding the value of their total compensation package. Historically, employees in the United States only received information about their total salary and payroll taxes from their check stubs or W-2.
• The traditional statements of human resource professionals to employees that their benefits are "worth 20, 30, or whatever percent" of their salary have little meaning and cannot be readily translated by employees into dollars.
• A salary and benefit summary statement shows both the employer and the employee, at a glance, the value of the total compensation package. This is educational for employees because few of them know what their total benefits are actually worth, much less how to calculate them. It is also educational for employers because it helps them ensure that they are compensating their employees equitably and commensurate with their contribution to hospital goals.
• The statements are also useful when negotiating compensation packages between owners and associates or other staff members.

TERMS DEFINED

Benefits: Generally indirect and noncash compensation paid to an employee. Examples include health insurance, paid time off, and retirement plan contributions.
W-2: Internal Revenue Service (IRS) form called "Wage and Tax Statement" that reports income paid and taxes withheld by an employer for a particular employee during a calendar year.



ISSUES AND OPTIONS

THE SUMMARY STATEMENT

• Each hospital will want to develop and design its own statement form; however, certain basic information should be included by all practices (Table 3-3-1).
• It is beneficial to use the same form for all positions (including associates) because this facilitates comparison among employees.
• All possible salary (see 3.1 – Compensation) and benefit items (see 3.2 – Benefits) used within the hospital can be listed on one form, with only those areas filled in that apply to a particular employee.
• For consistency and ease in preparing the salary and benefits data, the period covered should be the fiscal year even though a discussion with an employee might not occur until some months later – for example, at the time of the performance appraisal.
• Some companies include payroll taxes on their benefits statements, and although there is no downside to this, it is important to remember that employees may not perceive these (and rightfully so) as a benefit. Not all employee-related costs paid by a company are benefits for the employees. Forty years from now, Social Security benefits may never be received by the employee; even if they are, the dollar amounts will not begin to cover the necessary costs of retirement. Likewise, many employees will never file for unemployment, and thus unemployment taxes are not of particular benefit to them. If a practice does choose to include these items on the statement, they should be realistic in their employee meetings about the real benefit to the employee.
• Some practices will also include employee events (parties, softball tournaments, etc.) as benefits on the statement. It is important to remember that not all employees consider these as benefits and they do not make up for poor compensation or a lack of the more traditional and more widely expected benefits.

Table 3-3-1. Sample summary salary and benefits statement.

Summary Salary and Benefits Statement

Date form completed:		
Period covered:		
Employee name:		
Job title:		
Date of hire:		
SALARY		
Salary (regular and overtime without vacation, sick, or CE days)	$	
Emergency compensation	$	
Bonuses	$	
Total salary		$
BENEFITS		
Health insurance (portion paid by hospital)	$	
Dental insurance (portion paid by hospital)	$	
Life insurance (portion paid by hospital)	$	
Professional liability insurance (portion paid by hospital)	$	
Holiday pay	$	
Vacation pay	$	
Sick pay	$	
Other paid time off	$	
Retirement plan (portion paid by hospital)	$	
Continuing education (Salary $/day for xxx days)	$	
Continuing education (Costs for registration, travel, etc.)	$	
Uniform allowance	$	
Automobile allowance	$	
Professional association dues	$	
Veterinary licenses	$	
Pets – professional services	$	
Pets – veterinary supplies and food	$	
Miscellaneous	$	
Total benefits		$
Total salary and benefits		$
Benefits expressed as percent of total Salary and benefits		%

COLLECTING THE INFORMATION

• All of this information should be readily available. Wages and salary information, vacation, sick days, and time-off days are in payroll records; insurance costs, dues, licenses, and continuing education expenses are available from vendor invoices or the hospital's accounting software; and pet care costs should be in the practice management software records.
• Collecting the data and transferring it to the form for each employee should not be excessively time-consuming, especially after it has been done once and a system is in place.
• Preparation of these statements is generally done by the hospital bookkeeper or practice manager.

WHEN TO DISCUSS THE SUMMARY WITH THE EMPLOYEE

• The salary and benefits summary form should be distributed to and discussed with each employee on an annual basis. An initial summary should be given to new hires during the orientation process, and then an updated version distributed each year when the employee's potential raise is discussed.

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3.3. WAGE AND BENEFIT SUMMARIES: THE WHOLE PACKAGE

- Ongoing debate exists as to whether or not raises and benefits should be discussed with an employee at the time their performance appraisal is given.
  - Having these conversations at the same time may reduce the employee's interest in the appraisal discussion because they are simply trying to get to the end to find out what their raise is.
  - However, if "pay for performance" is the byword of the hospital, salary and benefits should be addressed at or near appraisal time.
- One way to resolve both these issues is to discuss performance appraisals with employees first and then several weeks later follow those discussions with a meeting regarding any raise and the value of the benefit package. The meetings should not be too far apart so that the "pay for performance" message is not lost.

DISCUSSIONS USING THE SALARY AND BENEFITS SUMMARY

- The hospital owner/manager should compare these benefits as well as salaries across employees to ensure that the right people are getting the right amount of salary and benefits and that compensation is consistent among similarly performing employees.
- It is also important to discuss the benefit information with each employee (instead of just handing them the statement) so that he or she knows and understands the total compensation package.
  - Traditionally, employees have tended to think that their compensation primarily consists of their salary; this meeting is an excellent time to educate them as to the very real costs of their benefits.
  - It is also a good time to educate employees about some of the changing realities of benefits; for example, the rising cost of health insurance and the trend toward employee payment of part of these costs.
  - Time off for salaried employees should just be shown by number of days because they do not receive any extra money for these days off in the same way that hourly employees do.
- Hospital owners/managers should be prepared to honestly and intelligently answer some hard questions that may be asked:
  - Why can't the hospital get a better deal and pay more of the health premium?
  - Why does it cost so much for my kids?
  - Why can't we have a dental plan?
  - Why can't we have a vision plan?
  - I never use sick leave/personal time off. Will you pay me for the days at the end of the year if I don't use them?
  - I'm single and very healthy, so I don't really need the health insurance; could I have a raise instead?



EXAMPLES

A sample summary statement is shown in Table 3-3-1.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

CE: Continuing Education
IRS: Internal Revenue Service

References

N/A

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3.4. EMPLOYEE BONUS CRITERIA



BASICS

OVERVIEW

A bonus program provides suitable rewards to motivate superior performance from key people who influence profitability of the company. An effective program should maximize current profitability and assist management in attracting and retaining the best technical, managerial, and customer service talent. Veterinary practices continue to discover the difficulty of hiring, and ultimately retaining, quality team members. Employers outside of the healthcare industry have discovered that many of the positive attributes gained by working in physician, veterinary, and dental practice offices are easily transferable to outside industries requiring the same high-quality, systematic customer service skills. Consequently, outside employers are willing to pay for those marketable skills.

Among professional healthcare staff, compensation programs calculated using gross production are typically employed in many healthcare industries, but these programs are generally not designed using either collections or profit-based formulas.

Veterinary practices may use incentive plans as a method of acknowledging productivity and, if well designed, potentially enhancing the entire practice operations. Bonus plans can reward individual achievement, production goals, number of new patients, referrals, or any other desired practice factor. To recruit and retain the best staff, bonus programs must be externally competitive and internally equitable. The bonus program needs to be designed globally as a component of the total compensation package.

Important elements of an effective bonus program are as follows:

- Practice owners should be aware of areas susceptible to manipulation for increasing bonus payouts. An effective internal control structure must be strong enough to support the bonus program needs and cope with bonus program pressures.
- Timely, reliable data on which bonus program decisions are made should be available. Bonus programs are most effective if the time between achieving objectives and bonus payment is shortened. Practice data must be reliable, as bonuses paid could be inappropriate for actual goals attained.
- Thoughtful, upfront design is essential.
- Sensible and equitable individual bonus awards must be included.
- There must be proper administration.

Team members must clearly understand the bonus formula. It is necessary that team members have a clear understanding of the bonus calculation and that the practice owner discuss each person's responsibility for qualifying for the bonus. Bonuses should be subject to review and may be changed each year following a review of the practice.

TERMS DEFINED

Gainsharing Program: A program through which employees are motivated to improve performance through involvement and participation

Open-Book Management: A practice whereby owners and/or managers allow staff access to select financial data of the practice, such as gross revenues, in order to ascertain projected employee bonus calculations.



ISSUES AND OPTIONS

Most human resource professionals suggest that any bonus plan incorporate the following basic attributes:

- The bonus plan should be designed to reward and encourage specific behaviors.
- Team members eligible for the bonus must fully understand the plan.
- Practices must be able to finance the bonus when achieved by staff through operational cash flow at no detriment to current operations.

Key steps in customizing the bonus plan for each individual practice are as follows:

- Determine eligible staff members
- Determine potential individual bonus awards
- Assess whether both individual and/or departmental bonus payments will be incorporated (ultrasound, pharmacy, radiology, reception, etc.)
- Schedule bonus frequency (monthly, quarterly, annual payments, or a combination of all three)
- Assess the method for bonus division (hours worked, departmental base pay, discretionary individual component, etc.).

Keep in mind the following suggestions when thinking about a bonus program:

- A positive impact on earnings and cash flow is expected if the program is properly designed and administered.
- A carefully designed bonus program will list some of the discretionary key areas considered (patient care, recordkeeping, client service, judgment, continuing education, etc.). The criteria must reinforce organizational goals and encourage behavior that leads to accomplishment of these goals.
- Base the bonus (versus salary) on actual collections rather than a production model, so employees understand the practice's global financial picture.
- Average the collection figures from one quarter up to one year to account for collection fluctuations due to season, holidays, vacations, and so forth.
- Do not guarantee bonus calculation for more than one year. Schedule bonus model review at anniversary date.
- Commit the bonus program to writing in the employee handbook. Written programs help avoid misunderstandings, benefiting both the participants and the administrators.
- Only those employees whose performance can significantly influence the company's results should be eligible for incentive bonuses. This is easier to say than to put into practice.
- The most important role the veterinary practice owner can play is to help the team understand how each person contributes to the cash flow, even if their job responsibility does not include collections.
- Practice owners should periodically communicate the current outlook for annual bonuses to bonus participants. Publish regular forecasts of bonus criteria compared to bonus targets. Participants can benchmark their bonus using the "forecasted percentage of bonus earned" for the practice. Key actions necessary to accomplish or exceed the forecast should be included in the periodic bonus update.
- One of the benefits of a bonus update is early identification of problems that require action on the part of the practice owner. By identifying problems in the bonus program as the year unfolds, it is possible to take prompt action.
- To achieve the desired objectives of the program, potential awards must be significant enough to motivate the bonus participants and be tied to the achievement of the practice's objectives.

A gainsharing program could be considered. These are programs that are instituted generally in manufacturing environments, but are applicable to the veterinary practice as well. The goal is to devise a compensation plan that is self-funding. Volunteers representing each clinical department create a "design team," and facilitators guide the team in deciding how the team should measure and reward positive performance within set parameters. Employees strive to improve the hospital's patient satisfaction scores, which in turn would increase employees' payouts and their own connection to how they impact total practice success.

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3.4. EMPLOYEE BONUS CRITERIA

Table 3-4-1. Example employee bonus calculation.

ABC Veterinary Hospital, Inc.	
Employee bonus calculation	
2013 Practice monthly summary: June	
Monthly cash collections	$75,000
Deemed base collection amount	$62,000
Excess driven to bonus calculation pool	$13,000
Veterinary practice annual net profit (projected):	
(excluding practice owner(s) compensation, SEP contribution(s),automobile allowances, etc.)	32%
Annual net profit on excess driven to bonus pool	$ 4,160
Contractual staff bonus percentage of annual net profit component	18%
Bonus pool for division among veterinary practice staff	$ 749



EXAMPLES

Press Ganey Associates is the hospital industry's leading independent vendor of patient satisfaction measurement and improvement services. They specialize in developing surveys and national comparative databases. The firm's clients include roughly 35% of all US acute care hospitals. One healthcare system client assigns patient satisfaction scores at 15%, weighted toward the total score used to calculate family practice physician bonus payments. The other 85% are governed largely by measures of clinical quality and other factors. Other healthcare systems give patient satisfaction up to a 100% weight based on the philosophy that the healthcare industry is a service business.

A sample calculation for determining a monthly bonus pool amount for staff, although not as highly recommended as a quarterly bonus due to potential revenue fluctuations previously noted, can be modified to calculate other periods and percentage rates (Table 3-4-1).



CAUTIONS

- The motivational aspect of bonus programs puts significant pressures on practice owners, managers, and staff (see 2.5 – Motivating the Healthcare Team).
- If the bonus is only a small percentage of salary, it is unlikely to provide a stimulus to extraordinary effort. In large sales-driven companies, normal bonus opportunities for marketing/sales/customer service staff can rise up to 50% of salary, with opportunities to earn more for outstanding results. Bonus standards such as these can generate an atmosphere of powerful motivation, but lofty results may not be annually obtainable.
- Bonus performance measures should be high enough to encourage performance, but not set too low to ensure given attainment.
- When individuals are recognized for results over and above outstanding group accomplishment, non-monetary awards such as gift certificates, vacation weekends, and other perquisites may be offered outside of cash compensation.
- Employers should acknowledge that a raise is a form of individual recognition, and that bonus payments are not a substitute for raises determined in the semiannual or annual review process. Bonuses must be structured in addition to raises and formulated to accomplish the goals of both the practice and the employee.
- There is a potential risk that bonus payments may be due when cash balances have fallen off due to expansion, new hires, equipment purchases, and so forth. The institution of a bonus program necessitates detailed cash budgeting procedures to ensure that there is no delay in paying a bonus as scheduled. There should never be even minor delays in paying staff bonuses.
- Ineffective bonus programs may cause permanent damage to a practice owner's "internal" goodwill.
- Making changes in a bonus program can be a dangerous practice and should be considered only in exceptional circumstances. Too much flexibility in adjusting targets may destroy the motivational value of the program.



MISCELLANEOUS

ABBREVIATIONS

SEP: Simplified Employee Pension

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3.5. EMPLOYEE-RELATED COSTS



BASICS

OVERVIEW

• Payroll costs and benefits, such as health/life/disability insurance and retirement plans, represent the largest and most obvious employee cost.
• Salary, wage, and other compensation-related issues are covered elsewhere (see 3.1 – Compensation, 3.2 – Benefits, and 3.3 – Wage and Benefit Summaries: The Whole Package). The Benefits section of this book discusses the benefits mentioned above as well as others, including dues, licenses, and paid time off. Continuing education benefits are covered separately (see 3.6 – Continuing Education Expenses, which discusses both off-site and in-house continuing education).
• Good financial and operational control, however, requires recognition and understanding of all employee-related costs.
• Other employee-related costs include:
  ◦ Federal payroll taxes
  ◦ State payroll taxes
  ◦ Worker's compensation insurance
  ◦ Employee staff meetings and events.

TERMS DEFINED

Benefits: Generally indirect and noncash compensation paid to an employee. Examples include health insurance, paid time off, and retirement plan contributions.
Payroll: The amounts paid to employees as compensation for the services provided to the practice.
W-2: Internal Revenue Service (IRS) form called "Wage and Tax Statement" that reports income paid and taxes withheld by an employer for a particular employee during a calendar year.
W-3: IRS form called "Transmittal of Wage and Tax Statements," which summarizes the information on the W-2 s and is filed with the IRS each year along with copies of the W-2 s.
W-4: IRS form called "Employee's Withholding Allowance Certificate" used to determine the amount of federal taxes the employer will withhold from a person's paycheck each pay period.
Worker's Compensation: Programs and laws that exist to protect employees who are injured or become ill while on the job by providing wage replacement and medical/rehabilitation benefits. Employees generally relinquish their right to sue their employer for negligence related to the injury.



ISSUES AND OPTIONS

FEDERAL PAYROLL TAXES

• The IRS website (www.irs.gov) is an excellent source of detailed information about payroll taxes.
• If you have employees in the United States, you are responsible for withholding federal income tax from employee paychecks and forwarding this to the IRS on a regular basis. You must also withhold the employees' portion of Social Security (Federal Insurance Contributions Act, FICA) and Medicare taxes and forward this to the IRS as well. The employer is also responsible for paying a portion of FICA and Medicare taxes to the IRS. Finally, you must pay Federal Unemployment Tax Act (FUTA) on behalf of your employees.
• The amount of federal income tax to withhold depends on the amount of an employee's salary and the number of allowances the employee is allowed to take. Various tables are available from the IRS for manual calculation of these amounts; however, almost all veterinary clinics use a commercial payroll service or purchased payroll software to make these calculations.
• Historically, both the employee and the employer have been taxed 6.2% of the employee's earnings (up to a specified salary level) for Social Security (FICA) and 0.145% for Medicare. There is no salary limit for the Medicare tax. Occasionally adjustments to these amounts are made by Congress for various reasons.
• FUTA is paid only by the employer – the rate is 0.008% of the first $7,000 of an employee's earnings.
• Payroll taxes do not have to be paid by the practice for independent contractors. The general rule is that anyone who performs services for you is your employee if you can control what will be done, when it will be done, and how it will be done. With an independent contractor, you control or direct only the result of the work done, and not the means and methods of accomplishing the result.
• Determining whether or not an individual should be classified as an employee or an independent contractor is not an easy task. Misclassification can have serious legal and financial ramifications for an employer. Federal and state regulations regarding contractor classification can differ. Consult your tax advisor for help with this issue.
• In general, all hospital staff members are employees. The only exceptions regularly seen are relief doctors and groomers.
• Whether taxes are withheld and reported by the practice itself or by a payroll service, the basic requirements for tax and wage reporting include the following actions:
  ◦ Obtain an employer identification number (EIN).
  ◦ Obtain for each employee a completed I-9 form that verifies his or her ability to work legally within the United States.
  ◦ Ensure that each employee has also completed a W-4, the employee withholding form, verifying his or her Social Security number and allowable deductions.
  ◦ Calculate and deduct employees' income tax, Social Security, and Medicare amounts each time the payroll is done.
  ◦ Make required deposits of taxes withheld within the appropriate period as determined by the IRS.
  ◦ File Form 941 (employer's quarterly federal tax return) on a quarterly basis, and Form 940 (employer's annual federal unemployment (FUTA) tax return) on an annual basis.
  ◦ Prepare W-2 s (wage and tax statements) for each employee at the end of the year, and file these and the related W-3 (transmittal of wage and tax statements) with the Social Security Administration.
• Much of this work can be done by an outside payroll service, which greatly eases the burden on a practice.
• If the practice prepares its own payroll and related tax documents, electronic filing is available for many reports, again easing the administrative burden.
• A Form 1099-MISC must also be filed for some individuals who provide services to the practice and are classified as independent contractors. This may include others in addition to the groomers and relief veterinarians previously mentioned. A practice should be familiar with these requirements and file these reports on a timely basis. See the IRS instructions for Form 1099-MISC for more information.

STATE PAYROLL TAXES

• State payroll taxes usually consist of unemployment taxes, but for some states there may be other types of payroll-based taxes as well. Requirements vary greatly by state, and the state agency governing employees should be contacted.
• Most states have electronic reporting and payment options available.

WORKERS' COMPENSATION INSURANCE

• Workers' compensation is generally designed to provide protection for workers who are injured or become ill on the job.
• Workers' compensation programs are regulated by state, not federal, government and thus regulations and benefits vary greatly among states.

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• Programs are generally designed to pay medical and rehabilitation costs, and replace wages during the period of recovery and rehabilitation. Additional benefits may also be available.
• State laws vary as to whether sole proprietors, partners, and executive officers are covered, so it is essential to investigate this thoroughly through the appropriate state agency as well as the potential insurance carrier.
• In a few states coverage is optional, but the general recommendation is that a business should obtain it because there are often significant protections for employers as well as for the employees.
• It is important to research available plans carefully; premium costs can vary greatly.
• Generally, the contributions that a business pays are experience-rated – that is, the number of claims filed against the business determines the rates. Obviously, good workplace health and safety practices pay off.
• Employees generally relinquish their right to sue their employer for negligence related to the injury although exceptions exist in particular jurisdictions.

EMPLOYEE EVENTS

• Most hospitals provide some kind of employee parties or events during the year, such as a holiday party in December and a softball game in the summer. Some hospitals do much more than this. Some companies (and some employees) consider these events to be a benefit, whereas other employers simply view them as a cost of doing business. Although employees may consider these events to be a fun addition to the work environment and thus a "benefit," these events will not replace compensation and other more traditional benefits in their evaluation of the compensation and benefits package offered by the hospital.
• Although hospital events can help to build relationships and teamwork, there can also be problems associated with them, such as:
  ◦ practice liability for incidents involving alcohol consumed at the event;
  ◦ resentment among employees if too many "required" events intrude upon personal time;
  ◦ an erosion of the distance that should be maintained between managers and those they supervise.
• "Events" can also develop a life of their own, cost-wise. A small December holiday staff party can gradually metamorphose into the social event of the season attended by family, friends, suppliers, the hospital accountant, and the snow-removal people. The reasons for, and benefits expected from, holding or sponsoring employee events should be carefully determined and a balance maintained between the costs and the return on investment.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

CE: Continuing education
EIN: Employer Identification Number
FICA: Federal Insurance Contributions Act
FUTA: Federal Unemployment Tax Act
IRS: Internal Revenue Service

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N/A

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3.6. CONTINUING EDUCATION BENEFITS



BASICS

OVERVIEW

• Continuing education (CE), both in-house and off-site, also known as continuing professional development (CPD), is one of the common benefits offered employees. Other employee-related costs are covered elsewhere in the book (3.1 – Compensation, 3.2 – Benefits, 3.3 – Wage and Benefit Summary: The Whole Package, and 3.5 – Employee-Related Costs).
• First and foremost, CE should be thought of as an investment in the hospital, and a way of guaranteeing its positive growth and future. If education stops after joining the practice, then a slow but steady decline in the quality of medicine and client service is inevitable. Additionally, employees value workplaces that allow them to learn and grow.
• A positive approach is to acknowledge that all education has costs associated with it, and then to identify these costs, budget for them, and track them appropriately in the hospital chart of accounts.
• Each hospital should develop a written continuing education policy that is included in the hospital employee handbook. This policy should include who is eligible for CE benefits and what CE the practice requires employees to take, how much the practice will pay for direct costs and the related time off and the types of CE that will be covered.
• A well-planned CE program will utilize both in-house and off-site opportunities.
• There are usually different policies for providing and paying for CE for associate doctors and for other team members.
• In regard to paying staff members for time spent in training, if hospital management requires the training, then employees must be paid for the training time. State law varies as to whether or not travel time to and from off-site training must be compensated.

TERMS DEFINED

Continuing Education: Also known as continuing professional development (CPD), the ongoing training of doctors and other team members through conferences, journals and texts, online programs, other live educational programs, and self-study courses.



ISSUES AND OPTIONS

CONTINUING EDUCATION COSTS

There are several types of costs associated with continuing education:
• Registration costs for in-person or online seminars.
• Travel-related costs including transportation, lodging, meals, parking, and other similar costs incurred by participants attending CE seminars outside of the practice.
• Publications, videotapes, audiotapes, and similar materials.
• Speaker honorariums for in-house seminars. Speakers may include staff members reporting on information they have learned from previously attended conferences or animal health company representatives.
• Meal costs for in-house seminars.
• Labor costs: Doctors and staff incur time traveling to conferences as well as attending either outside seminars or in-house training programs. They may also incur time in preparing for or giving in-house training programs.

Reports from both the American Animal Hospital Association and the Veterinary Hospital Managers Association provide an overview of the current amounts given in staff and doctor CE allowances.

CONTINUING EDUCATION POLICY

To avoid misunderstandings, it is essential to have a written policy regarding CE programs. This policy should address the following issues:
• Requirements for attending in-house CE programs.
• Who is allowed or required to attend outside CE programs.
• Types of courses allowed.
• Time allowed away from the practice to attend CE programs (taking state and national licensing requirements into account).
• Pay and expense policies including limits on registration fees, and travel costs (transportation, lodging, meals, parking, and other similar items).
• Expense reimbursement policy, including the form to be used, the need to keep receipts, when reimbursement requests must be submitted, and when payment will be made.
• Any occasion where a meal might include entertainment of others should be cleared with the practice manager or owners in advance.
• The process for scheduling/approval.

The Internal Revenue Service (IRS) has specific rules covering the deductibility of expenses incurred on business trips outside the United States or for "luxury water travel" (i.e., cruises). Consult your accountant for this information, if needed.

Practices may pay some of the expenses directly rather than require employees to front the money and get reimbursed later. This is a much more employee-friendly policy, particularly for those staff members with lower salaries and tighter budgets.

Practices that require CE for staff members and doctors generally pay 100% of the registration fee and reasonable travel expenses. Practices that skimp on these costs send the message that CE is not important in achieving the practice's goals and cause resentment among staff members.

Practices that require CE for employees are required by federal law to pay for the time incurred in attending CE programs for all nonexempt employees. These hours must also be counted in overtime calculations. State law may be more restrictive than federal law, and may require pay for travel time. Laws in individual states can vary considerably and a practice should be familiar with those in the state in which they are located.

Some practices make attendance at CE events optional in order to avoid paying the wages incurred, though they will often pay for registration and travel costs. The small amount of money saved is not worth the loss of education to staff members. When CE is optional, the message sent to staff members is that it is not important to the practice and not helpful in improving medical care or client service. A practice will always gain more than it spends in educating its employees, whether they are doctors or support staff members.

CONTINUING EDUCATION EXPENSES AND THE CHART OF ACCOUNTS

• Continuing education and related travel expenses should be recorded in separate accounts when paid, rather than buried in one catch-all "continuing education" account.
• The chart of accounts should contain a CE master account with subaccounts under it where actual expenses are recorded. Subaccounts might include:
  ◦ registration fees
  ◦ travel and lodging
  ◦ meals and entertainment
  ◦ staff meetings and events
  ◦ publications
  ◦ in-house training.

Registration Fees

• This account should be used strictly for fees charged to attend the conference. No travel costs, publications, or other in-house training costs should be included here.

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Travel and Lodging/Meals and Entertainment/Staff Meetings and Events

• The travel and lodging account is used to record transportation and hotel costs, including airfare, train fare, bus fare, shuttles or taxis, car rental, tolls, parking, and mileage reimbursement. The cost of meals should not be included in this account, as they must be shown separately on the tax return. If meals are included on the hotel bill, the meal portion should be included in the meals and entertainment account and the hotel portion in the travel and lodging account.
• The meals and entertainment account includes the cost for all food consumed during the CE trip. Most practices do not reimburse doctors or staff members for entertainment (movies, theater, sporting events, etc.) during a trip; therefore, this account is used primarily for meals. According to federal tax law, meals and entertainment costs must be "ordinary and necessary" to be deducted at all, and then are only deductible at 50% of actual cost on the practice's tax return. The practice must retain documentation (usually the receipt from the expenditure) regarding the nature of the event and its business purpose.
• The staff meetings and events account is used to record the cost of food provided by the hospital for in-house meetings or for the costs of staff parties and outings. Food provided for in-house staff meetings as well as the cost of clinic events is usually 100% deductible on the practice's tax return; therefore, these costs are kept in a separate account.

Publications

• This account should be used to record the cost of purchasing books or periodicals intended to further the education of practice members or to be used for research. Audio and video materials are often recorded here as well.

In-House Continuing Education

• This account should be used to record the cost of materials or services purchased to further the in-house training efforts.
• Examples include videos, flip charts, honorariums paid to speakers, and so on.
• Food provided to employees at in-house meetings should not be included in this account. Those costs should be included in the staff meeting and events account.

LABOR COSTS

Salaries or wages paid for traveling to conferences, attending conferences, or preparing or giving seminars should be recorded in the practice's normal payroll accounts.



EXAMPLES

N/A



CAUTIONS

All continuing education is worthwhile, but the tax deductibility of CE events is well regulated. Contact a tax professional and review the resources of the IRS (www.irs.gov) for specific and current information.



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
CE: Continuing Education
CPD: Continuing Professional Development
IRS: Internal Revenue Service

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Recommended Reading

Internal Revenue Service. IRS Publication 463: Travel, Entertainment, Gift and Car Expenses. www.irs.gov

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3.7. EFFECTIVE STAFF RECRUITMENT



BASICS

OVERVIEW

From determining staffing levels to creating proper job descriptions, identifying suitable candidates, conducting interviews, negotiating the hire, providing proper orientation, and carrying out training, staff recruitment is a big investment. Getting it right, however, is the key to practice success.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

Ultimately, you want to build a practice that is known for being a great place to work, that attracts applicants on a regular basis and affords you the ability to hire only when you choose to and from a pool of qualified and desirable candidates. But becoming an "employer of choice" takes time and a plan.

If you view hiring as an ongoing part of operating your practice, similar to the need to purchase inventory on a regular basis, you will have much greater success attracting, screening, and hiring the right individuals to carry out your mission. When we view an aspect of running our practice as a valuable component, we strive to employ the latest techniques available to help us get the most out of our efforts. The same should be true with human resources in general, and hiring in particular.

To help illustrate this point take, for example, how you manage inventory. You periodically shop vendors, negotiate rates for goods and services and evaluate price, customer service, delivery, ease of purchasing, and so on, to get the best margins out of this revenue-generating area of your practice.

Hiring methodologies and techniques should similarly continue to be honed, sourced, evaluated, and updated – not only to stay current with ever-changing employment laws, but to keep you ahead of the curve in terms of employing the best personnel possible. They *are* your practice. We tend to pay lip service to the notion that staff can make or break our practice, yet we often simply view staff as an expense on the profit and loss statement. Rarely do we see a practice approach the hiring and managing of staff with the same sophistication and commitment they do to the medicine. Yet the reality is the value of your team directly translates into the success of your practice and the quality of your care, and also the professional and personal fulfillment of working in your chosen profession.

Who exactly then do we want to hire and how do we find them? To answer these questions, you must first go back and revisit your mission statement and core values if you have them (see 14.9 – Mission and Vision Statements). If you have not defined these yet, do so, as it will help you write a job description that encompasses more than just a duties checklist – but an actual working job description of both the hard and soft skills required for each position that is designed to guide you in this pursuit.

If you need to hire a technician for instance, and you place an ad, receive resumes, interview candidates, and select one, you may get lucky and find a great employee. But without a defined process to attract, screen, evaluate, hire, orient, train, set goals, mentor, and manage them, your chances are significantly less. If, on the other hand, you follow these guidelines, you will greatly increase your ability get the right people for the right jobs, nearly every time.

THE HIRING CYCLE

- Identify need for a hire. There should be some defined metric by which you determine the need for another individual in your practice.
- Determine skills/level of personnel. What skill set(s) will fill the gap?
- Is there someone in-house who can be promoted?
- Is there an opportunity to shuffle responsibilities and provide a career growth opportunity for someone and look to hire something slightly different than originally intended?
- Write/review job description. Reevaluate and review job descriptions on a regular basis.
- Determine where to source candidates. Based on the type of candidate you need, determine where you can find these individuals.
- Develop a process for screening applications. Who will screen and how will you evaluate their ability to be successful in the particular job open and fit into the dynamic of your team?
- Decide if the team will be involved in the hiring and selection process, and if so, which team members.
- Create an advertisement that reflects the personality of the practice and differentiates you from others. Think about how this job should be portrayed.
- Determine where to place the advertisement that is most likely to generate the types of quality candidates you seek.
- Place the advertisement. Begin the process to attract candidates.
- Respond to applicants in a timely manner. Do not let good candidates get away. If they have applied, evaluate them and close the deal before anyone else does.
- Evaluate candidates. What is the evaluation process? Review resumes and CVs, online applications, initial screening calls, in-person interviews, working interviews, reference checking, personality tests, and drug screening. Who participates in the process? Is it uniform for all positions?
- Make offer. Offers of employment should be delivered in writing (pending reference checks and drug test if not yet completed) after making an offer in person or by telephone to clearly spell out exactly what the offer includes. Start with a clear offer and defined expectations.
- Obtain a signature accepting the position and provide a copy of the actual job description with the acceptance or on the first day of employment.
- Inform new hire of the orientation schedule. How will the new employee be integrated into the team?
- Develop a training schedule and specific goals for the new team member (see 3.10 – Staff Training). What are the expectations for how soon they can and should be productive? What is the training schedule like? Will there be materials they can use for studying. Are there tests at specific intervals?

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• Have a mentor program in place. Is there a point person, direct supervisor, or coworker who is assigned as a trusted guide to assist in getting the new team member up to speed (see 3.17 – Mentoring)?
• Set feedback time line. What is the feedback time line? Who will provide it?
• Inform about recruitment bonus. What incentives do you offer your staff to bring in new team members?

To help develop this hiring process, ask yourself the following:
• Who do you want to hire? Describe the behaviors, characteristics, and skill set.
• Where are you going to find them? Where are these types of individuals? Look outside of the usual spots when appropriate.
• How will you know you've found them? Can the team help develop evaluation criteria?
• How do I know what to pay them? What is fair and competitive for the highest caliber team member?
• What type of orientation should they go through? How much is their responsibility and how much the practice's?
• What and how much training should we give them? How much do we invest before we let someone go who is underperforming?
• How should we manage them and provide feedback? Who should be involved in this?

HELPFUL TIPS TO HIRE THE RIGHT PEOPLE

• Front office personnel can be found anywhere you get good service – retail store, coffee shop, hotel, human medical office.
• Technicians can be found through the local Veterinary Medical Association paraprofessional chapter, recommendations from technician instructors at local schools, Regional Occupational Program counselors in local high schools and community colleges, university teaching hospitals, as well as many online resources.
• Use your team to help evaluate, interview, and hire new team members. Staff will be more invested in the success of new members and help them get up to speed more rapidly if they have participated in the selection process.
• By following this process, which should continually be honed, you may indeed become an employer of choice. The benefits to you and your practice will be many, including:
  ◦ lower turnover – less burden on the team to cover "open" positions,
  ◦ less overtime – huge savings in money and burnout,
  ◦ lower recruitment costs – keep the pipeline primed with better staff morale,
  ◦ more consistent delivery of services – creates trust, credibility,
  ◦ stable environment – comforting to clients, satisfying to employees,
  ◦ easier to recruit and integrate new staff – you choose out of certainty, not desperation.
• Celebrate – what you are doing is working!

THE INTERVIEW

Interviewing is an art form and one that must be developed. The clearer you are about what you are looking for in a candidate, the easier it will be to determine if they are a good fit.

Preparation is critical to a successful interview. In particular, you should have detailed knowledge of the position for which the candidate is being considered. The interview itself should be private and conducted in an area without distraction or interruption. You should maintain control at all times; keep the questions on target and progress at a steady pace.

Try to draw the candidate out and encourage discourse, but do not let them ramble along tangents or take too much time in chit chat not related to the job.

Establish rapport that encourages the candidate to open up and respond more spontaneously than one would in a regimented question-and-answer format. This is important as the more comfortable the candidate feels, with confidence in the interviewer, the less guarded their responses will be. Information gleaned in this manner is likely to be more reflective of true feeling and more candid as to shortcomings.

It is important to ask many different types of questions.

Initiative Questions

• What career accomplishments are you most proud of?
• How do you feel about being closely (or loosely) supervised?
• What did you like/dislike about your most recent job? What did you do to change it?
• What do you find satisfying about this kind of work?
• What professional situation has provided the greatest challenge to your personal integrity?
• What are the three most important things to you in your next position/organization?

Motivation Questions

• What are your goals for the next two years? Next five years?
• What have you done to continue your education that is related to your career?
• What does "job security" mean to you?
• Which is more important to you, money or job satisfaction?
• If you were hiring for this position, what would you look for in a candidate?
• If you were working on two projects and could either complete one at 100% or both at 80%, which would you do? Why?

Attitude Questions

• What job values are important to you?
• How do you feel about doing routine work?
• How do you manage stress and what do you do to find balance in your life?
• How do you make important decisions?
• What characteristics do you look for in a supervisor?
• How do you deal with feedback or criticism from a supervisor?
• What do you value most in your relationships with coworkers?
• In looking at the job description, which duties would come easily to you, and which ones would be a stretch?
• What type of relationships and/or people do you find most challenging to work with?
• What is your approach to setting and keeping boundaries?

Personal Questions

• Why are you interested in working for us?
• What is your experience working with culturally diverse people?
• What do you know about the job you are applying for?

Management-Specific Questions

• What would you do in your first 30 days here?
• How would you create and nurture your relationship with other members of the team?
• What's your best strategy for acquiring new clients or building a referral base of DVMs (if a specialty practice)?

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3.7. EFFECTIVE STAFF RECRUITMENT

• Describe a situation in which you had to calm an irate referring veterinarian or a difficult client. What was the situation and how did you handle it?
• Which would you say describes you best: accurate, organized, or able to complete tasks?
• What do you consider the most important function of a manager/supervisor in a veterinary practice?
• Your team wants to implement a new idea that you don't like. How would you handle this situation with both management and your staff?
• How would you describe your leadership and management style?
• How would you collaborate with referring (if applicable) veterinarians, management, staff and others to meet the practice's goals?



EXAMPLES

If you have members of the team participate in the interview process, it may be helpful if they share the practice's core values and ask some situational questions related to them.

If teamwork is one of your core values, an example question might be: "Describe how you might address a team member who seemed unwilling to pitch in and help with a particularly difficult task or one that is not considered all that interesting."

If respect is a core value, an example might be: "If you felt one of the doctors repeatedly disrespected you by criticizing you in front of others or always went to others over you to assist, what would you do?"

The goal is to find out not only what that particular core value means to them, but how they would act in accordance with the behaviors it specifies. You will get to see how they think on their feet, which is akin to how they might react in a typical work situation.

More importantly, you will see an example of how they communicate, the approach they take, and how your team would react to it. It may also demonstrate their level of self-awareness and business maturity.



CAUTIONS

• **Keep staffing forecasts current:** Even if you are a small practice, you need to think down the road for the next two or three years to anticipate what your hiring needs may be. Projections should be evaluated every few months to adjust for changing conditions and the changing state of your business. Keep your eye on long-term trends within the labor market segments you will need to be hiring from. Some types of employees will be particularly hard to find, so a specific and targeted effort will be required.
• **Base hiring plans on milestones, not on time:** Never tie your staffing plans to the calendar. The passing of six months is not what will require you to hire new employees, nor will some arbitrary revenue number. Know what the triggers are in your business that will necessitate more employees. For example, it could be a certain number of clients, taking on more space, or production levels for doctors. And do not forget your need for supervisors and support staff. Know how long it will take to recruit, hire, and train new employees for each position you are planning to hire so they can be ready to work when you really need them. Hiring will take longer in a tighter market.
• **Measure your employment triggers:** Work with your bookkeeper or administrator to give you quantitative reports on your hiring triggers, and insist that you get these reports regularly. You need to have the timing of the hiring process accurate, so the chances of not having staff to support growing demand are minimized.
• **Never just hire warm bodies:** Hiring someone just to fill a role rarely works out. Mediocre hires make mediocre employees at best. This will only postpone hiring the right people and force you to get rid of the dead wood you just hired before you can hire the people you really need. This will actually hinder your ability to grow. And carrying this dead weight will pull your current staff down.
• **Keep current on wages and salaries:** The tight job market for some positions will put some upward pressure on pay due to supply and demand. Stay competitive in your pay and create opportunities for staff to take on more responsibility to earn more, either in salary or bonus.
• **Keep pricing current with increases in labor costs:** Increase prices to cover increases in labor costs. Do not let your pricing lag too much or cash flow will become a major issue as you grow due to shrinking profit margins. But remember, raising prices will not solve other issues, so do so based on market trends and actual costs, as well as a competitive analysis.
• **Don't take your team for granted:** The single best staffing tool you have is retaining the good employees you have right now. Create a culture that makes the best employees want to stay with you and encourage others to join. You may have to pay a little more than you would like to, but it is much more cost effective than constant hiring and training.
• **Never stop recruiting:** The best way to avoid being understaffed is to consider hiring an ongoing operational initiative. You want the best ones out there and there is no telling just when they will appear or make themselves available.
• **Don't let a good candidate get away:** In a tight job market especially, speed is of the essence. Good candidates are hard to come by and everyone is competing for them. Be prepared to move quality candidates through the interview process quickly. If you know they fit your needs, make an offer before they leave your practice. Do not act desperate, but do act with a sense of urgency.

COMMON INTERVIEWING MISSTEPS

• **Poor preparation:** Do your homework on position specifications before the interview. Avoid overgeneralizations about the job and the company.
• **Lack of focus:** Have a plan for focusing on specific areas of inquiry with a prepared list of questions.
• **No documentation:** Listen. Be open to hear what is said. Know what you are after and take good notes so you can properly evaluate if they meet enough criteria to warrant an offer or perhaps a second interview.
• **Leading questions:** Do not project the desired response to your questions. Keep your opinion to yourself. This is about the candidate and if you give them your opinion, the rest of their answers may to be satisfy you. Do not dominate the conversation. Be a good listener and use silence. It is difficult, but let the applicant be the first to break the silence.
• **Prejudices and stereotypes:** Set aside your prejudices and personal biases. Do not let them influence your judgment. Do not, for example, be misled by the candidate's appearance. It is an important aspect of how they present themselves but may be less important for some roles. Or, if they are qualified for the job and you would like to consider making an offer, do so along with the dress code or employee handbook so they can determine if the standards at your practice are ones they are willing to meet.

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• **Theoretical questions:** Do not ask too many "What if" questions. Instead, skew questions toward specific behavior patterns, responsibilities, accomplishments and methods used in getting results. You want to assess real-world situations that you know they will face at your practice.
• **Chemistry:** Interviewers do not always hit it off with candidates. Do not let poor personal chemistry cloud the interview as their style may simply be very different than yours. On the other hand, be careful when the chemistry is very good as this can sway your judgment significantly. In any case, be sure to thoroughly evaluate the candidate's qualifications.
• **Armchair psychology:** Do not take on the role of amateur psychologist and attempt to "figure out" what they are all about. How they present to you is the best you will get.
• **It is ok to be tough:** Do not shy away from asking the hard questions. Similarly, ask follow-up questions. Details should be developed rather than overlooked. "Why?" is an invaluable probe and should be used frequently. Or, "Tell me how you felt about that?"
• **Halo effects:** Sometimes an interviewer will judge by inference from answers not thoroughly given by the candidate. This behavior tends to "wish" someone into a position. Again, follow up and seek specific answers. Have data to support your assessments and conclusions. There is a tendency, if you really need to hire someone, to overlook what I call the "pink" flags. We all know what a red flag looks like, but your intuitive nature knows exactly what a pink one looks like. Listen to it and move on.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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www.blueprintsvmg.com.

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3.8. Screening Potential Hires



BASICS

OVERVIEW

• The talent you recruit into your practice will ultimately determine its success or failure. The foundation for creating a strong team and a growing business is people who are committed, engaged, effective, and accountable. There is a lot you can do as a manager, coach, and leader to help people reach their full potential, but hiring people with a lot of potential is the first component of that process.
• The screening process is designed to uncover reasons to reject a candidate and ultimately find one that gives you the best chance at bringing a superstar into your practice. It is about using a systematic approach rather than relying too heavily on gut feel or likability.
• Conducting an effective screening process for potential hires can seem like a daunting, complex task at first, but familiarizing yourself with and practicing this process will make it feel comfortable and effective over time. The investment that you make in developing, training, and practicing this kind of process in your hospital will pay huge dividends in the quality of the hires that you make and the reduced number of performance issues and turnover that you have with your staff.

TERMS DEFINED

Behavioral Interviewing: A job interviewing technique in which the applicant is asked to describe past behavior and experiences to help determine appropriateness for the current position.



ISSUES AND OPTIONS

When identifying talent for each role within an organization, hospital owners should do two things:
• Create a detailed profile for what you are looking for in each role.
• Develop a screening process that allows you to systematically identify the kind of individuals who will best fit your business and each role within the hospital.

FIT, IMPACT, AND POTENTIAL

There are three areas – fit, impact, and potential – that hospital owners should evaluate when bringing a new employee into the business. It is important to be conscious of what is needed for the specific role in each of these areas.

Fit (Alignment)

• Fit is an overall measure of how the candidate will complement the culture of the hospital, focusing more on the desired culture than the current culture of the hospital.
• This is a challenging area to evaluate, but one of the most important indicators of success.
• Fit is best measured by asking questions about the behavioral drivers of the individual and aligning them with the kind of hospital you are trying to build. Consider the following examples:
  ◦ If you are considering a technician who prefers not to deal with the clients and prefers working only with animals, and you are simultaneously attempting to build a hospital in which technicians are a critical part of the exceptional client experience, this particular candidate would not be a good fit. Many practices value experience over fit and this can lead to expensive hiring mistakes.
  ◦ If you are considering a an associate (employee) veterinarian who specializes in orthopedics but the profile you have created for the role under consideration involves someone who can create excitement around dental procedures in an effort to grow that side of the practice, this candidate may not be the best fit.
  ◦ If you need an associate in the practice who can help lead, manage, and teach others, a candidate who believes that their job is solely animal care is not a good fit.
• It is important to remember that the candidates under consideration are not necessarily "good" or "bad," nor are they "right" or "wrong" in their beliefs and interests. This is about degree of fit with your hospital. Hiring someone who does not align with your needs and your culture will ultimately lead to disappointment.

Impact

• Impact is a measure of the results the candidate has achieved in the past and the result he or she is likely to achieve in the future.
• Results can be measured in a number of ways. They can certainly be financial, but in veterinary medicine, more often than not, we are hiring people who have achieved results in areas such as technical application, execution, effectiveness, and problem-solving.
• The challenge that comes with this kind of evaluation is finding the actual results the candidate has caused, rather than the candidate's perception of the results he or she has caused, or even worse, the results the candidate would like you to believe he or she has caused.
• In order for you to understand the impact that this candidate will have as part of your hospital, you must have a clear picture of both the positive and the negative impacts the candidate has had in the past.

Potential

• Potential is a measure of the growth that an individual would be expected to experience and the increase in impact that an individual might be capable of over time.
• This is largely examined by exploring areas such as the candidate's goals, desires, and future picture of him or herself as part of a hospital or business.
• It is critical for the successful future of the hospital to hire people with significant potential, who will be able to grow as individuals and simultaneously help the business grow. It is the hospital owner's job to help employees fulfill this potential, but to do that, you have to understand what currently exists, and the possible upside for the business.

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3.8. SCREENING POTENTIAL HIRES

SCREENING

Screening candidates is about understanding the kind of person you need, not just finding someone who can fill the gap. You should prepare questions that are systematic and create a real picture of the individual. These kinds of questions will help you make the right decision when bringing talent into your business.

The screening process should help you find reasons not to settle for talent that will not grow your practice or make it stronger. As long as you are consistently recruiting talent, and talking to a group of possible superstars to begin with, screening is about removing candidates from consideration until you are left with the best fit for your hospital.

BEHAVIORAL INTERVIEWING

When evaluating a candidate, it is important to use a behavioral interviewing process and ask questions that will go past the surface and the picture the candidate wants to create. This will offer you a much more realistic view of the candidate's fit, impact, and potential.

Behavioral interviewing is based on questions that are difficult to prepare for, and on diving deeper than the story that candidates typically create in an interview.

The key in behavioral interviewing is to get specifics that may be buried in the stories, and to look for inconsistencies or vague responses that may indicate the initial response sounded good but did not contain any substance behind it, in which case the candidate was simply telling the hiring manager what he or she wants to hear. This is not to imply that most people lie and embellish, but the simple truth is that in an interview situation, candidates attempt to present the best possible view of themselves. Hiring managers need to make sure they are seeing the most accurate view, not necessarily the most favorable.

Consider asking questions such as "tell me an instance in which you had to work effectively as a team member to accomplish a goal," or "tell me about a time where you overcame a personal error in judgment." This can tell you a lot about a candidate.

In essence, the behavioral interviewing process is designed to focus on specific instances, and help hiring managers move past rhetoric and on to actual behaviors that can be evaluated.

WORKING INTERVIEWS

Many hospitals use working interviews for staff members, especially technicians and receptionists so that other members of the team can weigh in on their performance and their fit as a potential member of the hospital. This often involves the candidate coming into the hospital to "work" for a day or a portion of a day. Many hospitals that use this process, though, fail to get enough specifics on why the candidate might or might not be a good fit. They get responses that sound similar to "I liked her" or "I think she will do fine." It is important to apply the same kind of discipline to this part of the interview process that we do to the formal interview.

Before conducting a working interview, check with your attorney and human resources consultant to ensure that this is legal in your jurisdiction, and what safeguards might be necessary.

Those participating in a working interview should be asked to think about specifics during the interview day and complete an evaluation form that helps the hospital compare candidates and have some more objective data to work with in making a hiring decision.

Some of the questions that might be present on the evaluation are:

- What were some of the specific strengths that you observed as you worked with the candidate?
- What were some of the specific weaknesses that you observed as you worked with the candidate?
- What impressed you about the way the candidate interacted with the team?
- What were some of the specific behaviors you noticed that would indicate the person would work well with others?
- What areas do you think the candidate would struggle with in the role?
- Overall do you think this person would raise our level of value to the pet and the client, keep it the same, or lower it?

It would be even more helpful to create a rating form associated with the evaluation that would allow each person participating in the working interview to rate the candidate from 1 to 5 on specific behaviors such as greeting clients, eagerness to learn, ability to listen, comfortable presence, pleasant demeanor, confidence, and other dimensions that you would like your team to weigh in on. Although these are certainly subjective in nature, the data received from several evaluations that can be compared over several candidates will create a numerical picture that we can use to more effectively evaluate candidates and remove some of the guesswork from the process. It will also provide a glimpse over time at whether or not we are improving our selection process based on whether higher quality candidates are progressing to the working interview part of the process.



EXAMPLES

The following describes an associate veterinarian role as an example but each role in your hospital should have a complete profile created so that you have given thought to the competencies you want to evaluate and have created questions to investigate those areas of expertise. Also remember that this is merely an example and you should create role profiles that fit your hospital, your desired culture, and your vision of the team you want. The example will not delve into evaluating the medical expertise of this role because that is something that most practices fare better at and it is often not where the issues arise when there is a performance problem or a poor fit.

ASSOCIATE VETERINARIAN EXAMPLE

Role: Associate (Employee) Veterinarian

Competency Examples

In this section of the profile, you will want to create a list of competencies that you want to focus on during the screening process, and then elaborate on what each competency means specifically at your hospital. For this example, there is a sample list of competencies, and some elaboration in the "Teamwork" section.

- Fit
- Communication
- Impact

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3.8. Screening Potential Hires

- Patient care
- Client service
- Potential
- Leadership
- Teamwork:
  - Integrates as part of an animal care and client care team that works together to deliver exceptional medicine and service, regardless or title, role, or level of experience.
  - Looks for opportunities to support other members of the team in their duties and to help each team member develop and grow in their roles and effectiveness.
  - Continually acts as someone who improves the overall value of the team to the pet, the client, and the hospital.
  - Works to resolve differences on the team and serves as a positive role model for effective team operation.

Questions

In this section you will want to create questions that will delve into each competency. For this example, we have built questions that will measure the candidate's strengths and weaknesses for "Teamwork."

- Teamwork questions:
  - Tell me about a time when you have had to work with an ineffective support team in your job as a veterinarian. What happened and how did you overcome that challenge?
- Follow-up questions: To be used if the answer is too brief or if you do not get clarity and need to dig deeper:
  - What were the biggest issues you faced with the team effectiveness?
  - What were the outcomes of that poor performing team?
  - How did the team performance affect your individual performance?

Notice how we are creating the possibility with the questions that the candidate might elaborate on how poor the team around them was or how they might have been more effective in their role if they were surrounded by a better supporting cast. If a candidate ever places blame on others for their lack of success and does not recognize their own role in improving the outcome, it should be considered an immediate red flag and the candidate should be removed from consideration for employment. We cannot build a strong hospital with team members who focus on blame or the failure of others. Our goal for this competency is to find someone who realizes they are responsible for their own success and can also contribute to the success of those around them. We want individuals who focus on the solutions to poor team performance and become part of that solution, not just someone who is able to articulate what others did wrong.

- Have you ever had a consistent performance issue from a particular team member on a team that you have been part of? How did you handle it? What was the outcome?

Follow-up questions:

- What did you do to help them improve performance?
- How did you shift your behavior to manage the poor performance?
- How would others describe your performance as a team player?

Follow-up questions:

- What are some examples of you being a great team player?
- What are some examples of times when you didn't perform well in that regard?

Also consider other follow-up questions that you might use based on the answer that the candidate gives to your questions. An example might be if a candidate says something like "I tried to coach her to improve in that area" a good follow-up might be: "Tell me more about how you coached her and what the outcome of those discussions were." You want to be sure that you dig deep enough so that you get to actual facts and move past the generalities that are so easy to convey but give you little real data on which to make a hiring decision.

Rating Scale

For each competency you should develop a rating scale that might look like the one provided below for "Teamwork." The reason for doing this is that if do not have a systematic way of evaluating how candidates did in interview you may rely too much on what you can remember rather than an organized comparison. A rating scale also allows you to compare outcomes from multiple interviewers using some common guidelines, so you remove some of the guesswork and vagueness from the process.

Teamwork Rating Scale

1–2	The candidate demonstrates a perception that the team is there to support them as a doctor rather than them being part of a team built to support high-quality pet and client care The candidate places blame on others for effective teamwork without understanding their own role in making it better
3–4	The candidate accepts some responsibility for the effectiveness of the team but still focuses largely on the poor performance of others The candidate realizes that there are some things they might do better in the future as part of a team and is candid about mistakes they have made in the past as a team member
5	The candidate can demonstrate past specific examples of how they have contributed to strong team performance The candidate believes that their own behavior is the first place for them to look when a team is not performing well The candidate accepts responsibility for their role in helping others on the team improve and works to effectively coach, mentor, and serve as a role model for effective teamwork



CAUTIONS

- It is crucial that you practice this kind of interview before you engage in it. Working through the questions with others in the practice will be valuable for anyone in the hospital who will be conducting interviews. It is helpful for teams to role play this kind of discussion to get comfortable with follow-up questions and the experience of digging deeper into specifics with a candidate.
- Most managers hire people that they like, meaning they select people they might like to meet at a party or have dinner with. This is one of the biggest mistakes a hiring manager can make because it often means that you will hire someone because they share the same likes and dislikes, and even the same strengths and weaknesses, not because of the role profile or the hospital's needs. Businesses thrive on a collective set of people who complement one another, not people who reflect

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each other. Everyone should share similar values, but not necessarily have similar strengths and experiences.

- Another common mistake practice managers and owners make is waiting for a job opening before beginning the recruiting process. You should constantly be interviewing and looking for people who could help the business to grow. Spend time developing a network of exceptional individuals who might someday be part of the practice. Even if you do not currently have an opening, these networking conversations can help in two ways: (a) they create a broader picture of the talent pool, offering a different perspective on what good looks like, and (b) they prevent you from hiring a warm body in an instance where the current opening is critical and time sensitive. One of the biggest costs incurred in veterinary medicine is replacing individuals who do not fit, or worse, putting up with bad hires we made because we thought speed was more important than accuracy.
- It is more common for a hiring manager to consider what a candidate needs to be able to do to execute a job in the hospital, than to consider how a candidate needs to think. For example, experience as a veterinary receptionist gives very little indication as to how well someone will help create exceptional client service in the hospital. Yet direct experience is what most people look for when hiring a receptionist. Hiring for experience is only a small part of the equation. Many times, your next-phenomenal receptionist worked previously as a restaurant server or a retail salesperson. Having previously done the job is rarely an indication of performance on the job, it is merely a sign that the candidate was not a failure and not that the candidate was a success. Hiring managers need to look for superstars, not "adequate" employees.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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3.9. STAFF ORIENTATION (ONBOARDING AND INTEGRATION)



BASICS

OVERVIEW

• Retention of employees in the United States is challenging: one in every four workers chooses to switch jobs after one year, and almost half of hourly workers exit after just four months.[1,2]
• Turnover within the veterinary profession exceeds the national average for all industries.[3]
• Veterinary customer service representatives, veterinary assistants, and kennel attendents collectively experience turnover at a rate of 44%.[3]
• Veterinary technicians experience turnover at a rate of 35% compared to associate veterinarians, at a rate of 20%, and practice managers, at a rate of 13%.[3]
• Low starting salary, minimum benefits, unmet expectations, and inability to grow within the organization are reasons that are commonly cited by veterinary employees for trading one position for another.[2,3]
• These reasons potentiate the revolving door phenomenon at veterinary practices throughout the country: employees come and go, resulting in a vicious cycle of new faces that do not last.[4]
• Successful veterinary practices recognize that hiring employees is not simply about filling vacancies: hiring is a long-term investment.[2,4]
• Team members are assets that need to feel welcomed into the fold on or before day one of employment. However, onboarding is not a one-day event.[1]
• Successful onboarding requires an extended organizational commitment to each employee to create a customized "fit" and to facilitate his or her growth within the company.[1]
• The employee that feels appreciated is more likely to experience job satisfaction and is more likely to be retained by the practice.[1]

TERMS DEFINED

Mentor: An experienced individual within the organization who is assigned to help the new employee navigate the culture and flow of the workplace, as well as manage office personalities and professional relationships.[5]
Onboarding: The process by which new employees are oriented to their role within their place of employment.[6]
Stakeholders: Individuals within the organization who contribute significantly to the integration of a new employee and set the stage for success.[5]
The Four C's of Onboarding: A memory tool used to recall four important content areas to include in the onboarding process: Compliance, Clarification, Culture, and Connection.



ISSUES AND OPTIONS

WHAT DOES ONBOARDING INVOLVE?

Onboarding is a process. It begins once the candidate has accepted the offer of employment, but before the new hire reports for duty. Reaching out to the new hire by telephone or email to welcome them aboard reinforces to the candidate that he or she made the correct decision. New hires are excited about the prospect of employment at your practice. Capitalize on their excitement by emphasizing that they are wanted.[7]

The second phase of onboarding begins on the first day of employment. This phase is your opportunity to provide the new hire with resources that are essential for him or her to succeed.

Successful onboarding translates into a new employee who feels welcome and prepared to work.[8] It is facilitated by taking care to incorporate "the Four C's"[1]: Compliance, Clarification, Culture, and Connection.

Compliance

• Compliance is the most basic task associated with onboarding: it involves educating the new hire on the practice's policies and protocols.[1]
• It is about providing training in the day-to-day operations of the practice, with emphasis on legal regulations, to which employees must adhere.[1]
• Compliance training fulfills a basic need: the new hire learns the rules of the trade. However, compliance does little to clarify the new hire's role.

Clarification

• Clarification is specific to the new hire. Whereas compliance training is similar for all new hires across the board, clarification focuses on the individual employee. It helps the new hire to understand his or her role as an individual and as a team member.
• Clarification also sets clear expectations.[9] When new hires know what is expected of them, they are more likely to feel at ease, comfortable, and confident with their assigned tasks.[9]
• Although clarification helps the new hire to understand his or her place within the practice, it does not make clear the practice culture.

Culture

• Culture is about understanding practice norms: what is typical and atypical for the practice.[1,10]
• It includes the unspoken rules as well as what is actually said about the practice's shared views and ideas.[11] Hidden agendas are a part of culture, and culture is defined by how people act:
  ◦ Which behaviors are acceptable?
  ◦ How is teamwork viewed by the practice? Is collaboration welcome or forced?
  ◦ How are leaders perceived versus followers?
  ◦ Who is the "go to" person?
• In order to fit in, the new hire must understand the organizational norms. Without this sense of belonging, the new hire will remain an outsider.

Connection

• To facilitate an understanding of culture, you should establish and reinforce the new hire's sense of connection to the rest of the group.
• Connection is about forming relationships and networks that strengthen the bond the new hire feels toward the practice.[1] New hires need to feel accepted and respected by their colleagues.
• When professional ties are not established and cemented, onboarding is more likely to fail.[1] This is because social integration is a key element of day-to-day practice.
• Social integration does not have to be elaborate. It can be as informal as arranging a meet-and-greet, over lunch or coffee, to introduce the new hire to the team.[1]
• You are responsible for initiating connections between team members; however, ultimately it is up to the new hire to actively build these bonds.[1]

When you engage all four C's of onboarding, you take a proactive role in orienting your new hire. In the veterinary profession, only about one-fifth of practices ever achieve this.[1] More often than not, culture and connection are dismissed as inconsequential when in fact they are instrumental to assisting a new hire's transition from being an outsider to a member of the team.

HOW CAN YOU FACILITATE THE TRANSITION OF YOUR NEW HIRE INTO YOUR PRACTICE?

The mnemonic "EASE" outlines an effective strategy for you to facilitate the transition of a new hire into your practice.[5]
• **"E" for encourage:** Encouragement of the new hire will increase his or her confidence. Confident employees feel more capable of performing the tasks to which they have been assigned. They may take on more responsibilities sooner because they feel ready and supported.

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3.9. STAFF ORIENTATION (ONBOARDING AND INTEGRATION)

Encourage new hires to have a voice. Encourage new hires to own their role. Empower them to ask questions and praise their attempts to come up with their own solutions.

- **"A" for align:** Align team members with the new hire so that the new hire is supported and everyone is on the same page. Assign projects that facilitate teamwork and encourage unity. Consider the stakeholders for the practice and involve them in onboarding. Giving them roles allows them to be an instrumental part of the process and to work toward successful integration of the new hire. Identify one or more key stakeholders as mentors. If stakeholders feel that they are a part of something, there is more likely to be buy-in.
- **"S" for solve:** Keep your eye out for potential problems and resolve them before the spark becomes a blazing wildfire. Think of yourself as a fire extinguisher. Do not allow conflict to progress to the point that it is out of control. Intervene when necessary to regain control and order amidst the team. For example, if one team member is consistently isolating the new hire, do not expect the new hire to take the heat. Intervene on behalf of the new hire and work toward resolution by addressing the issue before it becomes blown out of proportion.
- **"E" for end, as in end distractions:** Keep the new hire focused on what matters most in the moment. Think of a racehorse with blinders. We all need to block out distractions from time to time. Help the new hire to decipher what is and is not important so that s/he can focus on the task at hand.



EXAMPLES

- Consider how you treat your customers, and treat your new hires accordingly.[5,12] Just as you might ask yourself, "What is it that my customer wants?," ask, "What do my new hires prioritize?" Once you have identified their needs and aspirations, determine how you can contribute to their goals. Valued employees are more likely to demonstrate company loyalty and commitment to practice goals.
- First impressions go both ways. Just as you expect your new hire to report for duty with a positive attitude and the appropriate attire, your new hire is evaluating you and your team. Do what you can to make a good first impression.
- Day one is not about operational convenience. It is about what you can do to assist your new hire as he or she settles into the new routine. Make eye contact. Facilitate interactions with team members. Invite questions, and make the time to answer them. After all, day one impressions are long-lasting.[5]
- Meet face-to-face at predetermined intervals to "check-in."
- Provide constructive evaluations at 30, 60, and 90 days on the job to give feedback to the new hire about his or her performance and to align expectations.



CAUTIONS

- Avoid the tendency to mark a new employee as a "bad hire" as if the employee is automatically to blame. Ask yourself if it is possible that your practice inadequately trained the employee and failed to set him or her up for success.[13]
- Do not leave it up to the new hire to "sink or swim" and hope for the best. Instead, give the new hire the tools to tread water so that he or she can successfully transition into the practice routine.
- Do not dismiss onboarding as a waste of time. On the contrary, onboarding saves time. An investment in employees early on pays dividends in the form of employee retention, even if the initial input is time-intensive.[14]



MISCELLANEOUS

ABBREVIATIONS

EASE: Encourage, Align, Solve, End

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N/A

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3.10. STAFF TRAINING



BASICS

OVERVIEW

• On almost every practice management survey, veterinary practice owners and managers rank staff training as one of the most challenging areas of practice management. This is no surprise. Most veterinary practices are small, labor-intensive businesses. They do not have formal human resource and training departments, and yet veterinary staff and doctors need to be highly trained to provide quality patient care and client service.
• Staff training can be an overwhelming proposition. Hospital team members are usually already very busy and there are so many training needs to think about – employees in different positions have different training needs; new employees have orientation and skill training needs; experienced employees have unique developmental needs; and practice changes in products, procedures, and technology create ongoing training needs for everyone.
• On the other hand, well-done training can improve staff confidence and productivity, build employee loyalty, and provide a competitive advantage in attracting and keeping good staff and doctors. It is a good and necessary investment, and the best companies usually allocate at least 2% of their revenue back to training. Comparable figures for veterinary medicine are not available, although it is conventional for hospitals to pay for at least some ongoing continuing education for their doctors. Most also invite industry representatives to provide in-clinic seminars for their staffs. Compared to industry, however, there appears to be an opportunity in veterinary practices to make training a more formal process and to provide the budget to support it for all hospital team members.
• The best way to put together a training program for a practice is to start with the goals that the practice needs to achieve and then think through, hospital area by hospital area, what skills different team members need to have to achieve the hospital's goals (see Examples). Sometimes these are remedial skills to re-teach people to do certain tasks, such as "sizing" the appointment time to match the needs of the client and pet. Sometimes staff members need to improve their general skills, such as team-building, time-management, or communication skills, to achieve the hospital's goals.
• If the hospital needs to hire someone immediately this training may, of necessity, become the immediate priority. The job description for the position should be used as the basis for making the hire. In addition, a new hire should be capable of meeting the position duties described on a list of tasks that the employees need to master to support the hospital's goals.
• The best way to make sure that the job description is current is to ask the people who do the job to write one. They should also develop a separate list of all the things that a new person would need to be trained on so that they could do well in the position. A manager or owner would need to review their work and possibly refine it, but the people already in the position know the work best and it is usually helpful to rely on their expertise (see Example).
• Typically a department team should try to develop 10–12 tasks and protocols at a time. They will need time to meet and work on this. Once the first 10 tasks and protocols are finished, the team members should draft 10 more, and keep going in this way until all of the basic tasks for the department have been captured. (Duties can always be revised, new ones added, and old ones deleted as things change.)
• The hospital will also need a basic orientation program for new employees (see 3.9 – Staff Orientation). The orientation program should cover the practice's mission and include a tour of the hospital; all new employees, including veterinarians, should be assigned to work 1–2 days in each hospital department so that they can get to know the other hospital team members, see how things work, and see how one area of the hospital affects the others.

TERMS DEFINED

Orientation Training: Introductory training that all new employees should receive. It is informational and typically covers hours of operation, confidentiality, pay and compensation, dress code, practice mission and philosophy, overview of how the hospital works and expected interaction between the departments, hospital policy and goals, grounds for dismissal, and the "trial period" for new employees.
Travel Sheet: Also known as a tracking sheet, this is a document that accompanies the patient and on which is detailed the services to be provided and (typically) the fees for those goods and services to ensure that nothing is missed when being recorded in the medical record and the invoice.



ISSUES AND OPTIONS

• Training needs to be a budgeted item. Most hospitals provide financial support to doctors for training, but technicians, veterinary assistants, receptionists, and kennel attendants also need to have training dollars allocated for their development. A reasonable training investment is 1–2% of the hospital's annual revenue, so even a small hospital that is billing $900,000 should plan on spending $9,000–$18,000 on employee training and development.
• Your policy manual and other documentation that may become a factor used in employee dismissals should be checked by legal counsel (see 3.21 – Employee Manuals). Employment regulations differ in different states and employment laws, and regulations change. This is the only way to ensure compliance with state and federal mandates.
• To improve or develop an employee training program, start with the things that you are already doing and think of ways to improve and/or augment these training programs. For example, do you provide financial support to your associates so that they can obtain continuing education? Do you have industry representatives provide in-clinic staff training? Are you happy with the training programs that you have in place? If not, what would you change? What else do you need to do?
• There are a number of ways to tap outside training resources – the most important management responsibility is to determine what kind of training is needed, for whom, how much financial support the practice will commit, and how employees will be held accountable for using the training once they obtain it.
• Skill competencies should be stated as an employee expectation, and the practice training should identify and approve opportunities to help employees achieve the expected competencies (see 3.14 – Staff Development). For new employees, it would involve mastery of the basic skills needed to perform in their position; for experienced and long-term employees, the skill sets might provide growth opportunities to keep employees challenged and supportive of new practice goals.
• The practice budget should support a reasonable goal of "x" hours of continuing education for each position in the hospital. A log of internal and external training hours should be kept for each employee and reviewed during their performance review to ensure that they are meeting the "x" hour goal. (Employees can be charged with bringing a list and documentation of their continuing education accomplishments to the performance review.)
• Training can be expensive. If the practice sends an employee to an outside training program, that employee (or employees) should be charged with bringing back at least three good ideas to share with the rest of team and should be asked to make a presentation on the three ideas at the next staff or department meeting. The employee should also write up the ideas and bring them to their performance review. This encourages accountability for taking the training seriously, and helps share knowledge with those who could not go.

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• Guidelines need to be set for the kinds of training programs for which the hospital will provide financial support, the training expectation and limits for each position, the approval process to attend outside educational programs, the requirement that doctors or staff who attend an outside program bring ideas back to share with others in the practice, and other considerations, such as employee tenure or disciplinary status, which might disqualify an employee from attending outside training programs.
• Doctors, technicians, and receptionists can be asked to lead internal training sessions. For instance, a doctor might want to hold a short staff training on the new pain management protocols the hospital has decided to adopt so that everyone on the hospital team understands what, why, and when pain management is recommended for patients.
• Technicians can talk about and show techniques for brushing a pet's teeth at home so that receptionists, doctors, and kennel assistants will understand what is involved and can be better informed when they talk to clients about them.
• Receptionists may want to talk about the most common things that clients ask about and lead a brainstorming session on deciding the best way to respond to client questions, or the receptionist may want to tell the rest of the hospital team their plans for promoting client awareness on senior pet care so that everyone can support it.
• Training does not always have to take a lot of time or money, and quick training exercises can easily be included as part of most staff meetings (see 2.11 – Making Meetings Work).
• A quick communication training exercise is to hand around the travel sheet and ask each person to explain, in client-friendly terms, what an item is on the sheet. This helps team members be more consistent in their explanations. It also gives team members a chance to help one another find the best words to explain things to clients.
• New employees can be charged with watching training videos and taking a test to show that they understood what they saw. Training videos, webinars, Internet sessions, and assigned reading should be counted toward an employee's continuing education hours (see 10.23 – Virtual Team Training).



EXAMPLES

To make sense for the practice, employee training should focus on the performance needed to support the practice's goals. For example, if a technician wanted to provide dog-training classes, it would be important to first determine whether that would fit with the direction the practice wants to go. If the practice has decided to focus on building its dental services, the technician's time might be better spent in learning how to take dental radiographs, grade oral disease, and give client instructions on how to brush pets' teeth at home. These would be the better training priorities for the technician because they match the hospital's goals.

A department team can be asked to develop a task list and written protocols for a position. Once the list is built, it can be used as the basis for training a new employee. Written protocols for each task will help set training competency targets and also help hold people accountable for their job performance.

A receptionist's task list might look something like this:
• Filing patient records
• Retrieving patient records
• Creating new records
• Searching for information in patient records
• Updating patient records
• Making entries into patient records
• Checking clients in
• Checking clients out
• Answering the phone
• Making appointments
• Responding to common client questions
• Taking payments.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

All the national and state veterinary medical association meetings offer training opportunities for veterinarians and staff. Other excellent training materials and online resources are available from the following:

American Animal Hospital Association (AAHA) has an extensive catalog of books and training programs for purchase. www.aaha.org/educ

American Veterinary Medical Association (AVMA) has books and other resources to help with staff training for purchase. AVMA also approves and can provide a list of distance learning programs for technicians. www.avma.org

Animal Care Training (ACT) has programs to use for veterinary staff and management training. http://www.4act.com/training/

Lifelearn, Inc., has CD-ROM programs available for veterinary staff training. www.lifelearn.com

University of Illinois College of Veterinary Medicine, Veterinary Education Online has an e-newsletter and other opportunities for online training. www.cvm.uiuc.edu/veo

Veritas offers online training for veterinarians and staff, including Cardiopulmonary Resuscitation. www.veritasdvm.com

VetMedTeam has online training opportunities for the veterinary team. www.vetmedteam.com

Veterinary Information Network (VIN; www.vin.com) and Veterinary Support Personnel Network (VSPN; www.vspn.org) offer online medical rounds and other training for veterinarians and staff members

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3.11. STRUCTURED ON-THE-JOB TRAINING



BASICS

OVERVIEW

On-the-job training (OJT) is just that; training that is provided on the job. Structured OJT is simply a more structured and mindful version.

Providing quality training for veterinary staff does not need to be difficult nor expensive. When you employ structured OJT as a method for team training, you can often save time and money and increase effectiveness by using more experienced employees, as well as your practice's current materials and training resources.

Structured OJT is a prevalent way to provide training in most industries. Jane, a more senior employee, shows John how to perform a task, shares a few words of wisdom, and later watches John do it himself. It makes perfect sense, but there are several pitfalls with OJT, such as:

- How much of the job does Jane actually know?
- How well does Jane transmit her knowledge and skills to John?
- How much does John really comprehend and how much will he be able to apply?
- How long will John remember anything that Jane said or did?

Structured OJT can work wonderfully to overcome some of these deficits. It is very applied, relevant, conducted in the work environment, facilitated by someone who really knows the tasks, can be quickly developed, and is inexpensive to implement.

The important elements of successful OJT for veterinary practices are as follows:

- The training must be closely aligned with the objectives, goals, and policies of the practice.
- You must select the most appropriate people to provide the training by considering their level of skill in the task, as well as their ability to be a "good" trainer and facilitator. Additionally select other resources, such as procedure manuals and standard operating procedures (SOPs) to support the learning process (see 2.21 – Operations Manuals).
- Successful OJT also needs to utilize and mirror the tools of your practice. These include your procedure manual, SOPs, etc.
- You will also need to create simple training manuals that outline the content and learning activities, as well as include assessments and checklists to guide the learning process. Include print and mediated job aids and tools, such as charts, tables, canned demonstrations, lists of additional, mediated, and print- and web-based resources.
- Finally, your practice needs to track employee's training and make it an important part of your performance management process. Ensure that structured OJT is not a solitary event that only happens at the beginning of employment, but is a critical element in all phases of an employee's tenure with your practice.
- Your performance management process should also feed into the goals and objectives of future employee training (see 3.19 – Staff Performance Evaluations).

TERMS DEFINED

On-the-Job Training: Method of training that focuses on employees acquiring skills within the work environment under normal working conditions. Through OJT, team members acquire both general skills that they can transfer from one job to another and specific skills that are unique to a particular job. This form of training typically includes verbal and written instruction, demonstration and observation, as well as hands-on practice. In addition, the OJT process involves one employee – usually a supervisor or an experienced employee – passing knowledge and skills on to a novice employee.

Structured On-the-Job Training: A form of OJT that is carefully defined based upon the needs of the business and structured to mirror and support the career path of employees. Structured OJT employs formal materials to support the learning process.



ISSUES AND OPTIONS

CLOSELY ALIGN YOUR TRAINING WITH THE OBJECTIVES, GOALS, AND POLICIES OF THE PRACTICE

Before you begin training a team member, clearly identify the tasks that are part of the job that they were hired to perform. Take some time now to do that for every position in your practice, if you have not already done so. For each of these tasks, identify the inputs, desired outputs, resources, key steps to follow, and any cautions or special instructions. You can probably gather most of this information from your practice's job descriptions, its procedures manual, SOPs, and other documentation. The rest you will need to develop yourself. The good news is that once you have created this documentation for each position, onboarding new employees will be much easier (see 3.9 – Staff Orientation).

Once you have this task documentation, you have most of what you will need to create your structured OJT materials. All team member training should be closely linked to these tasks and their associated detail. To stay ahead of the game, take this opportunity to identify how long you feel is reasonable for the OJT trainer to spend on each task and the relevant examples that they may use.

SELECT THE MOST APPROPRIATE PEOPLE TO PROVIDE THE TRAINING

Make sure that you have selected the "right" personnel to be OJT trainers. Select personnel that are not only competent in the job, but are good demonstrators and facilitators. Provide these trainers with the right tools, and provide them with guidance and practice in using those tools as training resources. Where possible provide trainers with mediated resources, such as canned demonstrations. Equipment, such as GoPro cameras and recorders are inexpensive and capable for such usage. Observe and certify OJT trainers as you would more formal trainers. Finally, track their performance by continuing to observe them facilitating OJT and assessing the performance of the team members they have trained.

UTILIZE THE TOOLS OF YOUR PRACTICE

Using the tools of your practice will not only decrease the time that your practice will need to invest in training, but will increase its relevance, "stickiness," and your team members' abilities to apply the training on the job. Now, take a good look at the task documentation that you generated earlier. Make sure that you have included everything. These documents are vital resources that the staff at your practice will need when they provide structured OJT. The specific documentation will differ based upon the team member they are training and the task(s) that they are training them to perform. The moment that you ask a staff member to train a new team member, ask them and make sure that they have and are familiar with the resources they will need to successfully facilitate that training.

CREATE SIMPLE TRAINING MANUALS

With all of this information at hand, identify and document the key training events required to provide comprehensive training for each job function at the key junctures of your team members' careers with your practice. Then create – or ask the OJT trainer associated with the event to create – a short training guide identifying:

- tasks to be covered,
- specific references to the necessary resources to be utilized during and after the training,
- time needed to train on each topic,
- training strategy to be utilized for demonstrating each task, providing practice, and accessing the team member's ability to perform the task.

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Include print and mediated job aids and tools that include charts, tables, canned demonstrations, lists of additional print, mediated, and web-based resources.

This guide should include assessments to determine if the employee has mastered the tasks they need to perform. These assessments should not only be a short-answer or multiple-choice quiz, but checklists that can guide the structured OJT trainer in evaluating the performance of the employee in independently accomplishing the tasks in their actual work environment. The trainer should sign this checklist to document that they approve the team member's performance of this task. The trainer can even use, or have the employee use, an inexpensive video recording devise, such as GoPro, to record the performance, if for some reason the trainer cannot be present. This should become part of the team member's file.

TRACK EMPLOYEE'S TRAINING

It is important to document that an OJT training event has occurred and that the employee is now certified to perform this procedure independently. Include any notes that the trainer would like to add related to the team member's performance. You might also consider building a spreadsheet that is accessible to all team members identifying who has been certified on each task or group of tasks. This can be motivating for the team members, as well as an extremely useful tool for scheduling and pulling in the appropriate resources during an emergency.

OJT can be an effective and organic tool in your training toolbox. As with most efforts, effective execution of the strategy is everything.



EXAMPLES

- Use structured OJT to train new hires as well as team members wishing to advance their skills.
- Make structured OJT a part of the performance improvement program for individuals needing additional training. Consider the benefit of an OJT coach to focus on specific skills or tasks.
- Utilize structured OJT to cross-train your team. It will provide team members with relevant and detailed training, as well as exposure to the team members and supervisors who supervise their activities.
- Instead of training an entire group of people on a new piece of equipment, train a select few and then have them train other team members using your structured OJT materials (Train the Trainer).
- Establish a training mindset in your practice. Instead of asking someone to step away from the computer and allow a more knowledgeable team member to process the activity, use this as an opportunity for structured OJT. This will get additional team members trained and productive.
- Becoming a structured OJT trainer, or developer of OJT materials, may be considered a stepping-stone for team members wishing to grow into management roles or leadership positions.
- Certifying team members for various skills or levels can be a type of recognition or reward program within your practice. Badges or pins can be awarded, pay rate changes can be issued, and status for job advancement or on-call replacement for a call-off are all possible options to consider as you develop your program.
- Consider your practice's structured OJT program as an ongoing and evolving process. Incorporate subtle improvements made to any procedure or process thus keeping the team up-to-date and operating efficiently.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

OJT: On-the-job training
SOP: Standard operating procedure

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N/A

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3.12. IT'S NOT YOUR JOB ... IT'S YOUR RESPONSIBILITY



BASICS

OVERVIEW

In a successful business, there are personnel policy manuals, job descriptions, training manuals, operations manuals, and a variety of checklists among the tools that the practice uses to ensure the consistent management of its people as well as the consistent delivery of a product and/or service.

Job descriptions should exist for each role within the hospital and include the different skills for each job. The job description should clearly delineate the tasks and functions associated with the job as well as the responsibilities. It should also clearly define to whom the position reports. Bottom line, it should answer the question: What is your job? What is your responsibility? But what's the difference?

As a clinician, your responsibilities are broad and include a responsibility to the pet, the client, the practice team, the practice, the owner, your family, and yourself … among others. Responsibility includes values and ethics, integrity, and honesty. In contrast, in a job, you recognize accountability to the leadership and those around you. In responsibility you committed to the greater interests of the practice. On the other hand, with a job you may or may not have engagement with your role or your task, thus going about your job with no commitment and little or no job satisfaction.

TERMS DEFINED

Job: A task or series of tasks that are performed to accomplish one's occupation. It is basically a specific piece of work. Examples of jobs include cleaning a cage, answering a phone, cleaning teeth, sterilizing a pack, filing charts, creating an invoice, and so on.

Responsibility: The obligation or duty that conveys a commitment to the ultimate success of the business. Responsibilities are the results of the job, not a listing of tasks that one performs. For example, a task would be cleaning the cage, and the responsibility would be to ensure cleanliness and freedom from infectious or contagious disease to the next occupant.



ISSUES AND OPTIONS

JOB VERSUS CAREER

An employee can focus on tasks or jobs. They can look at the micro-chores of a job in the practice or the macro-responsibilities of a job. They can focus on process or outcome. Employees who focus on the jobs or tasks that they have to do rarely have a future focus on a career with the business. On the other hand, if you have an employee who is continually seeking to take on more responsibility and is constantly looking beyond their chores to the more global needs of the practice, you have a career player for your team.

How can you tell the difference between a task and a responsibility? To more clearly differentiate between jobs and responsibilities in your practice, let us look at each role individually:

Client Service Representative/Receptionist

Jobs	*Responsibilities*
Answering the phone	Exceeding the needs of the clients
Filing records	Providing a welcoming environment for the pet/owner
Creating an invoice and accepting payment	Representing the practice to the community via the phone or front door

Animal Care/Kennel Attendant

Jobs	*Responsibilities*
Cleaning litter boxes	Ensuring a clean, odor-free, and safe environment for the pets
Feeding and watering pets	Making sure the nutritional requirements and satiety of the pets is met
Bathing and brushing	Providing clean, odor-free, and parasite-free pets to their owners

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3.12. It's Not Your Job ... It's Your Responsibility

Licensed Technician/RVT/CVT/LVT

Jobs	*Responsibilities*
Place an intravenous catheter	Ensure a portal for the administration of fluids or other medications
Induce anesthesia	Ensure a safe and effective anesthetic process for the pet from start to finish and peace of mind for the client
Take thoracic radiographs	Ensure best-quality radiographs the first time to minimize radiation exposure for the pet and staff and the ability to create a diagnosis for the clinician

Manager/Administrator

Jobs	*Responsibilities*
Hire a receptionist	Identify a team member that will contribute to the success of the practice
Create month-end financial reports	Ensure accurate assessment of the financial status of the practice at that point in time
Order pet food monthly	Ensure that an appropriate amount of food is available for purchase and in-house use without inventory remaining for extended periods of time

Associate Veterinarians

Jobs	*Responsibilities*
Spay a dog	Ensure a safe ovariohysterectomy for the patient and client and the effective use of time and supplies for the practice
Call back a client with lab results	Communicate to the client the health status of their pet so that they, with assistance, can make a decision as to what is needed next for their pet
Diagnose an intestinal foreign body	Utilizing education and skills to diagnose the condition of the pet in the most cost-effective, efficient, and safe fashion and with it determine the subsequent treatment plan

Owner

Jobs	*Responsibilities*
Remodel the reception area	Create an environment that is comfortable for the pet and client, is easily maintained, and is an effective use of space for the practice
Establish a retirement program for staff	Provide a work environment that is supportive of existing staff and also attractive for future employees
Motivate staff	Create a work environment that is supportive of the team and thus the business

Understanding the difference between tasks and responsibilities makes for better employees. Additionally, it is important to understand that most engaged employees are also seeking not just more tasks but more responsibility to the success of the practice. The feeling of contributing to the success of a business is an important factor in staff longevity.

A practice is composed of individuals working on daily tasks or jobs to accomplish the vision of the ownership. When a practice is able to change from individuals performing tasks to a team focusing on responsibilities, it will be a successful business.

When it comes to performance evaluations, it is easy to assess whether an individual is completing tasks or not completing tasks. However, performance evaluations that focus on the more global responsibilities are a greater measure of the contribution of an individual to the practice. Team members who perform tasks should be acknowledged. Team members who focus on responsibilities should be lauded and rewarded.

A veterinary practice is more than a series of jobs or tasks delineated in an operations manual or on a checklist. These tasks are important, just as the organs of the body are to survival. However, the tasks (and organs) are part of a greater responsibility to the health of the pet, satisfaction of the owner, engagement of the team members, and success of the practice (or life of the body). A failure to acknowledge or focus on the responsibilities leaves you with a practice where the staff members do what is asked and no more, and where the clients can readily identify a lack of passion for the care of their pets.

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3.12. IT'S NOT YOUR JOB ... IT'S YOUR RESPONSIBILITY

Metaphorically, it is like a body on life support or in a coma that goes about its survival but without any response to the world around it.

It must be noted that the responsibility to move from a business strictly going about its tasks to one focused on more global responsibilities comes from the leadership and ownership of the practice. Because ownership/leadership sets the model for success of the business, an owner that is task oriented will hire task-oriented people to get the job done without passion, without emotion, and with the sole goal of surviving the day. Is your team a group of robots with a focus on completing the list of items on a checklist? Or is your squad a group of highly engaged, emotionally charged, and passionate team players looking to stand out in the practice and in the community?



EXAMPLES

EXAMPLE 1

A practice effectively used checklists to get staff members to accomplish their daily tasks. Unfortunately, many of those staff members arrived right on time, and left right on time, whether the workday was done or not, because they only saw the tasks as their goal for the day. They did not see how those tasks fitted into a more global responsibility to the patients or clients or owners. They had a job to do and would do no more. There was no feeling of camaraderie; in contrast, there was consistent bickering about coworkers not working hard enough or just doing enough to get by. The average employee remained employed at this practice for months rather than years.

In contrast, another practice with a dynamic leader and manager demonstrated the opposite scenario. There was almost a competition to see who would arrive first and stay last. Staff members helped one another to accomplish the outcome and they frequently enjoyed one another's company after work to celebrate a job well done. Weekend social events for the community were never hard to staff as everybody on the team saw their responsibility not just to the ownership, clients, pets, but the entire city in which they lived. And they saw an obligation to one another. The environment in this practice was one of teamwork and engagement, and the profitability of the practice reflected this as well. The leadership and ownership created a holistic focus on all stakeholders with the team and its production was celebrated rather than viewed as a list of mundane tasks.

EXAMPLE 2

In looking at championship sports teams over the years in any of the major team sports, the team and leadership reflect a common goal to win the championship. To accomplish this, valuable players will frequently sacrifice their own self-interests for those of the team. Quarterbacks will block to free up a running back; home run hitters will bunt; scorers will learn to pass; and offense players will learn to play defense. These winning teams do not focus on tasks or jobs – they focus on the championship. They have a responsibility to their fans, ownership, and teammates, and will do what is needed to succeed.

Build a championship team by creating the feeling of responsibility to the greater vision rather than simply accomplishing tasks. It takes teamwork to make the dream work.



CAUTIONS

- It is worth considering: job versus career; short-term versus long-term; global responsibility versus job satisfaction; feeling empowered versus feeling tasked.

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3.12. IT'S NOT YOUR JOB ... IT'S YOUR RESPONSIBILITY

• Every person in a key role should be able to respond to the question "What do you do" not with a job title but with a statement of personal responsibility: "I'm the one person ultimately responsible for x and y."
• When an employee comes to you asking what more can they do or with suggestions on how to do things better or with other initiatives, how do you respond? Do insights and ideas get shot down or are they set free to grow? Is your mantra "This is the way we do it here"? The quickest way to frustrate a team is to have them focus only on tasks at the expense of focus on a responsibility to the greater good.
• Do you encourage people to work to their potential (responsibility) or just do their work (job)? Do you encourage enthusiasm's fire or do you take out your hose at the first flicker of a new idea?
• Reward those that showcase their dedication to their responsibilities above and beyond just settling for the required work. Note that there is a direct correlation between staff retention and client retention. With responsibility being linked to a career, you can see that responsibility also includes retention for the team and also for the clients.



MISCELLANEOUS

ABBREVIATIONS

CVT: Certified Veterinary Technicians
LVT: Licensed Veterinary Technician
RVT: Registered Veterinary Technician

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N/A

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3.13. LEVERAGING STAFF



BASICS

OVERVIEW

• Every position in the veterinary practice plays a critical role in achieving practice goals; each must be leveraged to its maximal potential.
• Many times, practices do not utilize credentialed veterinary technicians as they should, and often use veterinary assistants with no formal training. Leadership must effectively separate the duties of each and respect boundaries. Having nontrained team members complete patient care places the patient at higher risk for poor or inadequate care.
• Having formally trained veterinary technicians complete assistant duties devalues and demotivates these team members and may result in the loss of a skilled employee.
• When staff are not leveraged according to their skill set, practice goals are not attained.
• Skills that can be leveraged are sometimes defined in the State Veterinary Practice Act (and vary by state).
• It is important to differentiate tasks that can be completed by a credentialed veterinary technician/nurse and an assistant.
• When staff are leveraged appropriately, team morale increases, and the human capital "feels" that they have a career in the veterinary practice, not just a "job."
• Good staff members cost money. Good staff members produce money. It makes sense to pay people appropriately for their skill set.

TERMS DEFINED

Credentialed Veterinary Technician/Nurse: A team member who has graduated from an American Veterinary Medical Association (AVMA)-accredited school, passed the Veterinary Technician National Exam (VTNE), and achieved registration (RVT), certification (CVT), or licensure (LVT, LVMT) by the state in which he or she practices.
Manager: Administrative staff member who oversees the daily operations of the veterinary practice.
Veterinary Assistant: The title given to a team member who has received on-the-job training to aid the veterinarian and/or credentialed veterinary technician.



ISSUES AND OPTIONS

VETERINARY TECHNICIANS/NURSES

• Veterinarians are often the limiting factor when tasks should be delegated to credentialed veterinary technicians or assistants. Ideally, veterinarians should diagnose, prescribe, and complete surgery. The remaining tasks should be delegated to the appropriate staff member, based on the task (see 1.10 – Veterinary Staff)
• In 2008, the AVMA Biennial Economic Survey revealed that, on average, for every credentialed veterinary technician a practice employed, the practice generated $161,493 more in gross revenue. This same phenomenon was not seen with non-credentialed technicians (assistants); rather there was no significant revenue improvement when hiring assistants. The conclusions of the study attributed the increase in revenue to perhaps freeing up veterinarian time by allowing qualified technicians to complete tasks traditionally requiring a veterinarian to oversee.[1]
• Leveraging appropriately increases team morale as credentialed technicians/nurses are allowed to carry out tasks learned in school. Inappropriate leveraging disengages credentialed technicians/nurses, often leading to burnout and searching for another place of employment. Disengaged team members hurt the profitability of the practice, as well as the service provided to veterinary consumers.
• Some states have a very specific Veterinary Practice Act in which tasks completed by credentialed veterinary technicians/nurses is outlined. Other states list tasks in the Rules and Regulations. Either way, you need to become familiar with current state regulations to ensure leveraging compliance.
• It is important to differentiate tasks that can be completed by a credentialed veterinary technician/nurse and an assistant, as indicated by the Veterinary Practice Act. You can then leverage staff appropriately based on regulation.

VETERINARY ASSISTANTS

• Many veterinary assistants are well trained and can complete many tasks. Veterinary assistants can increase the productivity of both veterinarians and credentialed veterinary technicians/nurses.
• The practice should provide proper on-the-job training for skills that are required of assistants, not crossing the line of credentialed veterinary technician duties.
• Veterinary assistants should be tasked with providing exceptional patient care that goes beyond cleaning cages, feeding, and walking the patient. Veterinary assistants must be allowed the time to provide TLC to patients in the hospital, provide a Fear Free™ environment (see 4.14 – Developing a Fear-Free Hospital), and be the eyes and ears for the professional staff who are busy serving client needs.

RECEPTIONISTS

• Receptionists, also known as client service representatives, often present the first impression that clients have of a veterinary practice. They project the level of professionalism to be anticipated, because when a client visits with a pet, the receptionist is usually the first and last person with whom they deal. This is a critical position and should not be minimized by practices hoping to improve their customer service and profitability.
• Receptionists must be included in team meetings, patient rounds, and have some medical training in order to project the professionalism needed. Receptionists are often challenged with relaying information to clients, but do not understand the information they are presenting. This presents a professionalism/confidence challenge that clients can "see or hear." When clients do not have confidence in the person relaying the information, the trust in the practice drops significantly.
• Receptionists control the flow of clients through the veterinary hospital, but to do so effectively, they must understand everything that occurs simultaneously in the practice.

VETERINARY MANAGERS

• It is critical for veterinary managers to identify tasks that can be leveraged to veterinary paraprofessionals. When veterinarians are completing paraprofessional tasks, the manager should be able to identify the cost of lost business due to the inefficient leveraging.
• Managers must develop effective training protocols for every position, and every new team member (regardless of experience in the industry) to ensure each team member communicates the same message to clients and upholds the highest standards of the hospital. This applies to kennels assistants, as well as associate veterinarians (see 3.10 – Staff Training). Inconsistent messaging, leveraging, and substandard care will hinder goal achievement.
• Training protocols and effective leveraging must tie into the practice goals, and each team member needs to understand how they contribute to those goals (see 2.1 – Workplace Management).

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EXAMPLES

Leveraging is mostly an intangible asset, meaning it can be hard to place a dollar value on it. Effectively leveraged team members are more satisfied with their jobs.[2]

To determine whether the practice is effectively leveraged, ask every team member, including doctors, to create a list of every task they do during a one-week period. Veterinarians should be doing medically specific tasks (diagnosing, prescribing, completing surgery). Credentialed veterinary technicians should be completing credentialed skill-level tasks, including surgical assisting, completing dental prophylaxis, obtaining laboratory samples, completing in-house diagnostics, treating patients, and providing client education (to name a few). Veterinary assistants should be helping credentialed veterinary technicians and veterinarians become more efficient and be completing any tasks allowed by the State Veterinary Practice Act. If the list of tasks completed by team members indicates veterinarians are doing credentialed technician tasks, and credentialed technicians are completing assistant tasks, effective leveraging is not occurring, and an improved strategy must be put in place.

The tangible aspect of leveraging (or the monetary value) is just as important as the intangible benefits. Considering the overhead costs a practice has on a per minute basis to be open (see 7.9 – Making Valid Comparisons Between Practices and Services), the most appropriate team member should be delivering services to best increase efficiency and efficacy and decrease costs as much as possible. For example, a credentialed veterinary technician should be drawing blood on a patient (not a veterinarian), while the veterinarian should be seeing the next patient. The veterinarian drives active income, which is further increased by passive income, fulfilled by the credentialed veterinary technician and other team members.

If it costs a set amount per minute for the clinic to be open and a phlebotomy procedure takes a set amount of time, then the overhead cost associated with that procedure can be calculated for various procedures (see 7.9 – Making Valid Comparisons Between Practices and Services). If the veterinarian draws 15 samples throughout the day, when that same task could have been performed by a paraprofessional team member, a substantial loss has occurred by not leveraging effectively.

More importantly, that time was not being used to see patients, so there is also an opportunity cost to this inefficiency. This could result in patients not receiving care at all, or clients visiting another practice for that service. This tends to result in the loss of significant income for the hospital. This example represents only one veterinarian, and only one year of lost revenue. Consider how much revenue would be lost in a multi-doctor practice if the team were not effectively handling their respective tasks (see Figure 3-13-1).

Leveraging is not only an employee engagement factor; it is also a patient advocacy and profitability factor.

At ABC Animal Hospital it costs the practice $10 per minute to be open

Phlebotomy = 5 minutes

$10/min × 5 minutes = $50.00

If DVM draws 15 samples throughout the day:

15 × 5 = 75 minutes per day

75 minutes/day × 260 business days in a year = 19,500 minutes/yr

19,500 minutes × $10/minute = $195,000 dollars of lost revenue

19,500 minutes per year were not being used to see other patients

Average appointment = 15 minutes

19,500 ÷ 15 = 1,300 appointments were lost over the year

Average doctor transaction = $175

1,300 appointments × $175 = $227,500 of potential income was lost

Figure 3-13-1.

The case for effectively leveraging the skill sets of hospital staff. In this example, ABC Animal Hospital has an overhead rate of $10 per minute, an average client transaction of $175, and each doctor currently draws 15 blood samples per day for laboratory analysis. The veterinarian works 260 business days per year.

CAUTIONS

N/A

MISCELLANEOUS

ABBREVIATIONS

AVMA: American Veterinary Medical Association
CVPM: Certified Veterinary Practice Manager
CVT: Certified Veterinary Technician
LVT: Licensed Veterinary Technician
RVT: Registered Veterinary Technician
VHMA: Veterinary Hospital Managers Association
VTS: Veterinary Technician Specialist

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3.14. STAFF DEVELOPMENT



BASICS

OVERVIEW

• Working in a veterinary practice presents some personal growth challenges for employees, because in many cases the organizational chart (see 2.2 – Organizational Charts) is relatively flat and there are not many opportunities for advancement.
• In some cases, an employed veterinarian may have an opportunity to become a partner or even buy the practice from the owner, but once paraprofessional and administrative staff reach a supervisory position, they have typically advanced as far as they can. Some receptionists and technicians might advance to management positions, and practice ownership is possible for some, but such a career path is not assured.
• To keep the very best employees, and for them to remain challenged and motivated, staff development must be part of the practice's core strategies.

TERMS DEFINED

Individual Development Plan: A staff member's individual plan for self-development that is then approved by a manager to ensure it is aligned with the organization's goals.
Presenteeism: Workers being on the job but not fully productive.



ISSUES AND OPTIONS

The financial realities for most veterinary practices are that they tend to pay employees less than comparable businesses, and often provide fewer benefits. In many cases, we try to rationalize this as a requirement of working with animals, as though working in a veterinary practice requires a charitable component, even if we then want the staff to be motivated to enhance the profitability of the clinic for its owners.

All employees deserve to be paid wages and benefits commensurate with their skills, and working in a veterinary clinic is no exception (see 3.3 – Wage and Benefit Summaries: The Whole Package). However, because there is limited room for advancement in most veterinary practices, additional attention should be paid to career development of employees.

There is one other feature of staff development that is worthy of reflection. Staff that develop skills and leave the practice to take more advanced positions elsewhere should be viewed as successes, not failures, especially if there are not appropriate opportunities for them within the practice. In too many instances, practices look at such career advancement as abandonment or disloyalty, rather than considering the big picture of our employees having their own lives and goals and that career development of these employees can definitely be a win–win situation for both the individual and the practice.

Superimposed on this career development process is that some staff turnover is natural and inevitable for a practice (see 3.20 – Staff Turnover and Retention). A practice that has been in existence for a prolonged period of time and still has all the same employees is not necessarily a model of an ideal workplace.

GOAL SETTING

• Most employees are hired for a specific job, with a specific job description, and with little thought to other strengths they might have that would or could be important to the practice.
• It is therefore worthwhile to explore strengths (and weaknesses) of employees in a standardized setting and to determine where personal development can coincide with strategic needs of the practice.
• The first step is often determining an employee's aspirations, by asking such questions as "What do you see yourself doing five years from now?" If a receptionist sees herself as a receptionist five years hence, then it is clear that she should hone her skills in customer service and communication. If an employed veterinarian sees herself in an ownership role, then it might be worth cultivating skills in practice management and mentoring her in those duties within the hospital.

PERFORMANCE MANAGEMENT

• Although many veterinary practices have informal and often infrequent employee evaluations, timely feedback is an important component of goal achievement.
• Annual reviews have many limitations, including holding people accountable for past behavior and not necessarily emphasizing current performance and mentoring others in the practice, both critical to long-term success. To better support employee development, many organizations are dropping or changing their annual review systems in favor of giving people less formal, but more frequent, feedback that follows the natural work cycle.[1]
• When managing staff performance, it is also important to be aware of subtle issues, such as presenteeism – employees being present, but for one reason or another, not being fully engaged or functional on the job. It has been estimated that this can cut productivity by one-third or more and can actually be far more expensive to a business than other health-related costs.[2] Some common causes of presenteeism include migraine, arthritis, allergies, depression, lower back pain, and many other common maladies that allow employees to come to work but not necessarily on a fully productive basis.
• Motivation is another important concept in performance management. It will probably not surprise many veterinary business owners, but if employees are not self-motivated, it is extremely difficult if not impossible to motivate them. The job of management is to create an environment in which self-motivated employees have the support they need to achieve their goals. Interestingly, even so-called "problem employees" may show evidence of motivation in other aspects of their lives. If these individuals are going to remain as valuable members of the organization, it will be necessary to find their locus of energy and leverage it to achieve needed goals.[3] Otherwise, it is exceedingly unlikely that they can be motivated to do what you are already paying them to do (but that they are not currently doing). Going round and round on the same issues is not to anyone's advantage.

CORE COMPETENCIES

• Every veterinary practice should have a mission (see 14.9 – Mission and Vision Statements) and those values should be captured in certain core competencies that are expected of employees.
• Although some core competencies will be hospital-wide, others may be specific to individual positions, such as veterinarians, nurses/technicians/assistants, receptionists/customer service representatives, and managers.
• Core competencies are important in staff development, because they can be tiered (e.g., beginner, intermediate, expert, etc.) and be considered in terms of reward-based compensation.
• Core competencies can be vague, but the actions and outcomes derived from them should actually be as specific as possible.
• Examples of core competencies might include:
  ◦ Customer focus
  ◦ Technical skills
  ◦ Accountability
  ◦ Change management
  ◦ Mentoring
  ◦ Teamwork
  ◦ Leadership
  ◦ Business skills
  ◦ Self-awareness.

INDIVIDUAL DEVELOPMENT PLANS

• Individual development plans (IDPs) are documents created by employees with the input of their managers and help define specific

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goals to which the employee would like to strive over a set period of time, typically one year.
- Although the plan itself is meant to support the initiatives of the employee, it is the manager's responsibility to ensure that the actual goals are aligned with the visions of the practice, so that it becomes a win–win scenario. For example, an employee might like the practice to provide time off and financial support for getting a pilot's license, but unless this can be substantially aligned with the needs of the practice, then this would be an unsuitable goal for an IDP. On the other hand, enrolling in a certificate course in human resources might be entirely appropriate for a receptionist or technician with strategic aspirations of progressing into a management role.
- The IDP is an agreement between the organization and the employee and both must be involved in its creation. Although the employee will be responsible for their part of the IDP, the manager will need to ensure that the practice supports the initiative, in time allowed and/or with financial support.

70/20/10

- A learning and development model known as 70/20/10 was introduced by Lombardo and Eichinger[4] some years ago, and different versions are often used in allotting resources for IDPs.
- The basic premise of the model is that about 70% of learning within an organization should come from on-the-job training, 20% from coaching and mentoring, and 10% from actual courses, lectures, and formal training.
- It is important to realize that there is nothing magical about the 70/20/10 rule and it is just an approximation. There is no empirical evidence that this ratio is optimal, that the three components are independent from one another, and the model prioritizes on-the-job training, which can be extremely variable in quality from hospital to hospital. The ratio is just a starting point for discussions and can be customized for each individual circumstance.

CAREER LADDERS

- As already mentioned, the organizational charts of most veterinary practices are relatively flat, and in very small hospitals all positions might report to one individual – the owner veterinarian.
- As practices increase in size, more positions become available as managers and supervisors are needed to maintain alignment and this creates opportunities for new and existing employees.
- As many veterinarians have learned the hard way, it is not always possible to promote existing successful employees to new roles and assume they will be similarly competent. Accordingly, core competencies can be extremely useful in determining the skills needed for each job description.

EXAMPLES

Karen is a certified veterinary technician who has been working for ABC Veterinary Hospital for five years. She is the most technically gifted employee in the practice and the only technician in the practice that knows how to determine blood pressure with the hospital's Doppler unit. This has been a great source of pride for her, as whenever a blood pressure reading is needed, the other technicians need to call Karen. However, Karen has been hesitant to teach any of the other technicians this skill and this has been a source of tension within the practice. The owner has announced that within a year there will likely be a need to hire one or two more technicians, and he will be considering a technician supervisor at that time for the hospital. Karen has expressed interest in the new position and considers herself a prime candidate because of her excellent technical skills.

The hospital owner and manager, in anticipation of the growth of the practice, have decided that they should develop core competencies for the hospital positions and IDPs for all of the employees, and specify which skills need demonstrated mastery before promotions can be made.

In meeting with Karen for her quarterly review, the manager assures her that her technical competencies are excellent but that the supervisor role requires expert competency in mentoring and teamwork, which are currently not her strengths. An IDP was created and as part of that Karen was tasked with creating a skills program for technicians in which she would teach several skills, such as blood pressure determination, placing jugular catheters, and dental charting, and then would supervise those technicians as they taught those skills to the others in the practice. The process was able to channel Karen's strengths into important progress for the technical workforce within the practice. Karen's new expertise in mentoring earned her the promotion to supervisor when that position became available.

CAUTIONS

Veterinary practices being what they are, small businesses, are not always able to create challenging new positions to which employees can aspire. Even in these cases it is possible to ascertain the potential strengths of employees and channel appropriate skills into outcomes that are to everyone's benefit.

MISCELLANEOUS

ABBREVIATIONS

IDP: Individual development plan

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3.15. ENGAGING STAFF



BASICS

OVERVIEW

Many businesses, including veterinary practices, talk about their employees theoretically as their most important asset. Yet it is rare to see this concept truly put into practice. This is unfortunate, as a huge opportunity may be missed for those clinics who do not truly engage their team. Leverage this critical asset and you can revolutionize your practice.

TERMS DEFINED

Brand Champion: Someone who advocates for and embodies your brand and enthusiastically promotes your practice with passion.
Buy-in: In management and decision-making, buy-in signifies the commitment of interested or affected parties to a decision to "buy in" to the action specified, that is, to agree to give it support, often by having been involved in the process.
Empower: To give official authority or legal power to someone (e.g., she empowered her attorney to act on her behalf).
Engaged: Involved in activity: occupied, busy; greatly interested: committed.



ISSUES AND OPTIONS

Given today's economic climate, it has never been more important to attract, nurture, and enrich the employment experience of your team. After all, they are the lifeblood of your practice and are most likely the individuals who create and deliver the majority of the services offered at your clinic.

If you are committed to developing a team that consistently performs at an outstanding level, then you must invest the same time and attention in them you would give to earn and keep a satisfied client. Your practice depends on it.

In many ways, nurturing your team and gaining buy-in from your staff are the core ingredients for a successful business (see 3.14 – Staff Development). However, this level of engagement must be a part of the service equation before you even consider reaching out to prospective clients. Think of your staff as your first and most important customer. If they are on board, you have a chance to more easily earn others' trust and acceptance. Otherwise, you could be bound to mediocrity, inconsistency, and hit or miss service depending on "who" in the practice is on duty that day.

EMPOWER THE INSIDE TO GAIN ACCEPTANCE ON THE OUTSIDE

There are hundreds of reasons why you should focus on the hiring, training, and enrichment of your team. It leads to:
- increased company loyalty and job longevity – which saves a tremendous amount of money;
- employees who are better able to service clients because they understand and embrace the practice's core reason for being and the core values it professes to lives by;
- employees who believe in the practice and its promise, work harder, and are more productive;
- employees who act as "brand champions" and create differentiation (see 6.15 – Practice Differentiation), which is difficult for your competition to replicate;
- employees who promote your practice inside and outside of the work environment, talking to friends and associates with pride about what they do and for whom, which undoubtedly brings in new clients.

Is asking the employees to have a relationship with the practice any different from asking clients? The challenge is finding the right individuals to hire, those who are able and willing to take the initiative to own their job and live your brand. The careful selection of those best suited to carry out your vision will pay off handsomely.

THE BENEFITS ARE MUTUAL

Employees who like their jobs have strong opinions and knowledge of the practice and communicate this quite naturally to clients. Rather than simply telling employees how to do their jobs, involve them in the process and let them be part of defining the vision and interpret it as it applies to their job function.

Many people feel the pay scale in veterinary medicine is not representative of the skills and compassion needed to perform these emotional and important jobs. It is clear that most people do not work in the field for the money. But satisfaction abounds for many other reasons, such as the following:
- The pure enjoyment of working with animals.
- A true sense of purpose in serving animals and their families – making a difference.
- A feeling of belonging to a community of animal caregivers. It may be easier, at times, to find acceptance in a profession where the patients and clients appreciate kindness and understanding.
- A sense that it is a calling. People are simply drawn to the field and gain satisfaction, joy, and even peace just by making sure the animals get the best care possible.

Most people yearn to feel important, to know they make a difference, and to sense that they are contributing to something bigger than themselves. Much like the herding breeds, your employees need a job – a responsibility – literally and figuratively, so let them excel by giving them the reins to perform at their highest level.

THE DOLLARS AND CENTS OF STAFF ENGAGEMENT

The benefits of a truly collaborative work environment carry financial benefits too.
- Human resources expenses for recruiting, hiring, training, overtime, and the like are much less as tenure and productivity are increased.
- Marketing costs are reduced as client retention rates are higher and word-of-mouth (WOM) referrals keep a steady pipeline of new clients entering the practice.
- Everyone is simply happier, experiences less stress, enjoys cooperation among the team, is better able to handle the daily challenges gracefully, and be a positive influence on other team members, clients, vendors, and the like. This contributes to better health, less sick days and potentially lower insurance costs.



EXAMPLES

Empowering your team to perform at optimum levels does not mean abdicating authority. What it means is to ensure they have the training and resources necessary to make a client happy. Of course, there will always be exceptions, like discounting an invoice or overriding someone else's instructions, for instance. These should be documented situations that require additional management approval. But if you give your team parameters to work within and the freedom to succeed they will take ownership of the outcome.

Rewards and acknowledgment of situations where a team member clearly embraced their role as an ambassador for the practice and remedied a situation whereby the outcome was positive should be lauded – and publicly too. Witnessing others receive praise for behaving in a manner that serves the greater purpose of the practice should serve as a motivator for others. It may also reduce the fear that some team members have of stepping up and getting creative when it comes to finding a solution to a problem. And it just may be the impetus to greater service levels for all of the team. The normal competitive nature within us likes to be part of the accolades and we

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will do whatever we can to obtain the recognition we feel we deserve. All of this ultimately benefits the patients, clients, and practice.



CAUTIONS

• **Responsibility and authority:** If you give someone the responsibility to perform a job, you must then give them the authority to carry it out. Nothing is more demoralizing than to be given a task with little or no control over how to accomplish it. This is one of the most common mistakes employers make. And it is even worse to be held accountable for failure to accomplish something that you had little say over during the process.
• **Proper training:** Coordinated training must be part of your culture as well as providing regular feedback (see 3.10 – Staff Training). Performing at exceptional service levels takes time and guidance. To ensure all team members receive appropriate training, written documentation should guide the learning for everyone and serve to standardize how things are done (see 2.22 – Procedure Manuals). The consistency that results will help to integrate new team members more quickly and create an environment where individuals can excel because they feel they are on a path that leads somewhere. With proper training, a well-written job description and clear direction, expectations can be established and met, leading to the job satisfaction and the superior productivity we seek.
• **Mentorship and supervision:** Developing a mentor program along with ongoing continuing education may provide the additional resources needed to help specific individuals advance in their career as well as elevate service levels across the board (see 3.17 – Mentoring). Continuous feedback by a supervisor who helps construct annual goals will serve as a check and balance toward progress. And knowing the employer cares enough to help them grow can be just the thing that keeps an employee loyal for the long haul (see 3.19 – Staff Performance Evaluations).
• **It is the behaviors that count:** If your practice has a set of core values, make sure your team members know what they are, can recite them from memory, and understand how to use them in their daily duties (see 14.9 – Mission and Vision Statements). If used properly, core values should reference the behaviors the practice promises to live by in an effort to carry out the mission. Conduct training on the core values regularly. Of equal importance, evaluating performance based on the same core values for all team members creates a level playing field. Everyone is playing with the same hand and the finish line is a happy client. Hopefully, adherence to this operational concept brings you the checkered flag!



MISCELLANEOUS

ABBREVIATIONS

WOM: Word of mouth

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N/A

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N/A

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3.16. EFFECTIVE COACHING FOR THE EXAM ROOM



BASICS

OVERVIEW

The goal of each exam room encounter is to care for the pet and the client with compassion and quality and to build a relationship based on mutual trust. The trust that is established underlies recommendations that are followed, healthier pets, and a healthier practice.

There are four components that support success in the exam room:

- Core communication skills
- Communication framework
- Hospital protocols, procedures, and standards of care
- Methods to build and strengthen communication (soft) skills through practice, feedback, and reflection.

TERMS DEFINED

Empathy: Putting oneself in the other person's shoes. An example of an empathy statement is "I can see this is a difficult decision."

Nonverbal Communication: Aspects of communication, such as gestures, facial expressions, or body postures, that do not involve verbal communication but that may include aspects of speech itself (accent, tone of voice, speed of speaking, etc.).

Open-Ended Inquiry: Questions that cannot be answered with a yes or no and require a developed answer.

Reflective Listening: Restating in your own words the content or feelings behind the client's statement.

Soft Skills: Personal attributes that enhance an individual's interactions, job performance, and career prospects. Unlike hard skills, which are about a person's skill set and ability to perform a certain type of task or activity, soft skills relate to a person's ability to interact effectively with coworkers and customers. These skills are broadly applicable both inside and outside the workplace.



ISSUES AND OPTIONS

CORE COMMUNICATION SKILLS

A basic knowledge of core communication skills and terminology is necessary before exam room coaching can be effective. Essential core communication skills include:

- Nonverbal communication (see 5.9 – Nonverbal Communication)
- Open-ended inquiry (see 5.7 – Posing Client Questions Effectively: Open-Ended Inquiry)
- Reflective listening (see 5.8 – Reflective Listening)
- Empathy statements (see 5.10 – Empathy).

COMMUNICATION FRAMEWORK

Just as veterinarians are taught to read a radiograph in a step-by-step process or to perform a surgery in a systematic manner, a methodical approach to the exam room visit is a critical component to success. This consistent practice integrates medical and communication processes, resulting in a client-centered approach to consistently build trust and encourage follow-up. A system that incorporates varying communication modalities and promotes the open exchange of information leads to a healthier pet, a long-lasting client relationship, and improved quality of life for the pet, your team, and your practice.

Here is a six-step approach to effective coaching:

1. Preparation

At this stage of the visit, review the history and presenting signs to identify as many concerns as possible. One minute of preparation saves three minutes in the exam room. Doctors need to ask their technician or assistant for the most important points from the medical history and review the record for vaccinations, fecals, heartworm medication and testing, flea control and the date last used, previous medical problems, weight changes, and so on. Most pets present with approximately three to five concerns. Some of these are the pet's and others are the pet owner's. Set specific objectives for the visit. Identify the three to five concerns on which to focus. How will you confirm or raise awareness of these? List the objectives on the record before you walk in. Make sure that each objective is SMART (Specific, Measurable, Action-oriented (action of client), Realistic, Time-bound).

2. Approach

As you greet the client, you are setting the tone for the exam room visit. Knock on the exam room door and greet the pet and pet owner when you come in the room. This will help put client at ease. As you enter the exam room, shake hands, make eye contact, and provide your name slowly enough so the pet owner can hear you. Wear appropriate medical garb with your name shown on your right side so they can see it as you talk with them. Go to their side of the exam table for this part of the exam and form the relationship. Welcome everyone to the exam room: pet owner, kids, and the pet by name. Voice tone is very important so as to not overpower the client. Give the client a task and instruct them how to help and how the exam will go.

It is important to use key pieces of information from the history or technician review to engage the client. For example, "I see that Petey has gained ten pounds since we last saw him. You have done an excellent job with his recovery." Clients appreciate compliments and to know that they are doing a good job. Ask the client for other concerns. They will have them and you want to be part of their solution. Remember the "four R's" as you make your approach:

- Rapport
  - Eye contact
  - Body posture
  - Voice tone and level
  - Use owner's and pet's names
  - Touch the pet.
- Reason
  - Restate or re-ask the reason for the client's visit
  - Ask what the client really wants.
- Response
  - Bridge to what you can do to satisfy the client's concern or need
  - Ask, "How does that sound?"
- Recruit
  - Involve the client in the process.

3. Diagnosis

At this part of the process, we are talking about diagnosis of the client, not the pet. At this stage, effective questioning and listening are vital. Effective questioning is like a funnel (see 5.7 – Posing Client Questions Effectively (Open-Ended Inquiry)). Start with open-ended questions (e.g., "Tell me about …" what, when, where, etc.) and then move to closed-ended questions to confirm information or to direct the conversation elsewhere. Effective listening is critical during the questioning process. It improves understanding of needs and helps to you to empathize and encourages clients to "open up" and be more willing to participate in the discussion.

As you conduct your physical exam, use all the tools available to you. Narrate the exam so the client feels a part of the process. Your discussion may prompt them to reveal further details or concerns that can be addressed in your recommendations. Repeat their words, and clarify their concerns rather than assuming you understand what they are saying.

4. Recommendation

In this step, veterinarians and technicians take the pet owner's concerns and connect them to a product, service, or program. For example, you might ask "Do you have your pet sleep in the bed with you?" or "How do your children interact with Fluffy?" Then you could tie recommendations for fecals, deworming, and continuous heartworm

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preventive to the client's answer. For example, "Because Fluffy goes outside and is exposed to other pets or places they have been, she needs parasite prevention to protect her and your family."

Use an exam room report card to list your recommendations. Provide clients with a timeline for when services are to be performed. Write it – show it. Pictures are worth a thousand words, so never tell what you can show. People remember less than 10% of what they hear, but 90% of what they see, hear, and do themselves. Even word pictures can be used to help the client see how treatment would improve the pet's quality of life or provide the pet owner with peace of mind. Word pictures tell what the pet owner will feel, see, hear, and watch their pet do as a result of treatment.

Make a diagnosis and give your recommendations with a timeline. Timelines, mental pictures or real pictures, models, care plans (estimates), discharge instructions, or recheck appointments all go with recommendations. What can they expect? What will you do to follow up with them? How long might it take until results are seen? Remember, clients do things for their reasons not ours.

5. Addressing Concerns

As you present your recommendations, it is probable that your client will have concerns. Welcome these discussions! If a client does not voice their concerns, you cannot resolve them or earn their trust. In general, all client concerns fall into one of two categories:

- The client does not have enough information to make the decision.
- The client does not see the need (or value) for a particular product, program, or service you are offering.

As concerns are presented, use this five-step process to listen and address the client's issue with respect and understanding.

- **Acknowledge:** This step is simply saying: I see, or I understand, or I hear what you are saying. It is important in this step to simply accept what the client is saying. This does not mean you have to agree with them. You just want the client to open up and express the real need that your hospital can fulfill.
- **Clarify:** In this step you use the client's words to rephrase or restate their concern. This indicates to the client that you are actively listening and attempting to meet their needs.
- **Answer:** Answer or match the client's need with a product or service benefit from your hospital. They need to be engaged and the proper concern identified or you could answer the wrong question. It is here that you show how the benefit of your solution far outweighs the pet owner's concerns. This answer can be supported with visuals (radiograph, models, and pictures), articles, websites and videos, etc.
- **Verify:** Check acceptance of your answer. If the client is satisfied you have done it. If the client has more concerns go back to step 2.
- **Close:** End the visit. Ask the client to make the commitment and take an action to protect the pet's wellness and give them peace of mind. If questions are still present, keep clarifying or decide to send a reminder or follow up in some way to continue the educational and trust developing process for the pet and its companion.

Commitment and Follow-up

When completing, always include the following:

- Summarize the key points/request their commitment. Make sure a plan is created, including a follow-up plan, and logged into the practice management system and/or the patient's medical record.
- Complete your records, including the charges and discharge instructions. Could another doctor in your hospital read this record and follow your plan?

Make sure you give the client a timeline in which they know when they are to return. Affirm and recognize them for bringing their pet in and for their choice of services. All pets need to have reminders, revisits, and rechecks (see 4.16 – Client Reminder Systems). Make sure everything is documented, including ears, skin, urine, weight gain or loss, medications dispensed, eye lesions, bloodwork abnormalities, and recommendations (such as dental). All need scheduled rechecks and reminders.

HOSPITAL PROTOCOLS, PROCEDURES, AND STANDARDS OF CARE

For exam room communication to be most effective, it is vital that the messages the client receives are consistent from team member to team member and throughout all communications from the hospital (see 9.3 – Standards of Care and Care Pathways).

METHODS TO BUILD AND STRENGTHEN COMMUNICATION (SOFT) SKILLS THROUGH PRACTICE, FEEDBACK, AND REFLECTION

Exam room communication skills do not materialize overnight. Improvement is gained from practice, feedback, and personal reflection. There are those that have a natural gift to build rapport, conduct the diagnostic interview, deliver a recommendation, and gain commitment. For most, it is a development process that takes focus and hard work.

There are several ways to provide coaching for communication skills:

- A consultant or coworker can shadow the doctor during exam room appointments and provide feedback after the conclusion of an appointment or a series of appointments
- Appointments may be video-recorded for later review by the doctor (for self-review or for a consultant or coworker for feedback).

When establishing a coaching opportunity, it is important to create some basic goals of the program:

- Support professional development and growth.
- Provide the opportunity to enhance exam room communication, empathy statements, and interpersonal skills.
- Provide a safe setting to observe and share resources.
- Allow the outpatient appointment experience for clients and patients to be more comprehensive and bring continuity to the level of service and quality care.

The coach (whether consultant or coworker):

- asks questions and does not criticize,
- tries to elicit areas in which the other person demonstrates strengths,
- offers feedback to assist in identifying areas to develop and grow,
- coaches on how to do something differently if asked,
- provides support.

Coaching is not:

- Evaluative
- Hierarchical
- Judgmental
- Prescriptive
- A quick fix.

THE COACHING PROCESS

Planning Conference

Prior to the scheduled observations, have a short meeting to discuss the goals for the observations. The attending veterinarian will present certain aspects of the examinations they would like to have observed. For example, they may want some feedback on the report card feedback process, coordination with the technician or assistant, effectiveness of questioning, or presenting the recommendation. After discussion, the observing veterinarian will record three to five key goals based on the observations. Refer to the "Target Exam Room Experience" worksheet (see Figure 3-16-1) as you determine certain areas to focus on because this will be the recording tool during the observation.

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The Target Wellness Exam Room Experience

Attending Vet : _____ Date: _____

Observing Vet: _____ Tech/CSR _____

Preparation	
1. Reviews check-in sheet with technician prior to entering the room; identifies 3-5 concerns.	
Approach	
2. Knock prior to entering room.	
3. Acknowledges owner and pet by name, introduces themselves, pets animal, restates technician's name and information from technician; asks if other concerns or goals.	
4. Makes eye contact, uses open body posture, stands on the same side of the table as the client.	
5. Comforts pet/client – tells client how the visit will proceed; instructs client and technician, sets the Agenda fora the visit, gain agreement	
6. Oversees gentle restraint of pet, guides client and technician toward appropriate interaction with their pet during examination (e.g., client not allowed to restrain pet, where the client should stand, how the pet may respond bnetter if they can or can not see client).	

The Target Wellness Exam Room Experience

Diagnosis	
7. Uses all instruments during exam; conducts complete head to toe exam; provides on-going narrative for client on process and findings.	
8. Effective listening – clarify, acknowledge what client is saying, paraphrase, empathizes with client	
9. Positive, Confident, Respectful attitude in the exam room.	
10. Effective questioning – Open and closed questions for all abnormal findings or areas of concern.	
11. Uses language and terminology client can understand.	
12. Follows protocols developed by the hospital for care of the pet.	
Recommendation	
13. Uses the world 'need' vs. 'recommends' or 'try'.	
14. Medical and Surgical Care Plans are prepared with hospital protocols, client care and business in mind. Verifies understanding with client. Uses timelines	
15. Passive marketing – items recommended for the pet are set on exam table for client to see/touch, told they are welcome to take the item with them from the exam room.	
16. Uses visual aids for educations purposes, e.g., heartworm, teeth, arthritis, radiographs, bloodwork, etc.	

The Target Wellness Exam Room Experience

17. Recommends medications and care for pet and pet's well being; considers clients' ability to deliver medication.	
18. Dental care: Develops a home dental care plan with client input that client can follow and th technician can reinforce with education.	
19. Client is given educational handouts/video/website with important areas highlighted that pertain to that client. One or two products are recommended vs. several options.	
20. Reinforces Technician's position for client education; reinforces value of treatment and hospital in term of the benefits to the client and patient.	
Addressing Concerns	
21. Offers client the opportunity to ask question (e.g. "We have covered a lot today. What questions do you have for me?").	
22. Uses 5 step approach to Acknowledge, Clarify, Answer, Verify, Close. Does not avoid questions. Answers clearly.	
Commitment & Follow-up	
23. Completes Record. Explains plans with timelines.	
24. Provides client written/typed summary of exam, action plan, educational materials.	
24. Takes steps or oversees the capture of digital pictures of abnormals for medical record.	

The Target Wellness Exam Room Experience

26. Follow-up planned for pet's/clients needs, e.g., follow up calls, appointments, surgeries, medical care plants, diet, etc.	
27. Ends visit on a positive note; reinforce clients care of their pet/decisions made during the visit and follow-up times.	
28. Secures that all pets seen have next steps: R^3-Reminders, Recheck, Recall.	
Other Areas Identified by the Peen Mentor / Coach Team	

Additional Comments:

_____

_____

_____

_____

Follow-up actions (from Reflection Conference):

_____

_____

_____

_____

_____

Figure 3-16-1.

The target exam room experience worksheet.

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3.16. EFFECTIVE COACHING FOR THE EXAM ROOM

Observation

• **Attending veterinarian:** Conduct yourself professionally. Make sure you introduce the observing individual as a team member and inform the client that all of the veterinarians are participating in a hospital-wide program that will enable the practice to better serve and care for their patients and their owners. Ask for permission to be present and to observe the visit and exam.

• **Observing individual:** As the observing individual, most commonly a veterinarian or manager trained in this area, the primary goal is to observe the attending veterinarian and document what is observed as indicated on the worksheet. While in the examination room, this individual should not disrupt the appointment by conversing with the client, patient, attending veterinarian, or any other staff. The staff should be instructed not to approach the observing individual regarding their cases, calls, and so on while the observation is taking place. The observer should be inconspicuous and hold comments until after the appointment or document them on the provided worksheet in between visits. Normal business attire should be worn, and the observer should be present from the onset of an appointment through its duration.

Reflection Conference

Within a day, have a reflection on the observation session. The observer asks questions such as "What was your impression of the exam room experience?"

The observer shares their notes and then asks the attending veterinarian to reflect on them. Look for patterns. What worked well? What didn't? The observer can clarify or recreate instances that were documented. Hopefully the attending veterinarian will be able to draw some conclusions based on the data and their personal reflections.

According to the preset goals and notes, the observer asks the attending veterinarian what they would do again. What would they eliminate?

The observer confirms what the attending veterinarian has said: For example, "What you have said is that you would continue doing this, but would like to work more to develop another skill; is this correct?" Agree on what will be worked on next and when to meet again.

Structure of Program

To be of value, each attending/observing team member should review at least three or four appointments together. The accomplishment of these sessions ought to be reported to the practice manager to keep in a coaching training log. With mutual agreement, any topics that your coaching team feels might need to be addressed with general training or a procedural review should be provided to the practice manager.



EXAMPLES

N/A



CAUTIONS

To be successful, a coaching program must have management support and team engagement. There is a significant time commitment for those directly involved, and effort from the whole team is needed to help support the process.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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3.17. MENTORING



BASICS

OVERVIEW

• Staff is the single most important component of any veterinary practice.
• In order to perform at their best, staff members must continually participate in staff training (see 3.10 – Staff Training) and personal development (see 3.14 – Staff Development). The magnitude of the need for staff training is tremendous. Some studies estimate that 30–50% of an employee's knowledge base is obsolete in 3–5 years. That means the typical employee needs to "refresh" 10–15% of their knowledge each year.
• Mentors can be created and/or selected for almost any task of almost any size. For example, a mentor may be responsible for overseeing the complete orientation and training program for a new receptionist, or to work with an assistant to help guide them through their personal development as they try to determine if their long-term career aspirations point them toward customer service, becoming a technician, or becoming a manager. What is important is that when you start a mentoring program, you start small and build on a foundation of successes. If you try too hard to solve all of the practice's training challenges at once, you will most likely fail. Every time a program is started and fails, it makes it significantly harder to try to start that program again and make it successful. Starting a mentoring program is like the old adage that states, "If you can't find the time to do it right, how will you find the time to do it over?"

TERMS DEFINED

Mentoring: An informal relationship where, on an ongoing basis, a more experienced individual offers guidance and/or career advice to a less experienced colleague.



ISSUES AND OPTIONS

CREATING A SUPPORTIVE CULTURE

• Mentoring programs are most successful when the practice culture supports them (see 2.26 – Changing Organizational Culture). If they are not supported by upper management, they usually fail relatively quickly.
• A practice culture can support mentoring by developing a reward system that supports and encourages a commitment to training. Rather than rewarding employees for what they know, they are rewarded for what they help develop in others. For example, if they help spark new passions in an employee, they can help drive employee engagement and employee retention.
• Changing the compensation system from one that rewards longevity to a skill-based compensation program also helps create a positive practice culture that supports mentoring. Skill-based compensation programs need to balance worker productivity goals with training and development needs, but once they have been properly established they can significantly improve a practice's productivity, morale, and bottom line (see 3.1 – Compensation).

DEVELOPING A MENTORING PROGRAM

• The first step in developing a mentoring program is to identify staff needs. Performance appraisals are an excellent source of data, and appraisals that utilize employee development goals, or self-evaluations are particularly helpful in determining needs (see 3.14 – Staff Development). As always, if you want to know what your staff members think they need (or want), you need to ask them. There are other resources available that you might not think of right away, such as customer interviews and customer service surveys. Successful businesses know what their clients want and need; they know this because they asked them. Some well-designed survey questions may identify a customer service failure that needs attention.
• Once you have a firm understanding of practice needs, it is time to begin identifying the mentors. These are individuals who have mastered their role, or a process and are able to share their life lessons with others. For example, a technician who has just obtained their Veterinary Technician Specialist (VTS) certification may be able to act as a mentor to another technician who is beginning the VTS certification process. The process takes several years to complete and requires a rigorous application and study process. Mentors can help candidates with time-management and priority-setting skills even though they may not be the best trainers of technical skills.
• Not all individuals are good teachers, and some of them may not even be motivated to teach. If, however, they would like to try, you should give them the support and opportunity to do so. Sending promising candidates to a "Train the Trainer" seminar may be a good investment.
• A good mentor recognizes their personal limitations. They may not wish to handle an entire topic by themselves, and if they wish to actively recruit others to assist them, this should be encouraged.
• Not all mentors will come from inside the practice; a good leader finds mentors elsewhere. Opportunities could include spouses of employees, consultants, or allied professionals such as accountants or lawyers. Some community colleges offer mentoring services to small business owners utilizing faculty, students, or an allied organization such as SCORE (Service Corps of Retired Executives). Members of SCORE have spent their entire life in the business world and have something to give back to younger members of the community who are starting out.
• The practice needs to support the mentoring process by scheduling time away from regular responsibilities for the mentor and the student to interact. Without a commitment from practice leadership to give these individuals time away from their duties, the mentoring program is doomed to failure. To help facilitate mentoring, many practices divide their day into client time and task time. Client time represents the time of the day when the practice is the busiest, so the focus is on customer service and patient care. Task time is when the practice is slower, so tasks such as training and restocking can take place. A common task time is Tuesday through Thursday, early afternoon.
• Good mentors are always alert for teaching moments. Teaching moments are when a task needs to be completed and a student who needs to learn that task is present. Examples could include a patient that needs an intravenous (IV) catheter placed, or a set of radiographs taken, or urinary sediment examined. Thus, the training activity results in the completion of real work that needed to be completed, resulting in maximum efficiency.
• The 70:20:10 Model for Learning and Development is a common formula within the training profession used to describe the optimal sources of learning by successful employees (see 3.14 – Staff Development). It holds that individuals obtain 70% of their knowledge from job-related experiences, 20% from interactions with others, and 10% from formal educational events. According to the model, hands-on experience (the 70%) is the most beneficial for employees because it enables them to discover and refine their job-related skills, make decisions, address challenges, and interact with influential people such as bosses and mentors within work settings. They also learn from their mistakes and receive immediate feedback on their performance. Employees learn from others (the 20%) through a variety of activities that include social learning, coaching, mentoring, collaborative learning, and other methods of interaction with peers. Encouragement and feedback are prime benefits of this valuable learning approach. The formula holds that only 10% of professional development optimally comes from formal traditional courseware instruction and other educational events, a position that typically surprises practitioners from academic backgrounds. It is worth

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mentioning that since it is assumed 70% of learning takes place on the job, it is critical to have confident and credible mentors available on the floor to help employees through the development process. If employees are going to be molded and shaped by those mentors, then it is crucial that practice leaders select the right people and give them the support they need, so they can then mentor the general staff.
• Mentors also need authority that goes along with their mentoring responsibility. You may think of this as latitude or flexibility. For example, if a mentor's communication style is different from yours, or if they take a different approach to teaching the subject than you would, you need to step aside and allow them to develop their own unique style. The outcome is the focus, not the process.



EXAMPLES

• If you have worked in a veterinary practice, you can probably list numerous examples of soft skills that should be mentored and developed in your staff. Therefore, it might be best to use this space to list "examples" of the many benefits of a well-run mentoring program that may be less obvious. These benefits provide the return on investment the practice needs to justify the time and resources committed to the program.
• Mentoring results in a more highly motivated staff, which can in turn more highly leverage the doctors. Doctor time and expertise is the scarcest and most valuable resource in any veterinary practice; thus leveraging the doctors increases practice productivity.
• Practices with highly motivated and engaged staff generally provide a higher level of patient care then those with poorly trained staff.
• Practices with a well-established mentoring program in place generally have a much higher percentage of team members who are cross-trained to fulfill multiple roles within the practice. This makes the practice less vulnerable to the impact of vacations, turnover, and long-term leaves of absence.
• Increasing staff training increases staff satisfaction and productivity, which in turn decreases staff turnover. This is an important factor in improving client retention rates.
• Practices with a well-developed mentoring program in place find it substantially easier to recruit new team members. During even the worst market conditions when some practices had lead times in excess of a year to fill vacant positions within the practice, some practices with a mentoring program in place had waiting lists of candidates who wished to join them.
• A highly trained staff is more capable of providing a higher level of customer service than a poorly trained staff. This results in greater practice profitability as well as an accelerated practice growth rate due to increased word-of-mouth referrals from existing clients.



CAUTIONS

• Mentors should be available for team members at all levels of skill and tenure. It is a mistake to think that only new employees can benefit from a mentoring program.
• There is no role for punishment or negative consequences in a mentoring program. Positive outcomes should be celebrated by the entire team. Negative or poor outcomes need to be evaluated and a different approach taken. It is important to celebrate the attempt to encourage continual effort and commitment on the part of both the mentor and the student.
• Always develop clear goals and expectations with everyone involved. This is one place where an ounce of prevention is really worth more than a pound of cure.
• Establishing deadlines or target dates for specific milestones is important. Even if deadlines are not met, knowing there is a deadline is a motivator for most individuals.
• Do not overwork or burn out your mentors. Mentoring can be emotionally draining work as an individual tries to complete his or her regularly assigned tasks at the same time as being a resource available to others. The strategic development of deadlines can help by giving excellent trainers periods of down time so they can recharge.
• Sometimes, after attempting to mentor several employees, experienced and excellent team members who look like they will be good mentors keep coming up short. It may be time to relieve them of mentoring responsibilities. The practice leadership will need to determine how much time and resources can be committed to developing a mentor before it is decided that he or she is not well suited to this role for whatever reason.



MISCELLANEOUS

• Just as supervisors can receive a supervisory differential in their pay, many practices pay mentors a differential while they are mentoring someone. In many cases, the financial incentive pales in comparison to the value of recognizing the efforts put forth by the mentor.
• Everyone involved in the mentoring program (the mentor, the student, and the leader) should make use of technology to help them achieve their goals whenever possible. The mentor can use various media sources, including DVDs, as well as Internet resources, to help offer guidance. Students can utilize the Internet for research and they can utilize software for making notes and charts. Digital photographs can also be helpful for everything from learning to identify parasites under the microscope to how to prepare an instrument pack for the autoclave. Leaders can utilize software to keep development records and to keep track of important things such as skill charts and deadlines for training objectives.
• Procedure and protocol manuals can be excellent tools that help mentors and students alike by ensuring that topics are taught to the standards the practice leadership has established.

ABBREVIATIONS

IV: Intravenous
SCORE: Service Corps of Retired Executives
VTS: Veterinary Technician Specialist

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3.18. STAFF SCHEDULING OPTIONS



BASICS

OVERVIEW

• One of the most critical and challenging functions of a practice manager is to design a proper staff schedule.
• A properly designed staffing schedule can maximize practice productivity, because it can make it possible for the staff to deliver a consistently high level of customer service and patient care while concurrently managing staffing costs for maximum efficiency.
• Schedule flexibility is one of the most desired benefits by Millennial and Generation X staff members and so it is a key component in staff morale, productivity, and retention. Schedule flexibility may include shift length, ability to trade shifts, split shifts, and enabling staff to work remotely.
• Following the lead of their younger peers, over the last five years more Baby Boomers have expressed a desire to work a flexible schedule.
• Although a properly designed and administered schedule can produce all the previously mentioned benefits, a poorly designed and administered schedule can have the opposite effect on practice operations and bring a seemingly great practice to its knees.

TERMS DEFINED

Exempt: Specific employees may be exempt from the minimum wage and overtime requirements of the Fair Labor Standards Act. Doctors are typically exempt employees.
Fixed Schedule: The scheduling of staff members, their duties, their workday, and workweek are the same (fixed) week after week and do not change.
Hybrid Schedule: This schedule has characteristics of both a fixed and rotating schedule. A typical hybrid schedule may include a fixed weekday schedule with a weekend rotation.
Nonexempt: Staff members covered by the Fair Labor Standards Act minimum wage and overtime regulations. Technicians and receptionists are typically nonexempt employees.
Per Diem: Staff members scheduled one day at a time as needed by the practice. For example, a former staff member hired on a per diem basis may be called in to cover operations during a staff meeting.
Presenteeism: Term that refers to employees who wish to work a large number of hours each workweek, or employees who refuse to take sick or personal time when they are ill.
Rotating Schedule: The staff, their shifts, and their responsibilities rotate. The rotation may be always the same (fixed) or random in nature.
Seasonal Staff: Staff members who work only during a specific season of the year. The most common example is that of college students who have returned to the practice during the summer months and/or holidays.
Skill-Based Scheduling: A method of scheduling based on the known skill sets of individual employees and the needs of the practice. Skill-based scheduling is just beginning to appear in veterinary medicine. The more skill sets an employee has developed, the more flexible their scheduling options. Examples could include ensuring there is at least one assistant with client education skills, restraint skills, and phlebotomy skills in order to support appointments. This type of scheduling ensures all typical tasks can be completed by the staff on-hand, instead of just ensuring an appropriate "body count."
Split Scheduling: This is when an employee works for more than one business unit within a single workday or workweek. For example, a receptionist on a split schedule could work in the general practice from 4 p.m. to 9 p.m. and then move to the emergency practice from 9 p.m. to 11 p.m. to finish her shift.
Split Shift: A shift that contains at least one break that is larger than a meal break. For example, an employee on a split shift may work 8 a.m. to noon, then 4 p.m. until closing. The advantage to the practice is it schedules employees during greatest need, so it uses payroll dollars very efficiently. However, an employee typically needs to live near the practice and have other ways to utilize their time between shifts in order for this arrangement to be a win–win for both parties.
Template: Standard layout of a schedule that can be used to schedule into the future (such as a month in advance) or to speed up the creation of the fixed component of a schedule. Templates simplify schedule creation and allow staff members with fixed or standard rotations to predict their future work schedule in advance.
Workweek: Most often defined as the range of time between pay periods. Sunday through Saturday or Monday through Sunday are the most common workweeks in veterinary practices. By monitoring a nonexempt employee's workweek, you can reduce the necessity for overtime.
Workday: Individual states may define a workday differently. Some refer to it as a 24-hour period that includes a specific block of time away from the workplace, whereas others refer to it as a single contiguous work shift.



ISSUES AND OPTIONS

TOOLS

• There are numerous tools available in the workplace today to assist with the development and maintenance of schedules.
• Handwritten schedules should be obsolete for any practice larger than two staff members.

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• Schedules developed in a word processing program such as Microsoft Word are easier to read than handwritten schedules. Tables can be created, and names can be substituted more easily, but this is still a cumbersome format.
• Calendar software creates easy-to-read schedules and allows for quick and easy revisions.
• Spreadsheets offer all the previously listed features along with the added capability of calculating the number of hours for which a staff member has been scheduled. This feature is important for monitoring the hours of nonexempt employees and employees that have negotiated a minimum number of hours to work.
• Time clock software is available with a wide range of features in a wide price range. Many veterinary practice management software packages include some level of time clock software. Better software packages facilitate the development of the work schedule, and are therefore able to identify tardy employees, potential overtime shifts, and other scheduling trends. Time clock software associated with the practice payroll provider can dramatically reduce the labor involved in payroll processing as well as potential errors.
• Today, practices of all sizes find scheduling software economical and easy to use. Internet-based programs (e.g., www.whentowork.com) are scalable, allow the use of multiple scheduling templates, allow 24-hour access, automatically alert employees of schedule changes, ensure proactive staff budgeting compliance, and support shift trades and time off requests. They also support blanket email communications such as announcing staff meetings, or sending out text blasts to fill open shifts. Most scheduling software facilitates the use of skill-based scheduling and split scheduling as standard features.
• Benchmarks and rules of thumb are valuable tools to aid the scheduling process. A practice can develop their unique numbers based on their history, or they can consult numerous national resources that are readily available. Common benchmarks include full-time equivalent (FTE) support staff/FTE doctor ratio, revenue per FTE support staff member, wages as a percentage of revenue, the number of transactions per employee, etc. Collectively they can help the scheduler determine if existing staff members are stretched too thin, or if they have additional capacity to manage and increased caseload.



EXAMPLES

SAMPLE STAFFING GUIDELINES

• To begin a schedule, it is best to first outline the specific needs of the practice. Your practice may have four exam rooms, for example, which will accommodate two veterinarians each during appointments. How many people are needed at each position within the practice to support customer service and patient care?
• Once you have determined the specific needs of the practice, you should establish guidelines to accommodate those needs. For instance, the number of desired receptionists per shift may equal one more than the number of doctors on duty. The number of exam room technicians may need to be equal to the number of doctors on duty. Taking into account the aforementioned guidelines, if two doctors are on duty, you will need three receptionists and two exam room technicians to support them. You may also wish to have a treatment technician on duty in case any patients are admitted for procedures.
• Staffing guidelines are best developed during staff meetings and not in the middle of busy times. A guideline created during a crisis may be unique to that particular scenario and therefore not helpful to general operations. Staff members tend to remember busy days when they were understaffed; practice leaders tend to remember slow days when they were overstaffed. The real scheduling target should be the sweet spot in the middle.
• Other guidelines may limit the number of new employees in training that can be scheduled during each shift or in each department.
• Staffing budgets may generate guidelines as to how many employee hours can be scheduled each week to efficiently meet practice needs.
• Although most practices do not use true skill-based scheduling, employee skill sets are often figured into the scheduling mix. For example, you might schedule one receptionist with strong computer and telephone skills and one technician with good restraint skills on each shift.

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3.18. STAFF SCHEDULING OPTIONS

• Formal deadlines for posting the schedule and submission of the staff's time-off requests should be communicated to the entire staff; moreover, the entire staff should agree with and comply with established deadlines. For example, a monthly schedule should be posted by the 15th of the previous month. Vacation and continuing education requests should be submitted no less than one month in advance.



CAUTIONS

• Always post written or printed schedules. Avoid verbal schedules.
• Require employees to submit in writing all requests for schedule changes and requests for time off and grant approvals in writing as well.
• To avoid the perception of favoritism (i.e., questions regarding why some requests are approved and others rejected), implement a written protocol that explains how time-off requests are processed and approved. Typical criteria would include the date the request was submitted, the operational needs of the practice, how recently the employee had other time off, and the staff member's length of service at the practice.
• Keep these written requests in each employee's personnel folder for the same length of time you are required to keep their payroll records and time cards.
• If scheduling different departments or groups separately, schedulers should have access to the other related schedules. For example, if scheduling nursing staff, the scheduler should know if one or more doctors are scheduled to be away from the practice during a specific period of time. Staff members that typically work with that doctor should be reassigned to other doctors or functions (such as training) in order to maintain productivity.
• Making schedules work in a busy practice is an art form. Savvy schedulers have very positive relationships with their coworkers in order to get schedule flexibility and buy-in. In many practices the scheduler is not the same person who is in charge of performance management or disciplinary actions as it is hard to issue someone a written warning, then ask them if they can work Saturday morning!
• Offering increased schedule flexibility is a great benefit for staff, but it can dramatically increase the supervisor's workload. Always try to find a balance with which both parties are comfortable.
• Offering scheduling options to staff members is becoming an extremely popular practice and is generally well received by staff. Such options might include five 8-hour days, four 10-hour days, or three 12-hour days with a 4-hour morning or evening shift. Please check with an attorney first to see if there are any state laws that regulate such schedules.
• Plan for contingencies as best as possible. Per diem staff members and employees on call can be two excellent tools to help maintain schedule integrity.
• Presenteeism is a relatively new concept in the business world that actually has two different and distinct meanings:
  ◦ The original definition of presenteeism refers to those employees who wish to work a large number of hours each workweek. They are always asking to cover extra shifts and are the first to offer to work overtime for reasons other than financial need. These individuals are usually workaholics or individuals who are avoiding dealing with specific personal problems such as an uncomfortable personal relationship at home. They tend to be unproductive given the amount of time they are present in the workplace.

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◦ Presenteeism also refers to those employees who refuse to take sick or personal time when they are ill. Instead, they show up at work and try to perform their duties. Research has shown that a team is generally more productive if they are short one worker who is sick, because everyone pitches in to complete the work at hand. If the sick person comes to work, he or she generally performs at a lower level of both work quality and work volume. They also spend time describing their maladies to coworkers and clients, which further decreases productivity in addition to being contagious and therefore likely to infect their coworkers, causing additional disruption to practice operations.



MISCELLANEOUS

• Remember that scheduling needs and scheduling templates should be reviewed on a regular basis to ensure that they continue to meet the needs of the practice as it changes and evolves.
• Because seasonality affects scheduling in most areas, remember to increase staff numbers during the busy season(s).
• Twenty-four-hour practices may have trouble filling specific shifts, such as Friday or Saturday overnights. During these times, a financial incentive called a shift differential is often employed to entice staff members to volunteer to work these shifts. Currently, shift differentials average between 10 and 20% of the employee's regular hourly wage and may be expressed as a percentage of their wage, or as a flat dollar amount per hour.
• If a work group needs leadership during a time when their supervisor is not scheduled, many practices will designate an individual as a shift supervisor. This individual may receive a financial incentive called a supervisory differential, which is similar to a shift differential.
• If your practice is trying to fill a position that requires weekend or evening hours, it is best to state this in the job posting (advertisement) to avoid wasting time with potential candidates who cannot meet practice needs. Many practices have applicants complete a schedule availability form as part of their employment application. Candidates must list when they are not available to work and why. This avoids hiring someone who states they can work anytime, then states they are unavailable due to a prior obligation when they are scheduled to work an evening or weekend shift.

ABBREVIATIONS

FTE: Full-time equivalent

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3.19. STAFF PERFORMANCE EVALUATIONS



BASICS

OVERVIEW

• The major responsibilities for setting performance appraisal tone and climate rest with managers and the human resources department. However, even when managers and human resources do their jobs well, employees who come at the process with a negative or defensive approach are not likely to gain from the process or to prosper over the long term. The constant key is for employees to participate actively and assertively, but to keep a problem-solving mindset, and keep focused on how things can be improved in the future. No matter who initiates it, performance appraisal is about positive, open communication between employee and manager.

• Managing employee performance starts before a new person walks through the door. Your applicants and candidates form opinions of your organization, for better and for worse, all through the application and interview process. People who apply to your company and never receive a response form an opinion about you as an employer, and this public relations experience can color the interaction the ignored applicant has with many other people about your organization.

• Clarity about goals and direction, frequent feedback, and the chance to grow and develop new skills create what the Gallup organization calls an "engaged" employee, and the "engaged" employee is hard to find in organizations these days.

• Gallup's research suggests that you need to hire people who have the talents, skills, behavioral characteristics, and drive that you need because "a person's talents do not change much after he is hired, and a person will improve the most in his areas of greatest talent." Gallup suggests these two criteria will "serve as the blueprint for a new kind of organization. It will be an organization that selects for talent, holds people accountable for performance outcomes, challenges people to reach these outcomes by capitalizing on their greatest talents, and offers people a way to build their careers by building on their greatest talents."

• There are four disciplines necessary for effective performance management:

  ◦ Hold all employees accountable for their local performance outcomes.

  ◦ Teach all employees to identify, deploy, and develop their strengths.

  ◦ Align all performance appraisal and review systems around identifying, deploying, and developing employee strengths.

  ◦ Design and build each role to create world-class performers in the role.

TERMS DEFINED

Performance Appraisal: A system of determining how well an individual employee has performed during a period of time. The appraisal may include some form of a development plan to address insufficient performance and to reward appropriate and exceptional efforts.



ISSUES AND OPTIONS

For a performance appraisal program to work, the system must be designed to give employees clear goals and rate their progress objectively. The most successful rograms typically combine four elements:

• **Regular, informal feedback from supervisors:** Once-a-year evaluations are not enough; employees should receive regular input from their supervisors. These discussions typically focus on day-to-day performance objectives rather than concentrating on the employee's past mistakes or failures. This approach requires supervisors to observe and evaluate their employees regularly and to work closely with individual employees as needed.

• **Performance goals set by employees and supervisors:** Goals may be both short and long term and can cover a wide variety of objectives, depending on the employee's current job responsibilities and future aspirations (see 2.19 – Staff Performance Planning). Identified core competencies should be used to determine future performance goals (see 3.14 – Staff Development). Goals should be specific and quantifiable where possible, such as the completion of a specific project within a set period of time. To help employees meet their goals, supervisors should offer additional training or other necessary support. New performance goals should be recorded, reviewed regularly, and modified as needed.

• **Action plans to address performance or disciplinary problems:** Action plans can be helpful when an employee is experiencing performance problems that need correction. The supervisor should identify and discuss the problems with the employee as they occur and suggest a course of action that may improve performance. The plan should detail the nature of the problem, the steps that both the employee and the supervisor will take to help solve the problem, and the time within which the plan will be implemented. The employee should have input on the plan and suggest changes. Once a plan has been agreed upon, it should be reviewed regularly to make sure the employee is able to implement it successfully.

• **Formal reviews that accurately document the "big picture:"** Ideally, these formal reviews should be done several times a year, although if informal meetings are conducted regularly, you may be able to get away with an annual or semiannual review. Generally, they should not be used to deal with ongoing performance problems. The employee should have been alerted to these during the informal discussions and should be following an action plan to correct them. Instead, the purpose of these meetings is to assess whether goals and any action plan have been met and to determine if the employee is following the right path for career development.

Performance appraisals are not fun. A lot of the time they are agonizing because managers do really dumb things and end up destroying a process that is (or should be) important to everyone. Here are some of the pitfalls that you should avoid when responsible for employee performance appraisals:

• **Pitfall 1:** Spending more time on performance appraisal than performance planning or ongoing performance communication. Performance appraisal is the end of a process that goes on all the time – a process that is based on good communication between manager and employee. So more time should be spent preventing performance problems than evaluating at the end of the year. When managers do good things during the year, the appraisal is easy to do and comfortable, because there are no surprises.

• **Pitfall 2:** Comparing employees. Be careful with this. Although ranking systems and peer reviews are a great component in a review process, having this as your sole review system is a recipe for disaster.

• **Pitfall 3:** Forgetting that appraisal is about performance and not blame. We do appraisals to improve performance, not find a donkey to pin a tail on or blame. Managers who forget this end up developing staff who do not trust them, or even cannot stand them.

• **Pitfall 4:** Stopping performance appraisals when pay is no longer tied to the appraisals. Lots of managers do this. They conduct appraisals so long as they have to do so to justify or withhold a pay increase. When staff hit their salary ceiling, or pay is not connected to appraisal and performance, managers do not bother. Performance appraisal is for improving performance; it is not just about pay (although some think it is only about pay). If nothing else, everyone needs feedback on their job, whether there is money involved or not.

• **Pitfall 5:** Believing the manager is in a position to accurately assess staff. Managers delude themselves into believing they can assess staff

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performance, even if they hardly ever see their staff actually doing their jobs or the results of their jobs. This is not possible – most managers are not in a position to monitor staff consistently enough to be able to assess well. And besides, what manager wants to do that or has the time? And what employee wants their manager perched at their shoulder, watching their every action? That is why appraisal is a partnership between employee and manager.

- **Pitfall 6:** Canceling or postponing appraisal meetings. This can happen a lot, perhaps because nobody likes to do them, so managers will postpone them at the drop of a hat. Why is this bad? It says to employees that the process is unimportant or phony. If managers are not willing to commit to the process, then they should not do it at all. Employees are too smart not to notice the low priority placed on appraisals.
- **Pitfall 7:** Measuring or appraising the trivial. Actually, the easiest things to measure or evaluate are the least important things with respect to doing a job. Managers are quick to define customer service as "answering the phone within three rings," or some such thing. That is easy to measure if you want to; what is not easy to measure is the overall quality of service that will get and keep customers. Measuring overall customer service is hard so many managers do not do it. But they will measure trivial things.
- **Pitfall 8:** Surprising an employee during the appraisal. If you want to really waste your time and create bad performance, this is a guaranteed technique. Do not save up mistakes made during the year and then suddenly reveal them at the appraisal meeting. Far better to talk to staff during the year and deal with mistakes as they occur.
- **Pitfall 9:** Thinking all employees and all jobs should be assessed in exactly the same way using the same procedures. Some people need specific feedback; some do not. Some need more communication than others. And, of course, the jobs are all different. So, why do some managers insist on evaluating the receptionist using the same tools and criteria as the veterinarians in the office?



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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3.20. STAFF TURNOVER AND RETENTION

BASICS

OVERVIEW

• No matter how competent a veterinarian you may be, your success as a doctor and/or as a practice owner depends on the staff around you.
• Locating, interviewing, and training new staff members represents a significant cost – one not measured solely in dollars, but also in time spent that takes productive employees away from doing their regular jobs.
• There can be many reasons why team members choose to leave a practice, and the reason given may not be the real explanation.
• Identifying the most likely causes of staff turnover helps you avoid and/or solve staff problems before they lead to the loss of good employees.
• Many of the factors most critical to staff retention are low-cost or no-cost motivators.

TERMS DEFINED

Emotional Intelligence: The ability to sense, acknowledge, and value feelings, in ourselves and in others, and to respond appropriately to these feelings.
Expectancy Theory: An explanation of employee behavior based on the belief that people choose behaviors they see as leading to outcomes (pay, recognition, self-satisfaction, etc.) that are attractive to them at the time.
Job Enrichment: A method of making work more satisfying by expanding the tasks to increase not only their variety, but also the employee's responsibility and accountability.
Motivators: Factors that create change in an employee's behavior, making his or her actions more consistent with or complementary to the practice's needs.
Staff Turnover: The rate at which workers leave a workplace and need to be replaced by new employees.

ISSUES AND OPTIONS

• Motivating other people is an exercise in frustration – people motivate themselves. You cannot motivate somebody else; you can only provide the opportunity and the environment to enable them to choose different behaviors in anticipation of an outcome they see as more rewarding (see 2.5 – Motivating the Healthcare Team).
• Promoting self-leadership describes creating an environment that puts people in control of their own lives, based on the notion that leaders become more powerful when they give their power away.

WHAT DO EMPLOYEES VALUE?

• If you answered "money" as your first choice, you are only partially right. Money is at best a neutral factor. A severely underpaid employee who constantly cannot make ends meet may have to find another job or profession just to survive. Yet many long-term employees in veterinary practices across the country have been underpaid for years, even in relation to their peers in other practices, yet they stay. Why?
• Maslow identified a hierarchy of needs and suggested that people's needs change as each level is satisfied, much like climbing the rungs of a ladder (see Figure 3-20-1).

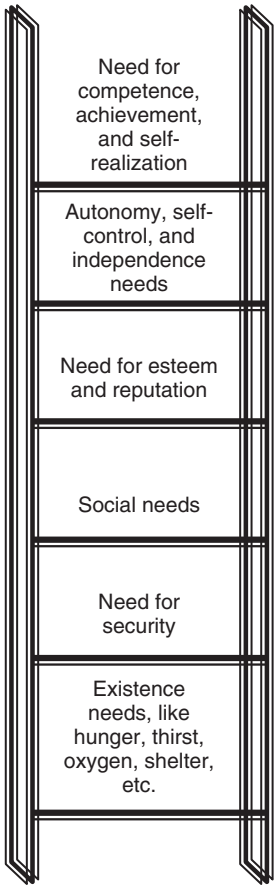


Figure 3-20-1.

Climbing up the Ladder of Human Needs, based on Abraham M. Maslow's needs hierarchy.

• Unless an employee's lower level needs are met, he or she will not be particularly interested in self-realization. But once basic needs are satisfied, the rungs further up the ladder become more inviting. For some employees, satisfying existence and basic security needs takes far more money than for others. But once a level of financial security (as defined by the employee) is reached, respect, autonomy, and self-realization become more effective motivators than money.
• Stated differently, a satisfied need is not motivating. Once you have eaten enough food to feel satisfied, the opportunity to obtain more food will not be motivating. Similarly, giving a raise to an employee who already feels financially secure will not motivate that employee for very long, if at all.
• A study by the Society for Human Resource Management (www.shrm.org) relating to job satisfaction in the United States found that employees place the most importance on job security.[1] That was true for 63% of all employees, both male and female, who rated that factor "very important." Just a few years ago, work-life balance was at the top, and now ranks only tenth, with only 38% rating that factor "very important."
  ◦ The aspect rated second in the same survey was having opportunities to use skills and abilities. Employees often have talents that are not required for their position, but they would like to be able to use those in the workplace.

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◦ Financial stability of the organization and relationship with the immediate supervisor were tied for third, with 55% of respondents labeling these as very important. Especially in turbulent times, employees value the comfort of having a steady job. But even during periods of prosperity, many staff members find comfort in staying out of the job market. But equally important was having a strong relationship with their supervisor, noting that those employees are more engaged in their work.
◦ Fourth on the list was compensation/pay. No doubt money and benefits are important, but do not lose track of the fact that three other factors were more important to the survey participants.
◦ What is more, employees who quit will often cite money as the reason even when that is not the real cause. It is easier to give notice and resign purportedly because of money than over lack of respect, unequal treatment, harassment, lack of trust, and other more sensitive issues.
◦ Nearly half of employees surveyed (49%) mentioned recognition by management as a source of job satisfaction. As a leader, catch someone doing something right and praise them for a job well done. Even if you are not in management, you can still commend a coworker for handling a difficult client well or pitching in during crunch times. Everyone likes to be appreciated; just do not do it so often and so flippantly that your comments seem forced or insincere. Say it when you really mean it!

THE VOLUNTEER PHILOSOPHY

• An interesting way of viewing staff motivation and retention is hypothetically to remove the concept of money as a reward. If you were running a volunteer organization and you needed people to offer their time to further your goals and mission, how might you recruit them and thank them for their efforts? A couple of thoughts come to mind:
◦ First, you would have to be able to describe your group's mission and purpose in a way that encouraged volunteerism; that is, describe how the work would improve humanity, result in better health or welfare, and increase the opportunities available for the targeted public, for example. The same is true for a veterinary practice's mission, and your staff already believe in the human–animal bond, animal welfare, and quality medical care. As a leader, you need to understand and communicate the connection between those goals and the daily work in your practice.
◦ Second, you would have to offer non-monetary rewards that would encourage continued participation in your volunteer group. Those might include verbal appreciation, a plaque or a certificate, or a letter acknowledging the time and effort the volunteer has committed – all fairly inexpensive rewards. If you had some additional money, you might consider a pin or pendant with the organization's logo or an annual pizza party.
◦ Third, you would try to be very creative about acknowledging your staff's efforts as frequently as possible while using the least amount of money. For example, finding ways to make the workday fun by posting cartoons or sharing humorous stories might increase volunteer enthusiasm. You would also understand that if your workers felt unappreciated or disengaged, they could just as easily volunteer their time elsewhere.
◦ Finally, you would know that if you violated their trust, made their work lives too difficult, or belittled their efforts, they would move on without hesitation. Therefore, you would be sure never to do that.
• Consider how these same principles apply to a veterinary practice. In reality, employees are volunteers – we outlawed slavery long ago. Even though you pay them for their services, they always have a choice, and the best employees have the most choices. Be sure you acknowledge their efforts in a meaningful way; a paycheck alone won't do the job.

INTERVIEWING TO REDUCE TURNOVER

• Reducing turnover starts in the interview process (see 3.7 – Effective Staff Recruitment and 3.8 – Screening Potential Hires). Be honest when you describe the job. For example, some applicants apply because they love animals, but quickly become disillusioned when they find out that even the best veterinarian cannot cure all diseases and repair all damage.
• Be realistic about the practice's expectations for the position. If the job requires carrying heavy bags of dog food, say so. If promptness is required because the employee will often be the first to arrive in the morning, stress that in the interview.
• If employees are required to wear smocks or polo shirts with the hospital's logo, or if they are required to wear name tags at all times, tell the applicant that in the interview. But also tell them why doing so improves the practice's image.
• Look for people in other service positions (wait staff, retail clerks, cashiers, etc.) who demonstrate strong customer service skills. Ask them to apply at your hospital.
• Prepare a list of interview questions ahead of time. Try to ask open-ended questions; that is, questions that require more than a "yes" or "no" response. For example, ask what the candidate liked best about their last job. Or ask them to describe a circumstance where they had to deal with an angry client or customer and how they handled the situation.
• Interview for emotional intelligence (see 2.15 – Emotional Intelligence). Every veterinary practice needs employees who are empathetic – people who understand and manage their own feelings and can recognize and respect the client's and coworkers' feelings as well.
• Interview to find people who understand and can describe the human–animal bond and who feel strongly about providing quality medical care and exemplary client service.
• Keep in mind that skills can be taught, but attitudes are harder to change. Nonveterinarian candidates with strong customer service orientations who demonstrate reliability and enthusiasm can be trained to do most of the tasks in your practice. Similarly, veterinarians who have strong technical skills may lack the interpersonal skills needed to succeed. Be wary about how much you can change an employee who does not want to change.
• Encourage team members to participate in the recruiting process. That might include recommending friends as potential candidates, designing interview questions, defining job expectations, interviewing potential employees, and ranking competing candidates. Employees who participate in the recruiting process and have a hand in selecting their coworkers are much more likely to help the new person succeed in the job.

TRAINING AND INTEGRATING NEW EMPLOYEES INTO THE PRACTICE

• Develop and implement a thorough training program (see 3.10 – Staff Training). Trial by fire (an all-too-common training approach in veterinary practices) does not help new employees succeed. Expect to spend a minimum of several weeks of ongoing training on different topics, with each new skill, task, or procedure a logical extension of what has already been learned.
• Consider assigning a mentor to each new employee (see 3.17 – Mentoring). Encourage the mentor to explain each task, demonstrate it, and then allow the new employee to take a turn. He or she should be available to assist, if needed, or to answer questions, but do not let the mentor do the new hire's job forever! Some people learn by watching, and others only learn by doing.
• Do not overlook the importance of sharing the owner(s)' vision for the practice (see 14.9 – Mission and Vision Statements). Effective leaders take the time to describe their vision of the practice's future in such clarity and with such regularity that their followers want to go along. That requires regular interaction with both new and existing employees.

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3.20. Staff Turnover and Retention

• New employees going through training likely bring experience from other hospitals or other jobs. Encourage questions and observations about the practice's policies and procedures, and be open to suggestions. The best veterinary practices are always trying to improve themselves, and often good ideas come from outside the practice. So do not discount suggestions solely because they come from a new hire.
• Encourage new employees to critique the training process itself. If there are gaps in the training or if a different approach might have worked better, these are the people who will know.
• Rotate the mentoring process among employees. Do not expect one receptionist or one technician to be responsible for training all their coworkers. Different people have different training styles and will find a comfortable fit with different new hires. There also is no better way to learn something than to teach it, so mentoring offers a great way to brush up on skills and review existing procedures.
• Do not overlook the benefit of cross-training employees. That means having receptionists work in the back periodically and having technicians/nurses spend some time up front. Front office/back office conflict is rampant in veterinary practices as each group feels that the other one is making their lives more difficult. Cross-training allows each group to experience what the other group's workday is really like. Although practices sometimes hesitate to take the time to cross-train team members, the benefits are great. Not only can different employees cover for one another when needed, but they also develop a much greater understanding of the difficulties each group faces. There are no easy jobs in a veterinary practice.

BUILDING AND RETAINING KEY EMPLOYEES

• Once training is complete, do not allow good employees to become bored with repetitive tasks, lack of recognition, and a scarcity of challenges. Consider job enrichment, which might be achieved by putting a technician in charge of a task force to investigate a new equipment purchase, having a receptionist "secret shop" the competition, or asking a doctor to develop a training program for technicians about identifying dental or skin problems.
• Empower employees by sharing information, involving them in practice issues, and encouraging them to improve internal procedures. Do not lose track of the fact that empowering employees generally means depowering owners. Do not be afraid to give up both the responsibility and the authority in selected areas, and do not expect a team member to take ownership of a task if someone in management is constantly second-guessing them.
• Beware of the annual performance review (see 3.19 – Staff Performance Evaluations). Historically, these consist of a written evaluation form that purports to measure the employee's overall performance since the last review, followed by a face-to-face discussion of the form. In reality, the people filling out the form must rely on their memories (not a good idea) or on notes made at the time of a specific event (a better idea, but likely to focus on bad behavior). The reviewer's comments, therefore, tend to highlight recent events (given the short memories we all have) and negative events (which, while memorable, should have been dealt with in a timely fashion and do not need to be rehashed months later).
• There should be nothing in the performance review process that comes as a surprise to the employee. Problems should not be allowed to drag on, and issues with attendance, client service, and communication within the hospital are too important to go unchanged for days or weeks, let alone months.
• Good employees will only remember the negative comments or "suggestions for improvement" in the performance review. Given that some reviewers believe that everyone needs suggestions for improvement, it is not surprising that many employees dread the annual review.
• Praise in connection with an annual review is nice, but it does not have the impact that immediate feedback would have had. Consider using performance review interviews not to focus on past performance, but to explore the employees' expectations of themselves and of the practice for the next year. Encourage feedback about job satisfaction, barriers to efficiency, or new opportunities to explore.
• Work with the employee to develop a timeline for learning new skills or taking on new tasks (see 3.14 – Staff Development). Consider having the employee outline these in writing and then have the hospital administrator mail a copy to the employee's home halfway through the year. This serves as a reminder and an opportunity for the employee to assess his or her progress toward the goals.
• Encourage team members to set goals that will answer this question: How have I become a better person and a more valuable team member over the last year?
• Develop a reward system that rewards the behavior the practice actually desires (see 3.4 – Employee Bonus Criteria). Historically, businesses have rewarded longevity; that is, each year an employee stays with the company, a raise is given. Viewed somewhat differently, that system is actually rewarding team membership and/or attendance by showing up for work for another year. Just because an employee has stayed does not necessarily mean that that employee is more valuable to the business than before. In fact, in the absence of job enrichment, long-term employees tend to get bored and may actually coast from year to year. A better reward system is one that offers raises when employees master new skills, get new credentials, or take on additional responsibilities – all things that can be negotiated and planned for as part of the review process.
• Consider implementing wage bands in the practice – that is, a system whereby each position (front desk staff, for example) has a low and high compensation level, with intermediate steps in between. New hires generally start at the bottom of the range and then work up as they earn raises over time. At some point, however, each will reach the top end of the bands for that position, in which case only overall cost of living raises will increase pay. To continue to get increases, an employee must learn new skills and take on new tasks, effectively moving into a different position with its own wage bands. That avoids the all-too-common scenario of a long-term employee who is doing the same job as 10 years earlier, but is now very highly paid and perhaps very stagnant.
• Include staff members in the decision-making process about issues that will directly affect them. For example, if you are changing practice management software, put together a task force to explore the options, determine the needs and costs, and make a recommendation to leadership. Doing so permits the employees to "buy in" to the entire process and allows them to become champions for the new system by being knowledgeable about its features.
• Encourage team members to offer suggestions for improving their jobs and the practice overall. They know what works and what does not work well within the practice, perhaps better than leadership ever can. Team members are full of good ideas and valid suggestions, but they need to understand that their ideas are respected and encouraged.
• The most valuable employees are those who are reliable, communicate well with coworkers and clients, and are capable of working independently. For leaders, that requires setting high expectations for team members as well as for themselves. Expectations subtly become realities, which can be both good and bad. If the practice is willing to settle for average employee effort, that is likely just what will happen. Fortunately, the opposite seems to be true as well: expecting high performance encourages it.
• Leaders get the best performance from others when they hire good people, give them good training, and then get out of the way. A key part of leadership's job is to remove barriers that impede efficiency, not to create those same barriers.
• The best veterinary practices demonstrate a sense of teamwork that is almost palpable when you walk into the hospital (see 1.11 – Functioning as a Healthcare Team). The atmosphere is relaxed, but not

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sloppy; each person knows what needs to be done and does his or her part in making it happen, and everyone puts the client's and the patient's needs above their own. Over and over, the employees at those practices state that they enjoy coming to work, they feel appreciated, and they believe they are making a difference day to day in someone's life. When that is what it is all about, it is no wonder that turnover is low.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

Reference

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3.21. EMPLOYEE MANUALS



BASICS

OVERVIEW

• Employee manuals or handbooks are commonly used by employers in businesses of all sizes to serve as a positive employee relations and communications tool. Although employee manuals are often a necessity for large employers, smaller employers should carefully weigh the costs versus benefits of undertaking the creation of an employee manual.
• Costs of creating an employee manual include the initial time involved in creating a manual and legal review of the manual. Legal review is not mandatory for an employee manual; however, if the manual is not reviewed, another cost must be considered – the cost of a lawsuit arising out of unlawful policies or wrongful termination.
• The biggest benefit of constructing an employee manual is positive employee relations. Employees know what is expected of them and what they can expect from the employer. A well-drafted employee manual can also reduce the number of lawsuits arising from employees because there are no surprises in the employment relationship.
• Employee manuals should be written in clear, concise language that is easy for employees to read and understand.
• Employee manuals should avoid an authoritarian tone. Remember, the true purpose is to create a positive employee environment and outline clear expectations through communication of policies.
• Each employee should be provided with a copy of the employee manual upon being hired. Additionally, any time the employee manual is revised the employee should be given a new copy of the manual or a copy of the revisions to be inserted in his or her original manual.

TERMS DEFINED

Employment-at-Will Relationship: The most common form of employment relationship between an employee and an employer. Under this type of relationship there is no contract between the employer and employee; the employee may quit at any time or the employer may fire the employee for any reason that is not illegal. For example, an employer may fire an at-will employee for poor performance, to cut costs, or because the employer simply does not like the employee, but may not fire an at-will employee for discriminatory reasons, to retaliate against the employee for reporting harassment, or because the employee exercised a legal right.
Family and Medical Leave Act (FMLA): Federal law that allows certain employees to take up to 12 weeks of unpaid, job-protected leave each year for the birth and care of a child, for placement with the employee of an adopted or foster child, for the employee's own serious health condition which causes them not to be able to work, or to care for a serious health condition of a child, spouse, parent or next-of-kin military service member.
Just-Cause Relationship: A relationship between an employer and employee in which the employee can only be disciplined or terminated for a sufficient reason (some examples are misconduct, negligence, or theft). In a few states and in some situations employers must at least show just cause for terminating an employee. For example, if an employer punished an employee without just cause, a Court can order the employer to compensate the worker. Just cause is legal jargon for a legitimate business reason, such as wrongdoing on the employee's part. Just cause is often a matter of interpretation by the courts. (There are also three major exceptions to the at-will relationship. States have chosen to adopt none or any number of these exceptions. For example, the majority of states have a public policy exception which protects employees from being fired for such things as refusing to break the law or filing a workers' compensation claim.)
National Labor Relations Act (NLRA): Federal law that grants employees the right to organize and bargain collectively with their employers (the most common means is through a labor union).



ISSUES AND OPTIONS

The following policies and statements are typically included in an employee manual:
• Introduction to the company and its mission, vision, and values (see 14.9 – Mission and Vision Statements). This section may also include a history of the company.
• Disclaimer of contract relationship. This states that the employee is an at-will employee and the employee manual is not intended to create a contractual employment relationship between the employer and the employee.
• Equal Employment Opportunity (EEO) statement. A statement by the employer that employment decisions are not based on race, age, sex, religion, national origin, color, veteran status, marital status, gender information, or disability.
• Performance standards and professional behavior standards including:
  ◦ Attendance and punctuality
  ◦ Hours of work
  ◦ Personal appearance
  ◦ Standards of appropriate conduct
  ◦ Social media standards of behavior
  ◦ Health and safety rules
  ◦ Drug- and alcohol-free workplace policy
  ◦ Smoking policy
  ◦ Harassment and discrimination policy (sexual harassment policy is required for all employers)
  ◦ Workplace violence
  ◦ Discipline procedures.
• Employee pay and benefits including:
  ◦ Vacation, sick time, holidays, personal days and/or paid time off
  ◦ Retirement and pension
  ◦ Health and life insurance
  ◦ Timekeeping procedures and overtime policy.

  Note: Be sure to distinguish any differences between full-time and part-time eligibility for benefits.
• Acknowledgment of receipt. A statement signed by the employee acknowledging the receipt of the manual and agreeing to abide by the company's policies. The employer should ask that the employee sign the acknowledgment upon receipt of the manual; the signed acknowledgment should be kept in the employee personnel record (see 3.27 – Personnel Records). This may be combined with the employment-at-will disclaimer.

Employee manuals also need to include certain policies as required by state and federal law. Such policies include: Family Medical Leave Act (FMLA), nondiscrimination, and sexual harassment reporting procedures. Legal counsel should be consulted to determine which policies need to be included in employee manuals in any particular state and for your organization. For example, FMLA does not apply to private employers with fewer than 50 employees.

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EXAMPLES

The following is sample language of a receipt of acknowledgment combined with an at-will disclaimer:

> *I have received and read a copy of the [company name] Employee Manual. I understand that the policies, rules, and benefits described are subject to change or may be revised based on the company's particular circumstances or a given situation. I understand that [company name] is an "at-will" employer. What this means is that the company is free to end the employment relationship at any time, with or without notice, with or without cause, and that my employment is for no specified period of time.*



CAUTIONS

EMPLOYMENT-AT-WILL VERSUS JUST-CAUSE

• One of the most common issues employers run into when creating an employee manual is unknowingly creating an employment contract or "just-cause" relationship. In other words, the employer creates an obligation to terminate employees only for a sufficient reason. Unfortunately, the courts and employers do not always agree on what constitutes a sufficient reason. Maintaining an at-will-employment relationship decreases the potential number of lawsuits that could be filed by terminated employees.

• While most employers do not terminate employees for anything other than what they view as a sufficient reason, it is important that an employer maintain the right to terminate an employee if the employee is not working out as well as anticipated. This is especially important for smaller employers where flexibility and a cohesive work environment are essential.

WAYS TO AVOID CREATING A JUST-CAUSE RELATIONSHIP WHEN DRAFTING AN EMPLOYEE MANUAL

• It is important not to fall into the trap of creating a just-cause relationship when drafting an employee manual. The easiest way to do this is to draft a disclaimer at the beginning of the manual and on the Acknowledgment of Receipt (see "Examples"). By including this disclaimer, the employer reserves the right to terminate the employee for any reason that is not illegal, without notice.

• When describing the disciplinary and termination process in the manual, avoid stating that employees may be terminated only for cause. Avoid using terms such as "for cause," "just cause," "proper cause," or "good cause." Use of these terms can turn an employment-at-will relationship into a just-cause relationship.

• Avoid referring to probationary periods in the manual. By referring to probationary periods, the employer implies that after the probationary period, the employee can only be terminated for cause.

OTHER CAUTIONS

• Employers should use care in following the policies outlined in the employee manual. Policies and manuals that are not adhered to and practiced in day-to-day operations are not worth the paper they are written on and will do little to protect an employer if litigation arises. Alternatively, a well-drafted manual that is followed in everyday practice can offer some protection against employment-related lawsuits. An example is sexual harassment cases involving supervisors. If the company has the legally required, well-drafted, well-communicated workplace harassment policy (see 13.15 – Workplace Harassment), the law provides an affirmative defense to employers who can show that such policy is maintained and followed.

• Different states have different laws governing employee manuals. Careful consideration should be given to state and federal laws when constructing or revising an employee manual.

• Employee manuals should not contain any prohibition on employees discussing wages, benefits, or terms or conditions of employment with other employees or non-employees. Such prohibitions have been found to be in violation of employees' rights under the National Labor Relations Act, and are therefore unlawful.

• It is a good idea to reserve the right to modify the manual, because it is impossible to anticipate every situation that may occur in the future. Labor and employment laws are constantly changing. All employee manuals should be reviewed on a regular basis by legal counsel to determine whether revisions or updates should be made. It is important to remain flexible and be open to modifications as needed. The employee manual should include language that reserves the right to make changes. When changes are made and new manuals or supplements are distributed, the employer should ask employees to sign a new or updated Acknowledgment of Receipt.



MISCELLANEOUS

ABBREVIATIONS

EEO: Equal Employment Opportunity
FMLA: Family and Medical Leave Act
NLRA: National Labor Relations Act

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N/A

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3.22. MEASURING YOUR HUMAN RESOURCE (HR) PERFORMANCE



BASICS

OVERVIEW

• Human resource (HR) management is about people – attracting potential employees to the practice, hiring the right ones, training them, retaining them, and, when necessary, letting them go without creating unnecessary trauma for either the employee or the practice.
• In virtually every kind of business, on some occasion or another, the top executive stands in front of the assembled workforce and says, "Our people are our greatest asset!" Cliché though this is, it is 100% true.
• Veterinary medicine is no exception. Its employees are the primary key to success in both medical/surgical care and in profitability.
• People management, however, is often the area in which small business owners make the most mistakes. Managing people well is a difficult job, and one in which most veterinary practice owners receive little to no training.
• Solid HR management begins with effective leadership.
• The HR function can be loosely divided into five areas, each of which needs its own scorecard to determine its effectiveness:
  ◦ Basic workplace policies
  ◦ Staffing
  ◦ Compensation and benefits
  ◦ Training, developing, and retaining employees
  ◦ Regulatory issues.

TERMS DEFINED

Human Resources: Also called human capital, the people who work for and operate an organization.
I-9: A US Citizenship and Immigration Services form called the "Employment Eligibility Verification" form to confirm employment eligibility in the United States.
W-4: Internal Revenue Service (IRS) form called "Employee's Withholding Allowance Certificate" used to determine the amount of federal taxes in the United States that the employer will withhold from a person's paycheck each pay period.



ISSUES AND OPTIONS

IT ALL STARTS WITH LEADERSHIP

• Are all management personnel within the practice committed to the importance of good employee management? This is a top-down commitment. First and foremost, the practice owners must believe in the value of every member of the hospital staff and be dedicated to managing fairly and effectively (see 2.12 – Leadership).
• Have all practice owners, doctors, managers, and supervisors received training in effective leadership, communication, and management skills? Is this training updated regularly? For most people these are learned, not innate, behaviors; good technical skills do not translate into good management skills.
• Do all management personnel have the time and resources to deal with HR issues effectively? HR activities and issues take time. On every manager's job description, "HR Management" needs to appear as a major topic, with the specific HR functions required of that position detailed.

THE HR SCORECARD

The following questions provide a scorecard for evaluating the state of HR in the practice. You are doing a good job if you (1) know the reason for the questions in each of the following sections, and (2) can readily provide the answers or the required information. Zeros on the scorecard indicate the areas for immediate attention.

Basic Workplace Policies

Just as written protocols and procedures are essential to the medical side of the practice, written HR policies and procedures are essential to the employee side.

Questions to ask and answer include the following:

• Does the practice have a written, complete, up-to-date employee handbook that describes all HR policies and procedures (see 3.21 – Employee Manuals)?
• Does the practice have signed compliance statements from all employees indicating they have read and understood the manual and agree to abide by the policies of the practice?
• Is a review of the handbook scheduled every six months or whenever a major policy change occurs? Updating is easy when it is done frequently.
• Is the handbook attractive, something you would want to open and read – no worn out copies of copies? Produce only the number of copies you will need at present and within the next few months and make it easy to read and understand.

Staffing

In staffing, it is much, much better to get it right the first time than to have to deal with an employee who is not qualified for his or her position or lacks the personal skills to fit into the practice (see 3.7 – Effective Staff Recruitment).

Termination is not only stressful for everyone, but it is very expensive, especially when you consider that you will have to start the hiring process over and duplicate the investment that you made in the departing employee (see 3.28 – Terminating Staff).

Questions to ask and answer include the following:

• Do you have current, accurate job descriptions? Job descriptions are invaluable in the hiring process as well as in future management of the team. A job description is essential for every position in the hospital. It includes the title of the position, the title of the position to which this position reports, the major duties of the job, and the education, skills, and abilities (technical and interpersonal) necessary for successful performance of the duties.
• Do you ensure that job descriptions are updated annually or when the job duties change, and that the people who do the job participate in writing the description?
• Does the practice have an effective method for attracting potential employees to the hospital (see 3.7 – Effective Staff Recruitment)? This could be through local newspaper adverts, college recruitment offices, online resources, local veterinary association publications, word of mouth, and so on. In general, the more of these sources a practice uses, the more likely it is to find good candidates.
• Who does the hiring in the hospital? What training have these individuals had in effective interviewing and hiring skills and in the laws governing hiring and the hiring process?
• Are standard forms in place to help with the hiring process? In addition to job applications, interview documentation and candidate comparison forms help make the selection process more effective.
• If pre-employment testing is used (see 1.15 – Personality Profiling), are the tests nondiscriminatory, administered to all candidates, and related only to job skills?
• Are references checked on all candidates? Has the person who checks references been trained in how to effectively collect this information?
• Are a completed W-4 (Employee's Withholding Allowance Certificate) and I-9 (Employment Eligibility Verification Form) collected from each new employee? If the state has new-hire reporting requirements, are these adhered to?
• Do you maintain personnel files for each employee in which all important hiring and employment information is kept?

Compensation and Benefits

Compensation and benefits become increasingly complex each year (see 3.1 – Compensation, 3.2 – Benefits, and 3.3 – Wage and Benefit

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3.22. MEASURING YOUR HUMAN RESOURCE (HR) PERFORMANCE

Summaries: The Whole Package). It is important to stay current with what is going on, not only in local veterinary practices, but also in other businesses in your area.

Questions to ask and answer include the following:

- Is the compensation structure based on specific principles designed to attract and retain the right people, or are salaries and raises decided haphazardly?
- Are compensation and benefits competitive not only with other veterinary practices, but with other businesses in the area?
- Is there a correlation between job performance and pay?
- Is the compensation structure reviewed each year to ensure the appropriate people are being paid the appropriate amounts?
- Are compensation policies in line with state and federal law?
- If the practice gives bonuses, are they accomplishing what they are meant to accomplish (see 3.4 – Employee Bonus Criteria)?
- Is the benefit package successful in attracting and keeping the type of people the practice needs?
- Has information about the benefits offered by the practice been communicated to all employees?
- Is there a designated person in charge of administering benefits? Does this person have a detailed working knowledge of the various benefits the practice offers, when employees are eligible, and the legal requirements for administration of the benefits?
- Are up-to-date, accurate records kept for each employee listing the benefits they are eligible for, sick time and vacation time used and accrued, and other details?
- Does a knowledgeable person review the benefits offered each year to evaluate their cost and usefulness in attracting and keeping employees?

Training, Developing, and Retaining Employees

In addition to pay and benefits, employees are also looking for other things in their work environment: opportunities to learn and grow, reasonable job security, pride in the company and their contributions, recognition, fair and open treatment, and a friendly work environment (see 3.14 – Staff Development and 2.1 – Workplace Management).

Questions to ask and answer include the following:

- Does the practice have an organizational chart (see 2.2 – Organizational Charts)? Even a small practice will find this very useful in making reporting relationships clear. Most people who work in a veterinary practice have more than one boss. The first is the owner of the practice (or perhaps a practice manager), but they are also expected to do what the doctors ask them to. Who is the primary person the staff member reports to? Who mediates conflicting demands on the employee?
- Has the practice performed a formal assessment of the skills it needs its employees to learn and how best to accomplish this?
- Does the practice offer a solid new-hire orientation program as well as formal new-hire training (see 3.9 – Staff Orientation and 3.10 – Staff Training)?
- Does the practice offer regular in-house and off-site training programs for all staff members?
- Are employees given the time and resources necessary to do their jobs to the best of their abilities?
- Does management regularly praise and encourage employees?
- Does the practice give performance evaluations on a regular basis (see 3.19 – Staff Performance Evaluations)? Do the employees know how they will be evaluated and what the most significant criteria are? Have they seen a copy of the evaluation form?
- Is employee satisfaction measured?

Regulatory Issues

This is the legal side of HR and it is what local, state, and national governments require from your business. Employment law covers everything from employee payroll taxes to nondiscrimination requirements to Occupational Safety and Health Administration (OSHA) to profit-sharing plan requirements.

Questions to ask and answer include the following:

- Are all management employees knowledgeable about the basic HR-related laws and regulations?
- Does the practice administer its benefits in accordance with the law and benefit plan regulations?
- Does the practice properly withhold and submit to the appropriate government agency both employer and employee payroll taxes?



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

HR: Human resources
I-9: Employment Eligibility Verification Form
OSHA: Occupational Safety and Health Administration
VMA: Veterinary Medical Association
W-4: Employee's Withholding Allowance Certificate

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N/A

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3.23. OFFICE POLITICS



BASICS

OVERVIEW

- Whenever there are more than two people in a workplace, office politics result, whether you are aware of it or not.
- Office politics usually involves covert power plays, such as hoarding or distorting information for the purpose of getting "in" with the boss, or with other employees, for advancement of a personal agenda.
- The symptoms of office politics are usually manifested as sly personal attacks, hurtful gossip, barbed humor, passive resistance, lack of respect, lack of cooperation between team members, and poor morale.
- People need time to socialize a little at work, and affinity subgroups of employees naturally form. This becomes "office politics" when the subgroups become exclusive or engender a "them versus us" mindset that divides the hospital team.
- Practice policies that promote team values, fairness, and open communication can do a great deal toward minimizing office politics.
- Ignoring office politics or failing to address it only encourages it.
- It is the veterinarians' and the management team's responsibility to role-model the desired professional behavior and to be consistent and fair in their treatment of all employees.
- Showing favoritism encourages office politics. The "favored" employee may abuse his or her power; other employees are certain to resent the unfair treatment and may retaliate by showing noncooperation, or by secretly causing problems for the "favored" employee.
- Office politics are particularly treacherous because they are often covert and difficult to pinpoint. They usually take the form of rumors or lack of cooperation rather than overt sabotage, which also can occur.
- Office politics are all but impossible to eradicate, but can be managed. The goal is to foster a healthy, fair, working environment. Start with preventive medicine:
  - Is there a hospital policy stating that teamwork and cooperation are practiced here? Office politics have a difficult time thriving in a teamwork environment where people value each other and treat one another with respect.
  - Discuss appropriate ways for employees and associates to put forward ideas so that employees feel welcome to contribute and have a method of dealing with grievances, rather than feeling shut down. Some practices have successfully used suggestion boxes, but a better way is to create an open environment in which staff members feel comfortable sharing problems and asking for help.
  - As a first line of defense, set the expectation that individuals will calmly work out their differences with one another and confront poor behavior from other employees in a professional way.
  - If this fails, provide a procedure to document the problem in writing so that staff members can take it to their manager. If the problem is the manager or the practice owner, provide a procedure so that the employee can be safely heard. Failure to do so encourages employees to find less responsible ways to address problems, or they may become frustrated and leave.
  - Set leadership expectations that the doctors and managers must act as role models for constructive behavior. They must follow the guidelines consistently in their own conduct and in how they treat others who bring issues to their attention (see 3.24 – Conflict Resolution).
- Consistently reward appropriate behavior, and punish behavior you do not want in order to build the culture that you want.
  - To reinforce the workplace values you desire and to build the culture you want, it is important to discuss specific examples of desired behavior and celebrate successes that support the values you desire in your workplace. For instance, individuals should be commended when you see examples of employees successfully working out differences rather than gossiping about them. When the hospital team accomplishes a goal together, celebrate the successful teamwork accomplishment at staff meetings. This lets employees know the kind of behavior that is valued in your practice.
  - It is important for the leadership team to be consistent in addressing problem behavior. This can be a challenge. For instance, it is not unusual that a highly trained individual, or group of individuals, may start to feel "above the law." Symptoms of this are evidenced when the individual or group starts breaking rules or abusing privileges – disappearing for long periods of time, coming in late, refusing to work on weekends or holidays, and/or showing disrespect to others whom they perceive to be less important than themselves. No matter how "important" the individual is, this behavior cannot be tolerated and must be addressed even if you risk losing the employee or group members who are perpetuating it.

TERMS DEFINED

Office Politics: When an individual or group tries to circumvent the system to gain privileges or power by manipulating events or other people to their advantage, usually in an underhanded manner. This works against teamwork and fairness in the workplace.



ISSUES AND OPTIONS

- Office politics flourishes in environments where it is ignored and/or where employees feel they have no options or do not know how to achieve their goals other than to gossip or try to manipulate the system.
- Generational differences and department differences often contribute to office politics by creating misunderstandings and mistrust that pit people against one another, creating a "them versus us" attitude.
- The antidote to office politics is to put a proactive, positive policy in place that affirms an open, fair teamwork culture that values all its employees.
- The leadership team needs to support the policy through their own behavior, and by addressing breaches and bad behavior in a timely manner when they occur.
- Training is important to ensure that employees have the tools to constructively deal with differences and promote their ideas (see 3.14 – Staff Development). If they do not know how to do this, they will feel they are justified in "going underground."



EXAMPLES

Giving employees the opportunity and means to improve teamwork sometimes requires forcing the issue, as the following example illustrates:

You are the practice manager and you notice that the younger staff members seem to congregate and talk, excluding older members of the hospital team. They have their own TV shows, music, and interests, and they appear to have little in common with the more settled, older employees.

You drop by the staffroom during lunch one day to let the younger team members know that you have noticed their cliquish behavior and that you are concerned that it is dividing the hospital team into separate groups. You tell them this is not the way things are run here, and that it is important to foster an attitude of teamwork and inclusiveness. They tell you that the other employees are welcome to join them, but that they do not appear interested and seem to prefer to have lunch on their own. You then visit with some of the hospital's older, long-term employees, who shrug and say, "You know how kids are."

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There is also a difference in these two groups' reactions to the news that you are installing a new computer system. The young employees are highly critical of the current computer system and were delighted to learn that it was to be replaced. The older staff members, on the other hand, were concerned about the new computer system – skeptical about how well it would work and worried about their own performance and how good they would be at using the new system.

You call a staff meeting to review hospital policy on teamwork. You give the staff installation and training schedules for the new computer system and ask for their ideas to make the transition successful. In addition, to encourage teamwork, you set up staff partners to master the new system, matching one young employee and one older employee. The partners' goal is to help each other identify and work through transition problems so that the whole hospital can quickly get up to speed on the new system. You hold weekly staff meetings to air progress and frustrations, using these as opportunities to praise behavior that shows mutual respect, resourcefulness, and progress in achieving the goal of a smooth transition to the new system.

You are amazed at the resourcefulness that your employees show. One partnership develops an "old" and "new" code sheet so that anyone can quickly reference the new codes they now need to use. Another partnership develops "cheat" sheets to list the new commands they will use for most routine procedures, such as opening a new client record, changing client information, and taking payments. They share their ideas with the rest of the hospital team at the weekly meetings, and the younger hospital team members start feeling more valued and part of the team. Because old and new employees are working together to achieve a common goal, they are getting to know each one another better. After only a few weeks, you see the clique behavior begin to break down and genuine rapport among team members develops as they master the new computer system.

This solution can be used for other opportunities that might lend themselves to "forcing" employees to work together to achieve a common goal. These include such things such as improving compliance and patient care (see 4.11 – Compliance and Adherence) or solving a problem such as lost patient records or missed charges, among others.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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3.24. CONFLICT RESOLUTION



BASICS

OVERVIEW

• Conflict is a natural byproduct of the workplace. Properly handled, conflicts can stimulate new thinking, progress, and growth. Unmanaged conflicts, however, can divide staff members, interfere with patient care, and erode team morale. This is especially true in veterinary practices, where team members are not often trained in constructive ways to handle conflicts or may not have learned how to share a different opinion in a positive, professional way.
• A practice without conflicts is not without problems. No conflicts may mean that staff members are afraid to speak up, or that they work in a culture where they have learned to just do as they are told, or that they all think so much alike that there is little creative tension to promote innovation and change. This kind of environment saps the staff's enthusiasm and initiative. It can also encourage passive resistance, because open conflict and differences of opinion are not permitted.
• People need a way to constructively resolve conflicts. Muffling conflicts only makes them go underground; it does not make them go away.
• Unmanaged misunderstandings can easily escalate into unprofessional behavior. The symptoms of conflict usually manifest themselves as avoidance of the other person(s), personal attacks, hurtful gossiping, barbed humor, and lack of cooperation among team members.
• According to an article in *Veterinary Economics*, employees welcome leadership's intervention in staff conflicts and want management to quickly address personnel problems, improve team communication, deal better with staff issues, hold more information-sharing meetings, and fire problem employees.[1]
• According to the same article, the top three areas that cause flare-ups among team members are: gossiping, lack of communication, and lack of knowledge/training for positions.
• It is just as uncomfortable to avoid conflict management as it is to address it, and it is difficult for many people to confront bad behavior, especially if they lack the disposition and skills to do so. The cost of unmanaged workplace conflicts is real, however. "Bottled-up" anger can explode in unpredictable ways or cause depression, which in turn depresses productivity and work enjoyment for angry individuals and the people around them.
• Workplace conflicts cannot be banished, but they can be managed. The following steps may help:
  ◦ Start with preventive medicine.
  ◦ Discuss appropriate ways to offer conflicting opinions such as, "That's an interesting idea and here's another way to think about it. What if …."
  ◦ Coach individuals on how to calmly work out their differences or confront poor behavior, such as, "I felt so bad that the client had to come back for her dog's prescription. How can we smooth the process better so that we can make sure that clients go home with everything they need after their appointments?"
  ◦ Develop a procedure for constructive confrontation and train team members to use it. The procedure should fit whether a staff member needs to work out a misunderstanding with a superior, a coworker, or someone they supervise.
• Hospital leaders must act as role models for constructive conflict resolution if they expect it from their team members.
• Hospital leaders and managers should call bad behavior as soon as they see it, and speak to the perpetrator in private. If hostile behavior is occurring between two staff members, the manager should hold a conflict intervention meeting and ask the employees to resolve their differences (see "A Manager's Plan for Conflict Intervention and Resolution").
• For productive meetings and to stimulate creative problem-solving and fresh thinking, staff members and associates, not just practice leaders, should be encouraged to express different ideas in meetings. It is the leaders' job to make it safe for employees to express contrary opinions and to teach team members how to put forward their ideas without attacking the ideas that others have proposed.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

Medical resolution is defined as the subsiding or termination of an abnormal condition, such as a fever or inflammation. That is a perfect description of what constructive conflict resolution can do in a practice. The steps necessary to achieve it are as follows:
• Acknowledge that a certain amount of conflict is normal and necessary. People will have disagreements – the important thing is how they handle them. Set the expectation that your team will handle conflicts wisely and well.
• There needs be a proactive, positive process in place to resolve disagreements so that your team knows how they should deal with conflicts and disagreements, and how they should not.
• Conflicts should be viewed as "misunderstandings" rather than as deliberate bad behavior. This is important, because it depersonalizes the problem and takes the focus off hurt or angry feelings. Reframing the conflict as a misunderstanding implies that there may be different ways of looking at a situation and this, in turn, leaves room for compromise and resolution.
• Most conflicts are caused by communication breakdowns, which can encourage polarization of positions and heightening of bad feelings. The individuals must talk to each other to resolve the conflict; more importantly, they must LISTEN to each other to find a solution, or at least to find a compromise position, that they can both live with.

A MANAGER'S PLAN FOR CONFLICT INTERVENTION AND RESOLUTION

Besides providing staff training on conflict resolution and modeling the desired behavior, leaders and managers should be prepared to intervene in staff conflicts. The following outlines a four-step method for successful intervention that is borrowed from behavior therapists. It works well to achieve conflict resolution in practice and encourages behavior change:
• **Confront the behavior:** Call the two employees into your office. (If whole departments are at war with one another, call the supervisors into your office.) Tell them how unhappy you are about their behavior and that you expect them to turn things around.
• **Talk it out:** Remind them that they are professionals, and tell them that you expect them to listen to each other and work out a solution. Ask one of the parties to begin by explaining his or her issues. Tell the other party that they need to listen, and that they may not interrupt. When the first employee finishes, reverse their roles. It is very difficult to misrepresent things when an outside party is listening. The technique forces the two parties to listen to each other's perspectives, and therein usually lays the seeds of solution.
• **Hold employees accountable for the solution:** Once the two have heard each other out, tell them that you have a lot of confidence in them and that you expect them to come up with a plan to resolve their differences (see 2.6 – Accountability). Tell them that you expect them to work well together from this point on. Give them one or two days, and set an appointment for them to come back and tell you how they plan to turn things around.
• **Follow-up and feedback:** After your initial meeting, you will need to hold short weekly "check-ins" to ask each employee, in front of the

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other, how things are going. This ensures that they remain accountable for the new behavior and that you will not have to "police" them, because they are monitoring their own behavior.

Gradually phase out the meetings as the new, positive behavior takes hold. During this process, make sure to compliment the employees when you see evidence of cooperation. Tell them you appreciate the good examples they are setting for the rest of the staff. This rewards and reinforces the desired behavior. It also signals to the rest of the staff that this is the kind of cooperative culture you expect in your practice.

Give the process time to work. It takes time, but it is amazing how often employees are able to solve their problems when you put the responsibility for professional behavior back where it belongs, on the employees themselves.



EXAMPLES

EXAMPLE 1

Employee A and employee B are always complaining to other staff members about each other's behavior. The two do not cooperate and their gossiping distracts other staff members from their work.

You call the two employees into your office for an intervention, following the four steps previously described. As each employee listens to the other, they realize it was, in fact, a misunderstanding. They apologize and leave your office with goodwill restored and a plan for how they will professionally confront issues with each other in the future.

You schedule a series of follow-up meetings with them to hold them accountable for the new behavior they have decided upon and to give them a chance to work through new issues to help them cement the healthier behavior.

EXAMPLE 2

You are one of two partners and your partner conflicts are causing a rift in your team, whose members feel compelled to pick sides. Your practice manager has given notice, citing the perpetual conflict between the two of you as the cause. She says she does not know how to please you both and she can no longer deal with the stress.

This opens your eyes to your own behavior and you feel a responsibility to correct the situation. You and your partner barely speak to each other, however, and you do not know how to initiate a discussion on this sensitive subject. You decide to write a note.

You let your partner know that you miss the good old days when you both shared the same vision for the practice and enjoyed working together. You let him know that you would like to try to repair the relationship, which not only hurts the two of you, but that may now cause the practice to lose a valued employee. With your partner's agreement, you bring in a consultant to help you get back on track to rebuild the relationship and team morale.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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3.25. DEALING WITH DIFFICULT EMPLOYEES



BASICS

OVERVIEW

In a hospital team, you often find that 10% of your employees are self-motivators and high performers, 80% are the core of the team who perform on a satisfactory level, and the remaining 10% of the team are low performers and can be your difficult employees. Unfortunately, more time is usually dedicated to the low-performing employees rather than the rest of the team. Ideally, time should be dedicated to (a) rewarding the high-performing team members to develop long-term loyalty and (b) motivating the core team to become high performers.

Lack of employee accountability and poor coaching will result in lack of improvement in difficult employees and will lead to high employee turnover. Veterinarians and managers are often uncomfortable with confrontation and discipline, especially with issues such as frequent lateness, calling in sick, saying negative things, and refusing to help. When developing programs for employee accountability and coaching, you want to be sure that they are designed to be objective and set clear expectations. You want a program that is measurable and clearly explains what the outcomes, such as disciplinary acts, might be.

TERMS DEFINED

Coaching: An ongoing approach to managing people by creating a motivating environment. It improves employee performance and increases their success by providing timely feedback, recognition, clarity, and support.

No Fault Point Policy: Generally, an employee accrues a point per absence with a tracking policy. Once the employee has accumulated a set number of absences, you would then subject the employee to increased levels of discipline. Also known as a progressive disciplinary policy. If the employee does not change course, he or she could be terminated.



ISSUES AND OPTIONS

GENERAL

Effective coaching for a difficult employee might include the following steps:

- Remember to listen. When it comes to any type of communication, there are always two sides to every story. When we are dealing with difficult employees we often get frustrated and stop paying attention to what is actually going on or become irritated because changing the situation feels hopeless. We may have already decided what we think of the person. However, the best tool in coaching is listening.
- Change your perception first. Find out by listening whether there is an underlying problem that can be solved. This "difficult employee" may start acting differently once they know they are heard. Get curious. The more questions you ask, the more you might get responses that help change your perception of the employee.
- Give timely feedback on specific behaviors rather than commenting on an employee's overall mental state. As mentioned in the overview, managers and veterinarians are often uncomfortable with confrontation and giving feedback. When communicating with difficult employees, we sometimes cite a mental state as an example, such as "you have a bad attitude." Phrases like this can make a situation worse and make the employee feel defensive. Giving behavior feedback means you give specific examples of what was seen or heard with dates and times. Was there a specific comment that was made (when and to whom)? Is the employee frequently late (give exact dates)? An employee may not necessarily recognize that what they did was wrong. This is why you need to be specific on when your example happened and be as timely as possible with discussing the situation with the employee. If you wait until the next performance evaluation to mention any bad behavior, the employee will likely not remember.
- Once you have given feedback on the employee's behavior, get some clarity. Simply ask: "I need clarity about …? Can you give me some feedback about what you really meant or what was going on there for you?"
- A powerful phrase that any manager or veterinarian can use is, "I need your help." This phrase can then lead to asking the employee what you can do differently as a manager to improve their behaviors. Again, sometimes a difficult employee just wants to be heard and they may require a different leadership approach.
- Get a commitment. A commitment phrase can be said like this: "In the future, I'd appreciate if we could do …, or if you would consider …. Would that work for you?"
- Be sure to continue giving timely feedback on the employee's behavior and performance. A common mistake made by managers and veterinarians is they only follow up if there is still a problem or if a situation happens again. You need to be sure that you are giving feedback when an employee is showing satisfactory behavior too. This way the employee knows that they are performing to your expectations.
- Be consistent. If you are not OK with a behavior, do not sometimes be OK with it. Employees look more to see what you do than what you say. For example, if you say lab work needs to be prepared for pick-up by a certain time, do not then sometimes get upset and sometimes appear not to care when it is not done. Only set standards you are actually willing to hold your employees to.
- Set consequences and document. An employee will not change if they do not believe their behavior will have a negative impact on them. A phrase can be: "I still believe you can turn this around. Here's what turning it around will look like. If I don't see that behavior by X date, here's what will happen." Always be sure to document everything, even if it is just a coaching session. There is still a strong chance that this employee is not the right fit for your hospital's culture. Documentation will support that you exhausted every effort to improve the employee's behavior.



EXAMPLES

- If a hospital has continuous problems with employees being late, calling out sick, abusing cell phones, etc. incorporating a point system might be a helpful solution for employee accountability.
- Incorporating a point system (also called a no fault policy) is a great tool that can help with employee challenges. Point systems can be incorporated in efforts to maintain high levels of productivity and achieve the hospital goals. A system like this can be used for much more and not just tardiness.

HOW DOES A POINT SYSTEM WORK?

In order for it to be successful, it is important to lay the foundation that being punctual and having good attendance at the workplace are essential components to your hospital's core values and also to make sure that these factors are emphasized during any new employee orientations. This should also be highlighted in a job description that is introduced at a job interview. The employee should understand that tardiness or absence will cause problems for your fellow employees and supervisor. When an employee is absent, their work needs then to be assigned to and performed by others.

For the employee, implementing a point system provides a structure that reflects the importance of paying more attention to attendance rules and procedures in an effort to encourage good behavior and reduce infractions. For the management, this system provides vital information that can be utilized while performing periodic employee

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3.25. DEALING WITH DIFFICULT EMPLOYEES

reviews to determine whether expectations are being met and whether further coaching is needed. Additionally, employees can be confident that every employee is treated fairly – that is, rewarded or disciplined according to the company's attendance policies, thus helping build better employee–employer relations, trust, and communication.

A point system also records attendance activity, allowing supervisors to see the bigger picture. Managers can then identify attendance trends within their team, and reinforce positive behavior or appropriately discipline attendance problems. Over a period of time, a point system can build an employee's attendance history, which can contribute in part to their performance review or professional development plan, if the hospital chooses.

It is a good idea to have a point system that allows employees to "erase" points if employees work a consecutive number of days. For example, if an employee has seven points on their record the employer may allow them to remove four of the points by having a perfect attendance record for six months.

A point system that can be used to help make an employee be accountable for tardiness and/or unexcused absences might have the following structure:

- Each absence = 1 point (no multi-day occurrences)
- Each late in (tardy) or early out = $^1/_2$ point (5 minutes or later)
- Each no-show for work = 2 points
- Each employee starts fresh, with no points, each year.
- The start of a new year is determined by:
  - For current employees: The date the policy is set into action
  - For new employees: The date of hire

Employees will be subject to disciplinary action when the total points accumulated from absence and tardiness reaches the following levels during any 12-month period:

- 2 points = verbal warning
- 3 points = first written warning
- 5 points = second written warning
- 6 points = third written warning
- 8 points = termination.



CAUTIONS

Be sure to stay current with all HR laws that a point system may conflict with, such as the Family and Medical Leave Act (FMLA) or Americans with Disabilities Act (see 13.16 – Fair Labor Standards).



MISCELLANEOUS

ABBREVIATIONS

FMLA: Family and Medical Leave Act
ADA: Americans with Disabilities Act

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N/A

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N/A

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3.26. EFFECTIVE DISCIPLINARY PROTOCOLS



BASICS

OVERVIEW

• Effective discipline begins with leadership, setting clear expectations, and good communication.
• Every team member must be disciplined equally to prevent the perception of favoritism or discrimination.
• Effectively disciplining team members develops respect for the manager/leader.
• Open communications and team collaboration develop employee accountability, easing the difficult nature of implementing effective discipline protocols.

TERMS DEFINED

Discipline: Training people to obey rules and codes of behavior, using punishment as a deterrent for misconduct.



ISSUES AND OPTIONS

• Effective leadership decreases the need for discipline, as a well-managed team holds themselves accountable (see 2.6 – Accountability). Great leadership starts at the top by modeling behaviors for the team to follow (see 2.12 – Leadership). Leaders must walk the walk, not just talk the walk.
• Collaboration among the team enables problem-solving. In order for successful collaboration to occur, leadership must establish and share the mission and vision of practice (see 14.9 – Mission and Vision Statements). When the entire team collaborates to develop practice values, they can better live up to the standards that they developed.
• Collaboration occurs all the time, but effective problem-solving collaboration occurs during weekly team meetings. Waiting for a month to collaborate and problem-solve allows issues to go unresolved too long.
• Open communication and safe, friendly work environments encourage collaboration and make employees comfortable to address issues/problem-solve professionally. Leadership creates these environments. When team members are uncomfortable making suggestions, are afraid to speak up or collaborate, leadership initiatives should be investigated.
• A3 = P3: When team members are given Authority to make decisions (based on the mission, vision, and core values), they become Accountable for themselves and their decisions. People that are accountable and are allowed to make decisions can work Autonomously (not be micromanaged). When the 3 A's have been established, team members become Productive, Problem-solving Producers.[1]
• Micromanagement stifles team members, decreases team moral, and increases unnecessary disciplinary actions.
• State clear expectations through the development of an employee manual and specific job descriptions. Employee manuals serve as an accountability piece for both the practice leadership and the employee. Manuals should outline (among other things) code of conduct, professionalism, and expectations of both parties involved. Both leadership and team members must adhere to policies, procedures and expectations defined in the employee manual. Labor disputes often center around the establishment of (or lack of) an employee manual; when policies are defined but not adhered to, the result is a faulty case on behalf of the practice.
• Job descriptions must be very detailed and list both hard and soft skills expected of the team member. Job descriptions should be linked to phase training programs; team members must be properly trained to be held accountable for skills.
• Job descriptions and training programs must be linked to performance evaluations. If a task/behavior is expected of the employee, and they have been trained on it, they should be evaluated on it.
• Coaching employees to greatness should not occur only once a year during performance evaluations. Coaching should occur throughout the year (perhaps daily or weekly), addressing performance or behavior issues immediately before they become bigger problems. Coaching sessions should not be delivered as warnings, but rather should be open discussions about goals desired and areas for improvement.
• When repeated coaching sessions have not produced desired goals or improvements on performance the process for termination should begin.
• Discipline procedures should be established by the practice and outlined in the employee manual. The law does not regulate how many times an employee should be disciplined prior to termination. What is important, however, is that the same protocol is used for every employee every time.
• Most commonly used discipline protocols allow two written warnings; the third violation necessitates termination. All warnings must be documented at the time of the discussion and contain the signature of the manager. In addition, the employee should be asked to sign the documentation – not stating that they agree, but rather that they received the warning. If the employee refuses to sign the document, indicate as so in the document and have a witness (if available) sign the document.
  ◦ Documentation presented to the employee should state the problem and be represented by facts (not emotions). A resolution should be determined by both the employee and the management member and written on the document. Consequences for not abiding by the resolution should also be stated (i.e., second written warning, followed by termination).
  ◦ Any disciplinary action documents must create a pathway for resolution by providing the employee the opportunity for change and identifying how the employer can help the employee change (continuing education, training, etc.).
• The overuse of warnings or the threats of disciplinary action undermines management and their authority. Use them sparsely and seriously.
• Any disciplinary action that occurs must stay confidential, and not be discussed with any other team members except leadership.
• Often, team members will bring personnel issues to leadership that must be addressed. Management/leadership must investigate the claim and interview all parties involved.
  ◦ The team member bringing forth the concern must understand that further action will not be discussed with them, as disciplinary action is confidential.
  ◦ The investigation must occur immediately. Should the investigation be delayed, issues could potentially escalate.
  ◦ Delayed investigation results in decreased respect from the team, as they feel their concerns are not important.
• High turnover within the team resulting from discipline issues indicates a leadership issue.



EXAMPLES

LEAD BY EXAMPLE

The policy of the veterinary hospital is that every employee taking radiographs must wear the protective collar, gown, gloves and eye

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protection. Ensure that the owner also abides by this policy. If not, the team member perception is that the policy is not important.

TARDINESS

Team member tardiness is often an issue in veterinary practices, especially those within large cities that experience heavy traffic. Late team members affect team moral and decrease the performance of the team when it comes to client service and patient care.

Team members must understand the effect they have on others when they are tardy. Encourage them to plan for traffic appropriately.

You could brainstorm options that work for both the employee and practice for employees who are frequently late. Identify what the cause is, and potential solutions (later shift, less hours, altered work schedule). This effort shows the employer's diligence in offering a solution. It is then up to the employee to comply, and should termination result, the practice would likely be covered against an unemployment claim.

BEHAVIOR

Poor behavior exhibited by team members can often be hard to document, as it often triggers emotions in fellow employees. Documenting how a particular behavior makes a person "feel" is difficult. However, not correcting poor behavior results in poor team morale, decreased expectations, and low job satisfaction among other employees.

Discuss poor behavior with the employee immediately (they may not realize they are exhibiting poor behavior) and identify the cause. It may be an issue completely unrelated to the practice, or may result from the actions of others. Regardless of the cause, a change in behavior must be addressed; however, an effective resolution results from identifying the cause of the behavior.

MISCONDUCT LEADING TO IMMEDIATE DISMISSAL

Some instances need to result in immediate termination, without warning. These instances should be documented in the employment manual.

- Breach of trust or dishonesty
- Dishonesty
- Conviction of a felony
- Willful violation of an established policy or rule
- Falsification of company records
- Gross negligence
- Abuse or neglect of animals
- Insubordination
- Violation of the anti-harassment and/or equal employment opportunity policies
- Time card violations, falsifying time worked
- Undue and unauthorized absence from duty during regularly scheduled work hours
- Deliberate nonperformance of work
- Larceny or unauthorized possession of, or the use of, property belonging to any coworker, visitor, vendor or client
- Unauthorized possession, use, or copying of any records that are the property of the practice
- Unauthorized posting or removal of notices from bulletin boards
- Excessive absenteeism or lateness
- Marring, defacing, or other willful destruction or waste of supplies, equipment, or property of the practice
- Failure to call or directly contact your supervisor when you will be late or absent from work
- Fighting or serious breach of acceptable behavior, including making threats of, insinuating intent to, or committing violent acts
- Violation of the alcohol or drug policy
- Theft or accessory to theft
- Violation of the company's conflict of interest/outside employment policy and/or confidentiality policy
- Gambling, conducting games of chance, or possession of such devices on the premises or during work hours
- Leaving the work premises without authorization during work hours
- Inappropriate computer or Internet use
- Sleeping on duty.

This list is intended to be representative of the types of activities that may result in disciplinary action. It is not exhaustive and is not intended to be comprehensive and does not change the employment-at-will relationship between the employee and the company.

CAUTIONS

N/A

MISCELLANEOUS

ABBREVIATIONS

N/A

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3.27. PERSONNEL RECORDS



BASICS

OVERVIEW

• Personnel records must be maintained by every employer for business and legal reasons. It is important to understand what should be included in personnel records, how long records should be kept, and who may have access to them.
• In the United States, many states have laws governing personnel records. It is a good idea to consult legal counsel or your state's Department of Labor if you have questions about the laws regarding personnel records.
• It is a good idea to review personnel records on a regular basis to make sure they are current, complete, and organized. The best time to do this is a designated time annually and/or when employee evaluations are conducted.

TERMS DEFINED

Age Discrimination in Employment Act (ADEA): Federal law that protects employees over 40 years of age from discrimination in employment practices based on the employee's age.
Americans with Disabilities Act (ADA): Federal law that prohibits discrimination in employment practices based on an employee's disability. The law also requires accommodations for disabilities in certain instances.
Fair Labor Standards Act (FLSA): Federal law that establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers.
Family and Medical Leave Act (FMLA): Federal law that allows certain employees to take up to 12 weeks of unpaid, job-protected leave each year for the birth and care of a child, for placement with the employee of an adopted or foster child, for the employee's own serious health condition which causes them not to be able to work, or to care for a serious health condition of a child, spouse, parent or next-of-kin military service member.
I-9: Immigration Naturalization form to confirm employment eligibility in the United States.
Title VII of the 1964 Civil Rights Act: Federal law that prohibits discrimination in the workplace based on an employee's sex, race, religion, color, veteran status, marital status, genetic information, age, disability, or national origin.



ISSUES AND OPTIONS

WHAT SHOULD BE INCLUDED IN PERSONNEL RECORDS?

All documents that can legally be used to make decisions in hiring, firing, promotion, demotion, and other employment-related decisions may be stored in the personnel record. Examples of such documents would include:
• Employment application and/or resume
• Job description
• Interview report forms and/or notes
• Background verification forms
• Copy of certifications, licenses, diploma, or degree
• Offer of employment letters
• Tax withholding forms (W-2)
• Performance evaluations
• Education and training records
• Record of skills evaluation completion
• Emergency contact information
• Records of attendance
• Disciplinary actions
• Leave of absence documentation (except FMLA documentation)
• Employee action forms (change of pay, status, position)
• Any contracts or noncompete agreements between the employer and the employee.

WHAT SHOULD NOT BE INCLUDED IN PERSONNEL RECORDS?

Any document that cannot be legally used to make decisions in hiring, firing, promotion, demotion, and other employment-related decisions should be stored separately from personnel records. Examples of documents that should be stored separately include:
• Equal Employment Opportunity documents
• I-9 forms
• Documents that contain information about the employee's gender, gender information, race, religion, veteran status, disability, or national origin
• Notes, letters, or forms from references solicited prior to employment
• Garnishment orders
• Credit reports
• Testing or examination material used solely to determine individual qualifications for employment, when disclosure would compromise the objectivity or the fairness of the testing or examination process
• Investigative reports, memos, and other information concerning the investigation of possible criminal actions of an employee, until the investigation is completed and no criminal action taken, or until the criminal action is concluded
• Information that might identify an undercover law enforcement officer or a law enforcement informer
• Medical records. Some examples of medical records that should be kept separately include: life insurance application forms, health insurance claim forms, drug screening records, requests for a medical leave of absence, accident or workers' compensation reports, medical exam documentation, and OSHA injury and illness reports.

GRANTING ACCESS TO PERSONNEL RECORDS

All employee and personnel records are considered confidential. It is important to understand when and to whom access to records should be granted.
• Many state laws grant an employee access to his or her personnel record. Therefore, it is a good practice to establish a policy stating that any employee wishing to review his or her personnel record will be granted access within a clear and reasonable stated time frame (somewhere between two and five business days is normal practice). However, employees are not automatically guaranteed the right to have copies of everything in their personnel records.
• In most states, personnel records are considered to be the property of the employer. Therefore, the employer controls the amount of time and location in which an employee can review his or her personnel record.
• It is a good practice to have an employee sign a written authorization for release of information for purposes of future employer inquiries, mortgage applications, and credit applications. Such authorizations typically contain verification of employment and salary. The employer should release only the information that the employee has authorized.
• Government officials, such as Department of Labor officials, may be granted access to records within the normal course of their business or in response to a legal subpoena or court order. Because I-9 forms must be presented to government officials upon demand, it is a good practice to keep I-9 forms in a separate and convenient file.
• An employee's immediate supervisor may be granted access to personnel records on a need-to-know basis. An example is a review in order to make an employment-related decision in a discipline or a promotion. Supervisors should not have access to employee information that is not job related.

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3.27. PERSONNEL RECORDS

Table 3-27-1. Recommended number of years to keep personnel file documents (time frames given are from date of employee termination, unless otherwise noted).

Three years	Basic employee information such as I-9 forms and work permits
	Hiring records, such as job applications, resumes, and refusal to hire
	Job advertisements
	Results from employment tests
	Employment actions such as hires, separations, rehires, demotions, transfers, layoffs, promotions, and training opportunities
	Requests for accommodation of disability
Four years	Tax records
(Discard on a rolling four-year basis, as opposed to four years after termination)	Payroll records such as name, address, Social Security number, date of birth, job classification, pay rate, overtime payments, annuity and pension payments, and deductions
Five years	Job-related injuries or illnesses
Thirty years	Medical exams, toxic substance exposure records, and blood-borne pathogen exposure records

STORAGE AND RETENTION OF RECORDS

- Many states have strict laws governing the privacy of personnel records. Records should be stored in a secure location and should not be left unattended or unsecured even during business hours. Keys to the secured storage area should be given only to business owners, business office managers, and/or human resource managers.
- Federal law outlines requirements for the retention of personnel records. Many states, however, have time limitations that exceed the federal requirements, specifically in lawsuits that may be brought by an employee against the employer.
- In the case of Title VII of the 1964 Civil Rights Act (nondiscrimination), Americans with Disabilities Act (ADA), and Age Discrimination in Employment Act (ADEA), the requirement for record retention is one year from the date of termination.
- In the case of the Family and Medical Leave Act (FMLA) and Fair Labor Standards Act (FLSA), the time limit for filing a claim can be up to three years for wilful violations. Therefore, records pertaining to these laws should be kept for three years after the employee's termination.



EXAMPLES

Table 3-27-1 shows the recommended number of years to keep personnel record documents. (Time frames given are from date of employee termination, unless otherwise noted.)



CAUTIONS

- ADA and FMLA require that medical records be kept separate. Therefore, all medical records should be stored in a separate area with only one person having access to the area.
- Some states have requirements for record retention that are longer than federal requirements. Additionally, some time limitations for employment-related lawsuits may dictate that employers keep records for a longer period than recommended. Legal counsel should be sought before establishing guidelines for destruction of personnel records.
- Consult a tax advisor before destroying tax records. In some cases, payroll records may need to be kept longer than four years (an example would be in order to respond to an IRS audit).
- When the employer has determined that certain records are no longer needed, the records should be shredded to maintain employee privacy.



MISCELLANEOUS

A well-maintained personnel record serves several purposes. Personnel records can provide accurate information in a handy and organized manner any time that information is needed. Personnel records can be the key to one's defense in a lawsuit or claim, such as discrimination. And finally, federal and some state laws require certain files to be maintained in a personnel record. In order to be in compliance with these laws, the personnel record is a necessity.

ABBREVIATIONS

ADA: Americans with Disabilities Act
ADEA: Age Discrimination in Employment Act
FLSA: Fair Labor Standards Act
FMLA: Family and Medical Leave Act
HIPAA: Health Insurance Portability and Accountability Act
OSHA: Occupational Safety and Health Administration

References

N/A

Recommended Reading

United States Department of Labor. Fact Sheet #21: Recordkeeping requirements under the Fair Labor Standards Act (FLSA). https://www.dol.gov/whd/regs/compliance/whdfs21.pdf

United States Equal Employment Opportunity Commission. *Recordkeeping Requirements*. http://www.eeoc.gov/employers/recordkeeping.cfm

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3.28. TERMINATING STAFF



BASICS

OVERVIEW

• The hardest thing most managers ever have to do is fire an employee, because more often than not, we have to tell a decent person that they no longer have a job.
• A focus on candid regular conversations with every employee creates an environment where many performance issues can be dealt with long before they reach the stage where termination is necessary.
• There are occasions where someone deserves to lose a job because they have done something ethically wrong, but many times it is simply a poor fit with the role or the culture and we are forced to terminate a good person doing a bad job.
• In order to grow a successful business, we need great talent, which means we should constantly be evaluating our current talent, and making changes when appropriate (see 3.8 – Screening Potential Hires).
• Termination is not always about the individual, it is about equating your business with success. Are your employees making your business stronger or not? If not, firing may be necessary.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

• How do I know when it is time to fire someone? And how do I actually do it? These are the most common questions managers have when it comes to terminating employees.
• If you are coaching correctly and having regular conversations with your employees, you will be dealing with employee termination much less frequently.
• Consistent coaching allows people an opportunity to make a choice as to how they are going to operate as part of your team (see 3.16 – Effective Coaching). If it is not clear what "good performance" looks like, no one can understand how to execute good performance. This kind of clarity is only possible with effective coaching conversations during which people are allowed to voice their own definition of "good performance" and any ambiguity is removed through discussion. This is the first step to improving performance, and it should precede the termination process.
• It is important to have a process that begins with noticing poor behavior or performance, and ends in termination. The process should be consistent, transparent, and systematic so that everyone knows what to expect and clearly understands what the path from here to another job looks like. Most people who are terminated had no idea they were close to being fired and also had little clarity around the severity or specifics of their performance issues.
  ◦ The first step is to establish clarity that today's behavior or performance cannot be tomorrow's. Hospital staff members are often left to guess where they stand because managers are uncomfortable having a candid conversation about it. The tone of the first conversation should be positive and encouraging. Consider the following language for this conversation:
    ▪ "I believe in you, otherwise you would not be here."
    ▪ "I want to help you perform at a higher level."
    ▪ "I know that you can help us move forward as a team and as a business, but you will have to decide if you want to do that or not."
    ▪ "I need people here who can help us grow, and who care about building a strong successful hospital. How do I help you get there?"
    ▪ "Currently, you are not performing at the level that I believe you are capable of and I want to help you grow and improve. I will need your commitment to make that happen and you will need to make the choice to become a bigger part of the success of this hospital."
  ◦ If you do not see a behavioral shift or a change in the individual's approach to his or her job, the next conversation should change appropriately. The individual's behavior is becoming a critical situation, and it should be clear that the perception is that he or she would rather continue operating the same way and is refusing to change in order to become more successful. At this point, a manager should begin talking about the possibility of finding a different job that might be a better fit. Here is an example of the kind of language that can be helpful during this conversation:
    ▪ "Are you unhappy in your work here?"
    ▪ "How do I help you find a place where you are happier and more fulfilled than you are here?"
    ▪ "I will give you some time to look at other opportunities, attend interviews, etc."
    ▪ "Let me know what you need because I want you to be successful somewhere, even if this is not the place."
    ▪ "I want you to stay here, if you are willing to make the changes that will cause you to be successful, so you need to let me know how we spend the rest of our time together today – should we work together on an exit plan for you, or do you want to make some shifts and grow so that you can remain a part of our team?"
  ◦ The final conversation is one where the manager must put a plan into place, either because the employee has failed to do so, or because the employee has obviously made the choice to exit his or her current job but has yet to voluntarily leave for another place of work, sometimes referred to as "presenteeism." The manager must quickly and effectively separate this employee, and replace him or her with one of the superstars that the manager has been actively recruiting all along.
• Throughout the coaching process, you as the manager should constantly be evaluating how long it will take, and how much investment it will require to help this person change their behavior, shift their habits, and engage differently. If you come to the realization that it is not feasible, or not worth the time and investment, it is time to move toward termination. At the end of the day, you need to make decisions about your talent based on what is healthy for your business, and what will help you grow.



EXAMPLES

• The fear of conflict is one of the main reasons employers avoid termination. Using the process outlined in the previous section can help avoid conflict, because it approaches challenges and areas of concern in a gradual but systematic way. Conversations must always be direct, but there is not a moment during which a manager "blows up" at an employee, or vice versa, because problems are brought up and discussed long before an incident has occurred and even before emotions can build. When and if you reach the final conversation, and you terminate an employee, he or she should be well aware of why it happened and aware that there were multiple opportunities to shift behavior and avoid termination.
• Guilt is another reason employers decide not to terminate someone. Many managers develop friendly relationships with their employees, and it can be difficult to fire someone knowing that it will hurt their feelings, destroy their career, make it difficult for them to support their family, and so forth. As you consider the termination of an employee, ask yourself if you are helping or hurting them by allowing them to stay in a role in which they are not expected to do their best, learn, or

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get better. A poor performer is probably not happy with their work, so it may not be fair to let them stay.
• Some managers worry about the cost of replacing an employee, which can include disrupted customer service while a position is vacant, time spent recruiting and interviewing, training costs, and emotional costs such as low morale and increased workload for remaining employees. The cost of replacing an employee can range from 25 to 200% of the employee's annual salary, depending upon the level of skill. Managers also need to take into account the cost of keeping a poor performer, which can be substantial if the employee causes loss of clients or other valuable employees.



CAUTIONS

• If you retain employees who are not contributing and helping the business grow for too long, you are punishing your best performers and sending the message that mediocrity is acceptable. In this way you are the one holding the business back, not the poor performers.
• It is unfair to blindside someone and fire them without ever having a prior candid conversation. This will often result in conflict and drama and may cause your other employees to wonder if they might get fired one day without expecting it. This is not the kind of culture you want to create at your hospital. Rather, you need to use coaching and a clearly defined process to keep everyone informed about their performance, which will create a culture of open communication, trust, and accountability.
• Some managers get to a point where they wish they could simply fire everyone and start over in their business. As a leader you need to have a willingness to begin coaching and evaluating your talent, and an understanding of how to terminate employees properly. There will be employees who need to leave your business, but there will also be employees who need a coach to help them make a change and reach their potential. It is our responsibility to create a business where coaching happens effectively and everyone has the support they need to be successful.
• Labor laws vary from state to state, so it is wise to consult with a local lawyer with expertise in employee relations before terminating an employee.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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Section 4

Client Relationship Management

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4.1. The Basics of Client Service



BASICS

OVERVIEW

Veterinary medicine is a profession in the service industry, just like hotels, airlines, and restaurants. These other organizations provide customer service, whereas veterinary hospitals provide client service. The distinction between clients and customers is relevant because client service involves a long-term relationship that is more personal than the relationship most businesses have with their customers. Hotels, airlines, and restaurants desire repeat customers, but their employees do not typically develop close relationships with the customers. The client–veterinary relationship can be very personal and span the lifetime of multiple pets.

- Providing excellent client service enhances the long-term relationship with clients.
- Long-term relationships with clients and client service are built on a foundation of trust.
- Client service encompasses every interaction that takes place between a client and the veterinary hospital.
- Clients cannot easily judge the quality of medical care; instead, they judge a veterinary hospital based on the quality of service.
- Client service is related to value. The higher the level of client service, the more value the client perceives.
- Clients often switch veterinary practices because they do not see value in the service offered.
- Client service needs to be consistent for all clients.
- The quality of client service offered is related to the culture of the practice. Practices characterized by a positive culture of effective teamwork and motivated employees will provide higher quality service than a practice with a culture of negativity and distrust of management.
- Team members of the veterinary hospital are the primary providers of client service.

TERMS DEFINED

Client Service: Meeting the needs of individuals with whom you hope to maintain a long-standing relationship.
Customer Service: Assistance to individuals who are purchasing a product. Typically, the interaction involves one transaction.
Practice Culture: The attitudes, motivation, values, role expectations, and beliefs that employees have about their daily work environment.



ISSUES AND OPTIONS

SERVICE CHARACTERISTICS

- Services are consumed immediately and cannot be stored for future use; veterinary hospitals offer services that are gone once the service is provided.
- Clients participate in the service process – they interact with service providers and make decisions that affect the service received.
- Providing service is labor intensive. Employees are responsible for providing service. As a result, the morale and social skills of employees are critical and will affect the perceived quality of service.
- Service can be variable. Because the circumstances associated with providing service can change with each client interaction, it is challenging to consistently provide excellent client service.
- Services are intangible and consequently difficult to measure. Clients do not have a product to feel or hold when they leave, but instead are left with a memory regarding an experience.

GENERAL CONCEPTS ON CLIENT SERVICE

- Clients will not give a practice high marks for client service if there are inconsistencies in the service offered by different team members or on different visits to the practice.
- Clients want to feel special. Team members need to show a genuine interest in clients.
- Clients want to feel the veterinarian and staff care about their pet. Clients appreciate the attention given to their pet when they visit the veterinary hospital. Examples include recognizing and calling the pet by name, remembering the pet's gender, showing an interest in the pet's name and unique personality, making comments about the beauty of the pet, showing affection toward the pet, offering treats or promotional items, and empathizing with any discomfort the pet may feel.
- The service experience at your veterinary hospital should be such that clients want to come back and to look forward to their visits. In order for this to occur, client service must be seamless; every impression and personal contact must be positive.
- Every client has different needs and desires. Clients may also have different needs relative to different pets or at different times over the course of their relationship with the hospital.
- Sometimes it is a challenge to recognize the primary need a client is experiencing. The perceptions of the veterinarian and the client may be different, as in the case of a veterinarian focused on discussing diagnostic testing while the client wants a discussion on possible euthanasia.

ESTABLISHING A FOUNDATION FOR CLIENT SERVICE

- The commitment to client service starts with the leadership of the practice. Owners or shareholders of a veterinary hospital have the ability to either enhance or undermine efforts aimed at providing client service. Owners must not only emphasize the importance of quality service, but also serve as role models for employees to enhance client service efforts. A veterinarian owner who consistently leaves early or is not available to talk to clients on the phone sends a message to the team that client service is not always a priority.
- Ideally, a focus on client service should be developed as part of the strategic planning process. An emphasis on client service should be reflected in the mission statement, vision, and core values of the practice (see 14.9 – Mission and Vision Statements).
- The management team, which may include owners, associate veterinarians, hospital administrators, office managers, and senior technicians, must believe in the importance of client service.
- The leadership and management of the practice must develop a culture for the practice that is motivated to provide excellent client service. This starts by hiring the right people. Hire employees who possess a positive attitude and who enjoy interacting with people (see 3.7 – Effective Staff Recruitment).
- To develop a practice culture dedicated to providing exceptional service, employees must feel they are treated fairly, that their concerns are validated, and that they are appreciated. Employees who do not feel valued are less likely to make clients feel valued.
- Define client service in a written document provided to all staff. The purpose of this employee handbook is to emphasize the hospital's commitment to service and attempt to create a visual image of what exceptional service looks like to clients. The handbook should provide details related to how employees are expected to interact with clients, and should include the following: specifics on telephone skills, examples of positive communication with clients, specifics on how pets will be treated, and details about tasks that employees do to assist clients.
- Again, remember that client service involves meeting the needs of clients to enhance a long-term relationship.

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4.1. THE BASICS OF CLIENT SERVICE

MEETING CLIENT NEEDS

Clients' needs typically fall into three basic categories: medical care for their pet (patient care), desire to establish a relationship, and perceived value associated with veterinary services (see 4.4 – What Clients Expect from Their Veterinarian). Pay attention to client service with respect to these three areas.

Patient Care

- Client service involves flexibility and offering clients choices. Different clients desire different levels of care. Hospitals dedicated to providing quality service offer the finest medical care for all pets, but recognize that alternative options will be desired by some clients.
- Clients want to know you are a patient advocate for their pet. Clients perceive excellent client service at hospitals that make recommendations for medical care based on the needs of the pet and explain how the care will improve quality of life or longevity.
- Clients want to be confident that you will handle their pet in a compassionate manner.
- Veterinarians should offer high-quality medical care to all clients, and doctors should stay current on medical advances and technology by attending continuing education seminars.
- Hospitals should provide a wide range of medical services and be familiar with referral options for medical treatment beyond the practice's capability. Many clients are interested in referral to specialty hospitals and appreciate the expertise that is offered in veterinary medicine.
- Practices should offer pet owners information on all aspects of the pet's medical care, including noncore topics such as nutrition and behavior.
- Veterinarians and staff should be open-minded and responsive to clients who desire alternative medicine – they will appreciate veterinarians who discuss the lack of scientific evidence associated with alternative therapies, but are still willing to facilitate a referral.
- One of the most important and valuable medical services veterinarians provide is euthanasia. Clients are grateful to those practices attentive to their emotional needs, and veterinary personnel should be educated on the grief process in order to provide the best client support. Sympathy cards should be sent to all clients who lose pets, and additional gestures are greatly appreciated such as phone calls, poems, flowers, memorial donations, and paw prints.

Building the Relationship

- Remember that clients have multiple relationships with individuals at a veterinary hospital. Clients value the relationship they have with receptionists, office managers, technicians, groomers, and animal caretakers, as well as their relationship with the veterinarian, because different employees fulfill different needs for the client.
- Veterinary hospitals can provide the foundation for a long-lasting client relationship by demonstrating an appreciation for the bond clients have with their pets. Hospitals that take joy in celebrating the human–animal bond will provide higher quality client service than practices with employees who do not understand this connection (see 1.19 – Importance of the Human–Animal Bond).
- To build positive relationships, treat clients with respect; their decisions must be discussed in a nonjudgmental manner.
- Veterinarians should provide honest and realistic information regarding treatment and prognosis.
- Train everyone in the practice to understand and validate client emotions.
- Communicate with clients in a professional and caring manner. Be sure to explain medical illness, prognosis, and treatment options in terms that owners can understand (see 5.4 – Making Clear Client Recommendations).
- The entire healthcare team should truly listen to clients. Clients want to know you value their opinions and input regarding both their pet and your client service.
- Build strong relationships by being responsive to client requests. Clients should never hear "No, we can't do that." Instead, make efforts to accommodate client requests or to explain alternative options.
- Give clients individualized attention. This can be done by acknowledging clients with personal greetings, using their name, remembering their pet's name and gender, showing an interest in personal aspects of their life, and making sure clients do not feel rushed.
- Clients appreciate knowing you have not forgotten about them once they leave the practice. Follow-up communication with clients includes: thank-you notes, acknowledgment of client referrals, reminders, phone calls to check on their pet, newsletters, surveys, and sympathy cards.

Perceived Value Associated With Veterinary Services

- Client service must be provided in a timely manner. Clients appreciate practices that understand the value of their time and do not keep them waiting for extended periods of time.
- Clients enjoy visiting a clean, attractive hospital. There is perceived value associated with visiting a hospital that has attractive landscaping and a nicely decorated reception room free of clutter and odors.
- Clients perceive value associated with print and online educational tools of the practice, such as client education handouts and brochures.
- Seek client input and feedback about hospital services. Clients appreciate having the opportunity to offer their opinions.
- Hospitals can add value to clients by making them feel part of the practice. Examples include having a bulletin board featuring pictures of clients' pets and sending clients thank-you cards or a small gift for referring their friends and family to the hospital.
- Add value by offering clients comprehensive pet healthcare, including services such as obesity management programs, wellness plans, dental programs, nutrition counseling, behavior consultations, grooming, pet care products, and training classes.

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4.1. The Basics of Client Service

STAFF EDUCATION AND TRAINING ON CLIENT SERVICE

• Facilitate dialogue about client service with team members so they can offer feedback about their challenges and training needs. Empowerment of team members is a key element of training employees to provide excellent client service. Empowered employees typically have more job satisfaction, are more motivated, and are more capable of quickly making decisions to satisfy clients. (See the Examples section.)
• Include protocols or policies related to client service in an employee handbook or job descriptions.
• Telephone skills are critically important, because this is often the first client service impression that clients have regarding the practice and it is also an ongoing form of communication with clients (see 4.18 – Telephone Service Management). Many practices simply assume this is a skill employees have, and ignore training in this area.
• Focus training on communication skills for all team members. Communication skills training may include the following areas: dealing with difficult clients, handling clients who are emotional or cannot afford medical care, nonverbal communication, voice tone and expressions, eye contact, conveying empathy and compassion, and grief counseling.
• Monthly staff meetings can provide an opportunity to reinforce the importance of client service, discuss breakdowns in client service, and address any staff concerns.



EXAMPLES

EFFECTIVE CLIENT SERVICE FOR A NEW CLIENT

After moving to a new city, Mrs. Hadley called several local animal hospitals. She needed to refill medications for her golden retriever, Maddie, and also needed to make an appointment soon for her cat, Max, who was due for his annual wellness visit. She chose to make an appointment at Friendly Veterinary Hospital because the receptionist was very nice, expressed interest in her pets, explained some details about the hospital, and sent her a hospital brochure. Upon arrival at Friendly Veterinary Hospital with Maddie and Max, Mrs. Hadley noticed the professional building was attractive with lovely landscaping. When she entered the reception room, she was warmly greeted by the receptionist, Stephanie, who asked if she was Mrs. Hadley and welcomed her to the hospital. While efficiently completing the paperwork for her pets' visit, Stephanie chatted with Mrs. Hadley about her recent move and commented that Maddie was a beautiful golden retriever.

Next, Mrs. Hadley met the technician, Kim, who escorted her to an exam room. She noted that Kim was very affectionate toward Maddie and Max. Kim reviewed the medical records Mrs. Hadley brought with her, explained the services that were due for both pets, and then asked questions to make sure Mrs. Hadley was familiar with preventive healthcare recommendations for them. She was also present to assist Dr. Kate Thompson with her examinations of both pets. Mrs. Hadley was impressed with Dr. Thompson's knowledge, compassion, and interest in Maddie and Max. At the end of the examination, after drawing blood for annual chemistry profiles on both pets, Dr. Thompson asked if Mrs. Hadley had any questions and assured her that she would call the next day to review the lab results. The veterinary assistant, Jennifer, then arrived to offer Mrs. Hadley a tour of the facility and gave a treat to Maddie. When Mrs. Hadley checked out, Stephanie explained the service fees and verified that she had all the medications she requested. Another assistant, Jeff, offered to help Mrs. Hadley take Maddie, Max, and the food she had purchased to the car. Jeff petted Maddie and assured Mrs. Hadley that they would take excellent care of both Max and Maddie when they boarded the following month.

As promised, Dr. Thompson called the next day to review the lab results. Mrs. Hadley also received a welcome card from the hospital within five days. She told her husband that he should go with her next time they visited the hospital so he could see for himself that this was a wonderful veterinary hospital.

EXAMPLES OF CLIENT SERVICE INVOLVING EMPLOYEE EMPOWERMENT

Example 1

Ms. Johnson picked up her sheltie, Miranda, who had been scheduled for diagnostic tests, an ear cleaning, and a bath. After arriving home, Ms. Johnson realized that Miranda had not received her bath. She was quite upset over this omission, because Miranda really needed the bath and company was coming in three days. When she called the veterinary hospital, Sheila answered the phone. Upon hearing Ms. Johnson's concern, she quickly realized the new receptionist had forgotten to enter the service request, and indeed the bath had not been done. Sheila apologized profusely, validating that she understood this was a considerable inconvenience for Ms. Johnson, and offered to get Miranda back in for her bath any time during the next few days. She also assured Ms. Johnson there would be no charge and that they would also provide a courtesy bath for Miranda the next time she scheduled this service.

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Although Sheila realized the two courtesy baths would create expenses for the hospital, she felt it was important to offer some consolation to Ms. Johnson for her inconvenience and to demonstrate the hospital's dedication to offering excellent client service. Sheila was also confident that the office manager and owner of the practice would approve of her decision to take action to please Ms. Johnson.

Example 2

Mr. Howard, who had recently moved to the area, brought his two Labrador retrievers, Oreo and Nestle, in for routine wellness exams. When checking out at the reception desk, Mr. Howard remembered that he wanted to talk to the technician, Michelle, about nutrition. Oreo and Nestle had been on a specific veterinary diet for several years, and he was very happy with how well the dogs had thrived on this diet. Unfortunately, the hospital did not carry this line of diets, Michelle explained to Mr. Howard, but she quickly told him they could order the food and receive it within a few days. Although the hospital had limited space, Michelle felt it was important to accommodate Mr. Howard and his desire to purchase the veterinary diet at this hospital. She was confident that, even if the practice owners did not agree with her decision, they would still be supportive and listen to her rationale.



CAUTIONS

- Remember each client interaction is unique and important to that individual. Veterinary personnel must not become immune to the emotions clients experience when making decisions for their pets' healthcare.
- Clients often experience emotions of anger, fear, or sadness when their pet is sick or they have financial concerns. All members of the veterinary healthcare team must be prepared to interact with these clients in a professional, caring manner without becoming defensive.
- All new employees must be educated about the practice philosophy regarding client service and receive training to provide quality service.
- Do not forget that your employees are also clients. It is not reasonable to expect employees to offer excellent client service if you do not treat them and their pets with the same compassion and respect as your other clients.
- Monitor your client service and immediately address any client concerns.



MISCELLANEOUS

One of the best ways to appreciate veterinary client service is to become a client with your own pet. This can be a humbling experience. Veterinarians who are not in practice have had the experience of taking their pets to colleagues for medical care. In these instances, they experience the client perspective with respect to discussing medical options, trusting someone to provide high-quality care, hoping that staff will treat their pet lovingly, and paying for services.

ABBREVIATIONS

N/A

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N/A

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4.2. CLIENT SERVICE STRATEGIES



BASICS

OVERVIEW

• It is obviously important to focus on the quality of pet care, but it is equally important to focus on the level of client care. Understanding the importance of client care is the first step toward building a hospital that delivers phenomenal client service.
• Creating a noteworthy client experience is as much a mindset as it is a process. Your team must care deeply about the client experience and their role in making it incredible if you are to ever develop a competitive advantage around client service.
• For your service to be recognized as exceptional, it cannot be "somewhat" better than other businesses; it has to become a stark contrast to the service your clients receive anywhere else. Often, practice owners fail to realize that their hospitals are not only being compared to other veterinary hospitals when it comes to client service. You are being compared to dentists, doctors, retail stores, restaurants, and other service providers. People will judge their experiences based on all of their interactions, not just the industry or kind of service. This means that it is not enough to be considered the hospital that offers the best veterinary service in the area. Set your standards higher, and find ways to offer the best client experience possible even when compared to other nonveterinary businesses.
• In veterinary medicine, the level of client service is possibly the most important component of a hospital's success because pet owners cannot effectively judge the quality of medicine. Rather, pet owners evaluate the hospital based on their own experience when their pets are in your care. Clients are not able to see if the surgery was done well, but they can and do judge hospitals on the level of service they receive. The assumption is that if the service is exceptional, the animal care is exceptional as well.
• Ultimately, client service is part of the choice we make about how strong we want our business to be. Our client service capabilities will determine how fast we grow, how well we weather tough economic conditions, and the amount we can charge for our services. If we are operating with mediocre service to our clients then we will ensure mediocre growth and mediocre client retention. It goes far beyond just telling our staff to deliver great client service though if we are truly going to raise our own bar. We must build a team engaged in and committed to exceptional service to the point where they are raising their own bar, not waiting for "management" to tell them how to deliver that additional value to the client.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

• Exceptional client service has to be a goal and a mission for the hospital as a business, and although that is often stated, rarely is it executed as well as it needs to be (see 4.3 – Exceptional Client Service). When you walk into a typical veterinary hospital and observe the service, it is often good but rarely is it exceptional. Many hospitals believe great service means answering the phones quickly, or smiling in the front office, and although this is certainly part of it, there is much more to creating the level of service that sends people away from the hospital completely satisfied and excited to share their wonderful experience with others.
• Our clients do not connect with the hospital itself – they connect with individuals within the hospital. We must make certain that every hire we make brings talent into our hospital that is fully committed to client care as well as pet care. The veterinary industry is full of individuals who would rather spend time with animals than with people, and although that certainly helps us achieve effective pet care, it can put our client care, and ultimately our business, at risk.
• Hospitals should have equally high standards for client care and pet care because client care is what will drive referrals and retention of current clients. There is no more powerful form of marketing or advertising than word of mouth.
• Exceptional client service begins with the entire staff creating a vision of what it could and should be, and then taking complete accountability for making it incredible. Hospitals have to recruit, hire, train, reward, coach, and support with client service in mind. Exceptional client service is only possible with teams of people who are engaged and excited about what they do, and who are focused on delivering service second to none – not because management told them to, but because it is important to them.
• In order for a hospital to successfully build a culture of client service, three things must happen:
  ◦ **Define the difference:** Before you can offer an excellent client experience, you have to know what that means for your practice. More importantly, your staff has to know. What specifically is good service, and what is bad service? Everyone can tell you when they have experienced one or the other, but you will need to dig deeper and be able to talk about specifically why the service was good or bad. What are other businesses doing well, and what could they be doing better? Once you can define good client service, you need to apply the concept to your hospital. How can you, in your industry, offer an amazing client experience? What does excellent client service mean at a veterinary hospital?

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- **Understand the path:** Once you have established a vision for where you want to be in terms of your client service, it is important to map out how you will move from your current state to that desired future state. What changes do you need to make in the way your hospital does business? How are you going to make those changes, and how are you going to sustain them?
- **Become a catalyst:** As you guide your organization from the current state to the future state, it is the owner's job, and the manager's job, to create excitement about the initiative, build momentum within the hospital staff, and be the first to embody the change.

• Creating a phenomenal client experience begins with understanding excellent client service and how your hospital can offer it, but a challenge for many practice owners is creating a process that will cause lasting change, and building a culture that revolves around client service. It is crucial that this process involves everyone in the organization, so that all staff members take accountability for making it a success. Use the following six-step process as a guide as you map out a plan for your hospital:

- **Learn:** All staff members should begin by taking some time to research client service. Look into your own personal experiences as you interact with other businesses, and collect data on what makes a client experience great. Ask everyone to make notes as they go through the next week or so about when they encounter exceptional client service from other businesses they patronize and how it felt. Have them also recognize mediocre or poor service when they encounter it and talk about what decisions they will likely make about doing business at those establishments in the future. Encourage all staff members to come to the next meeting with a list of thoughts and ideas, and ask that everyone expect to participate in the discussion.
- **Brainstorm:** Devote a series of meetings to brainstorming and defining what amazing service means for your practice. It is important to put forth as many ideas as possible and then think about how we might implement them for our clients. Everyone should be involved and engaged in the process. This is a time to think without censoring, and to let all ideas come to the surface.
- **Discuss:** Comb through the list of ideas from the brainstorming meetings. Begin to challenge ideas and beliefs, strengthen convictions, and add shape and context to the discussion. Prioritize ideas based on the ones that will add the most value to the service level of the hospital. There will be many that can be done for little or no cost and that could be implemented immediately. Others may take some time, require staffing considerations or other financial investments and may need to be slated for the future. Some should be discarded because they do not apply to our business or because they are nearly impossible to implement. It is important to select high value options and focus on implementing them flawlessly rather than trying to put 50 new things in place and not doing any of them very well. The goal is to build a strong foundation for client service and continuously build on it, not to transform our service level overnight. That can lead to false expectations and "change fatigue."
- **Decide:** The entire staff needs to come to a consensus. The final decision should not be made behind closed doors by management alone. If everyone in the organization has a seat at the table, everyone will engage when it comes time to execute. Ask yourself and your team: What will make the most impact? What is possible to implement? What do we believe we can sustain? Review your vision for what exceptional client care means at your hospital, and how each person can contribute to it.
- **Implement:** Creating a detailed picture of where you want to be is only half of the battle – getting to that desired future state is the other half. When it comes time to implement a change, you will need to take into account culture, structure, and process, among other things (see 2.14 – Implementation: Getting It Done). Behavior changes, at all levels, as well as physical changes and investments, will be needed to sustain the success of the project. This will require regular meetings to evaluate progress, examine roadblocks, and ensure that the staff has ownership for moving forward. Not because management says so, but because people are fully engaged in continuing to improve service in our hospital.
- **Sustain:** Even as the organization arrives at a point where client service is taking on its new and improved form, there is still work to be done. Leadership must remain strong by offering coaching and support. Accomplishment must be celebrated, and those who are leading the change must be rewarded and empowered.



EXAMPLES

Every policy, choice, rule, or guideline must be considered from the perspective of the client and how it will affect their perception. This does not mean that we give anything away or "cave in" on client demands, especially when it comes to price. Our level of service should be such that clients fully commit to us for their pet care, and even pay more sometimes because we provide service they simply cannot receive anywhere else. When they get charged for a nail trim at our hospital it is not an issue because the level of service they have received and the value they have felt is much higher than it might be elsewhere. We no

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4.2. Client Service Strategies

longer need to think about reducing our fees or compromising on our profitability because we have increased our value to the pet owner.

Here are some questions to ask yourself about your current level of client service:

- When staff members in our hospital make a choice between following a "policy" or creating a phenomenal client experience, which do they choose?
- Do we have policies that make things easier for us, but more difficult for the client?
- Do we have a process for routinely asking our clients how we could serve them better and for using that feedback to implement changes?
- When we recruit new hires do we base it on their level of experience or their ability to provide an exceptional client service environment?

SPECIFIC AREAS

Here are some specific areas that you should consider when thinking about your client experience:

Structure

This is the physical layout of the hospital and it can either provide barriers to effective service or it can help create an environment where it happens naturally.

- Are ramps and steps easy to navigate, even while carrying a pet?
- Is it easy for reception or technical staff members to interact with clients? Are there ways we could make this even more natural?
- Are there unnecessary artificial barriers between our hospital staff and the clients, such as walls or sliding windows … or the exam room table?
- Are there ways to make our structure more open, bright, and inviting?
- How often do we walk in the front door and look around our physical space to see if there are ways we can improve it? Better yet, can we arrange to have a friend, job candidate, or neighbor come in and give us their opinion on ways to make the space more welcoming and inviting? There may be some seemingly small things that we do not notice that negatively affect our client experience. For example, are there mostly dead and dying plants in the lobby area? What assumptions do you think the clients made about the quality of care in that practice?

Flow

- How do we move animals from the front to the back? Is it easy, natural, and connected, or does it feel like a hand-off?
- Where do clients wait most? In an area with other pets that could be confrontational, or in a secure setting where they can let their pet explore, which decreases client and pet stress? Waiting with a pet is typically more stressful than waiting in a human physician's office, where the client can relax and read a magazine. Are there ways we can make this experience easier?
- How do clients move through the checkout and exit procedure? Are there ways we can streamline it so that people are not trying to write checks while dealing with excited pets that are ready to bolt out the front door? Are there logjams where we currently create pet confrontations?
- Do clients have a safe environment where they can discuss payment options without being embarrassed because others are listening?
- How do we handle unexpected wait times due to emergencies or other unforeseen circumstances? Do we make it a point to talk with each client, make them aware of the situation and give them updates as things progress or do we just let them assume we are overbooked and too busy to care about their day and their time?

New Clients

How new clients are treated on their first visit sets the tone for their perception, and the first impression is important.

- Do we sit down with them and explain the mission of our hospital and why we believe our care and service are different?
- Do we ask them what they value most in a pet care facility and how we can make their experience here everything they would like it to be?
- Do we give them a tour of our hospital, explain what happens when we take their pet to the "back," and let them see the area where we perform different kinds of treatments?
- Do we share information about our doctors, such as their interests and expertise?
- Do we explain that they may see different doctors, depending on their animal's condition and needs, so that we can provide the very best care?
- Do we have any kind of welcome packet that introduces them to our hospital and to our team?
- Do we call them back after their first visit and ask them about their experience and welcome them again to our hospital?

Daily Client Care

- Do clients get calls after visits asking about their pet and their experience? Do they get additional calls after a surgery or invasive procedure to check on the recovery process? Do they get calls after purchasing a wellness plan asking if they have any additional questions or offering additional information? Do we get email information so we can alert them to upcoming opportunities to keep their pet healthy and protected? In addition to a personal telephone call, do we use email to communicate test results in detail? Do we use text (SMS) messaging to our advantage?
- How are people greeted when they enter the hospital? Do they feel like they entered a friend's house or their physician's office? When was the last time you heard anyone rave about the service at his or her physician's office?

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• Do we help people to their car with pets, food, or other items?
• Do we grab an umbrella and walk them out on rainy days?

Social Media and E-presence

• An increasing number of people have their first experience with us long before they enter our hospital. How are we shaping that experience? Does it complement and align with our exceptional client care or does it fall short of setting us apart as a hospital?
• Is our social media platform interactive and inviting? Does it make people want to become part of our client family? Do we communicate there regularly so that people feel connected to us?
• Do we build a presence that shows people that we are a thriving and growing business with engaged and happy clients?
• Do we promote specials and savings so that people can take advantage of them and use our services more cost effectively throughout the year?
• Do we educate our clients on pet conditions, risks, and preventive measures so that we are viewed as a reliable source of pet care information?
• Do we use videos, polls, and other means of interacting with our clients to keep them engaged and build a discussion, rather than a one-way form of communication? People no longer just consume on the computer, they interact, and we want them to become connected to us, not merely to review our material.
• Does our website share our mission and our "why" for being in business? Does it help people make a positive decision to choose us for their pet's care over other options that they might have? Does it let them connect to our team and our staff in a way that makes them feel a connection to us as individuals?



CAUTIONS

• Ownership for incredible client service cannot rest solely or even largely with the practice owner or practice manager. Everyone who touches the client in any way is responsible for providing excellent service.
• Client care is not something that hospital owners and managers can define and then hold others accountable for. If we try to mandate good client service, we will merely get compliance, not commitment. Without commitment, our service will become mediocre at best.
• It is essential that you have a dedicated training process that focuses on exceptional client care. If you look at organizations that have built a brand on their exceptional client service, they stress service from day one in how they train their employees. Ritz Carlton and Nordstrom's are two examples of businesses where the training that employees receive stresses client service as part of the businesses' identities and why they exist. Most people would agree that service stands out at these businesses and the training programs are part of that competitive advantage. It should be part of ours as well.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

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4.3. EXCEPTIONAL CLIENT SERVICE



BASICS

OVERVIEW

Exceptional client service is more than exceeding expectations. It is delivering service in a manner that so far exceeds expectations that it becomes truly memorable, and worth telling other people about.

Very few businesses are known exclusively for their outstanding service, mostly because it is extremely difficult to execute consistently at such a high level, across all departments and/or locations. Regardless of the size of the company, exceptional client service requires a systematic approach to ensure all members of the team understand what is expected of them and exactly how to perform within finely detailed standards. Selective screening and hiring, continuous training, and development of talent must be part of the ethos of the company, if it is to become known for service beyond the norm.

TERMS DEFINED

Exceptional: Unusually good; outstanding.
Expectation: A strong belief that something will happen or will be the case in the future.
Service: The action of helping or doing work for someone.



ISSUES AND OPTIONS

If we look at some of the companies that have mastered the art of service and become well-known for it, we see that they have a few things in common:

• They have built a culture of trust. This culture of trust is the foundation for a company that people want to work for. Your team has to believe in your mission so strongly that they embody it in all they do, and simply working for you gives them pride and fulfillment. So, is your company a place where people want to work?

• They have a clear sense of who they are, what they stand for, and how they wish to be perceived. This is the essence of a strong brand identity. It results in strong goodwill, meaning it increases the value of the company.

• They are extremely selective in their hiring. This is essential for any company that wants to provide exceptional client service throughout the organization, and not only by its client-facing team members. An aggressive, proactive recruitment strategy is employed to go out and find these individuals in some cases. However, being a company that people want to work for also results in a steady supply of interested candidates.

• They never stop training. They want their team to have the most up-to-date information and to be able to utilize every skill they can, in order to shine.



EXAMPLES

Today, client service comes in many forms – in person, by telephone, online, etc. With fewer in-person interactions taking place due to the prevalence of the Internet, the importance of exceptional service has increased tremendously. Most of today's well-known businesses have most if not all of the following strategies in common:

• **They connect:** Have you ever noticed the Dove commercials, portraying women of all shapes and sizes? This is to show they understand you, know you, and therefore, know how to provide real products to real people. There is no Photoshopping here – authenticity is the way they connect, by making their models relatable. Do: Tell a story about one of your team, and how they navigated a difficult diagnosis or treatment of a pet. Help your audience see that you, too, love your pets and understand the emotions and challenges in caring for a sick animal.

• **They engage:** L.L. Bean, the outdoor lifestyle brand, is known for engaging its customers online in support of the outdoors. In fact, for its 100-year anniversary, L.L. Bean asked customers to share their "outdoor moments" via social media. More than a million people responded, so the company donated $1 million to the National Park Service. The pictures are adorable, and most of them have nothing to do with L.L. Bean. The customers are willing to spend time and share – for a cause. Together, they contribute to the world. Do: Whether it is a contest to show how you enjoy time with your pet through photo submissions (creating great content for your Facebook page), or enlisting your clients in a cause, you can create community and do more together.

• **They stay true to core values:** Have you ever met a Southwest Airlines employee who was not pleasant or did not have a good attitude? Most have a fabulous sense of humor. I am sure a few have a bad day now and then, but by and large they hold true to their core values. Southwest believes there are no excuses for the person who does not play by the same set of principles that everyone else must play by. They simply do not hire them, or if they do, they do not stay very long. Do: If teamwork is one of your practice's core values, do not allow one of your team to bring negativity into the workplace or, worse still, spread it by gossiping, getting involved where they do not belong, or undermining leadership. Manage and reward employees for demonstrating behaviors that align with your core values. Those values then actually have meaning beyond the nice poster on the wall.

• **They empower:** There are not many companies that can inspire you to get off the couch and "just do it." No matter your athletic ability or desire to compete, Nike has empowered athletes and everyday people to go out there and move! Using professional athletes in their advertisements shows that with the right equipment and effort, you too can be your best you. Do: Delegate and give your team the opportunity to solve problems. Give them ownership and allow their creativity to create solutions. Having responsibility for something that they can improve is sure to bring satisfaction and enjoyment to everyone in the process.

• **They listen:** Sainsbury's, a popular grocery chain in the United Kingdom, has taken this concept seriously. One of its customers, a three-year-old girl, thought their product called "tiger bread" looked far more like "giraffe bread." In 2011, she wrote the company a letter about it. Yes, an employee replied, "that's a brilliant idea" – and then the supermarket actually changed the name of the bread. Sainsbury's proved that bottom-up change works in the corporate world, too. Do: Be open to change and solicit feedback from clients and staff – a suggestion box of sorts. When you receive a criticism or suggestion that you decide warrants a change in protocol, let the submitter know about it – and all your clients too, if appropriate. It is nice to be acknowledged publicly for doing something that helps others. And of course, that can encourage others to chime in too. You might just start a chain reaction of innovation.

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It is easy to see how the approach these companies take can be translated to veterinary medicine. Exceptional service can bring an enormous return on investment in many ways, both inside and outside the practice. Find a company you admire and study it. Determine what makes it successful and follow its lead.



CAUTIONS

One bad egg (or team member) can ruin the whole experience for a pet owner or referring veterinarian. Conversely, do not let one strong team member carry the weight of the entire team. Because exceptional service must be delivered consistently, training and accountability has to be a priority. In fact, if the leaders are not leading by example, no amount of training will rally the team from routinely delivering mediocre service.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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4.4. What Clients Expect from Their Veterinarian



BASICS

OVERVIEW

• All hospital income is provided by willingly paying clients. Because most consumers are value shoppers, it makes sense to concentrate on providing clients with the value they seek.
• Although every client is different, there are some basic rules to providing goods and services that exceed the expectations of our clients.
• However, to consistently meet expectations, it is first important to appreciate what those expectations are.

TERMS DEFINED

Disposable Income: Income remaining after all taxes and mandatory expenses have been deducted that can be spent or saved at one's prerogative.
Omnichannel Consumer: Consumer exposure to information and marketing messages, preferably seamlessly, through a variety of different channels, including bricks-and-mortar stores, the Internet, apps, etc.
Risk Management: The identification and assessment of risks and minimizing their impact, such as with insurance or reducing risk factors.



ISSUES AND OPTIONS

DETERMINING EXPECTATIONS

• There are some expectations regarding clients that can be readily inferred as being standards. All clients will want to be treated fairly and with respect. This should be foundational in all offerings provided. All clients also expect that if they are visiting a licensed veterinarian that they will be receiving competent medical care.
• To better understand what clients expect, hospitals should have methods in place to actually determine this information directly from clients. In the most basic method, regularly ask clients if their needs are being met, and if your team is consistently meeting and even exceeding their expectations.
• Customer service surveys are also critical in this regard, especially surveys that allow you to benchmark against others in the industry, with metrics such as the Net Promoter Score (NPS). (Net Promoter, NPS, and Net Promoter Score are trademarks of Satmetrix Systems, Inc., Bain & Company, and Fred Reichheld.) These surveys are a great way to not only determine if clients are satisfied with your services, but also to ensure that their expectations have been met to such an extent that they would willingly promote you to friends and relatives (see 4.19 – Measuring Client Satisfaction).
• If nationwide surveys are any indication, then most veterinary practices need to re-evaluate how well they are doing in the eyes of their clients. In one large study, there were three client-driven factors that seemed to contribute to a decrease in the number of client visits veterinary hospitals were experiencing:[1]
  ◦ Clients did not see the need for, or the value of, regular veterinary visits for an animal that appeared otherwise healthy.
  ◦ Clients thought veterinary costs were too high.
  ◦ Clients found it to be a stressful experience to take their pet to the veterinary hospital.
• From the same study,[1] pet owners indicated that they would likely visit the veterinarian more in the following instances:
  ◦ If they knew such visits could prevent problems and more expensive treatment later.
  ◦ If they were convinced it would help the pet live longer.
  ◦ If each visit was less expensive.
  ◦ If they really believed the pet needed to be examined as often as recommended.

CLEAR COMMUNICATION

• It is not only important that pet owners receive directions from hospital team members in a clear manner, but consistency of the message is also important, ensuring message integrity from all staff members, the clinic website, brochures, and other resources that may be provided to the client.
• Improving communication skills of the veterinary healthcare team is one of the most important things that hospitals can do to help meet client expectations. Obviously, if the intention is to meet and even exceed client expectations, then the first part of the solution is to understand exactly what those client expectations are.
• This is best achieved through shared decision-making, so the client is intimately engaged in the decision-making process.[2]
• Clients that are active partners in the care of their pets are more vested in the process, and are also more likely to be compliant with mutually determined recommendations.[3]
• Although some individuals may have inherently better communications skills than others from the outset, what is clear is that those skills are very trainable and all hospital members can improve their communication skills with appropriate training.
• Some of the most important skills in this regard are the following:
  ◦ Learning to speak as a professional (see 5.3 – Speaking as a Professional).
  ◦ Making clear client recommendations (see 5.4 – Making Clear Client Recommendations).
  ◦ Speaking in a form that is easily understood by clients (see 5.5 – Translating Medicalese: Client-Centered Communication).
  ◦ Engaging the client in coming to a mutually agreed-upon conclusion regarding the care of their pet (see 5.6 – Shared Decision-Making).
  ◦ Asking questions effectively to collect the most important information needed for diagnosis and prognosis (see 5.7 – Posing Client Questions Effectively (Open-Ended Inquiry)).
  ◦ Actively listening to clients to determine their concerns, the full history, and their expectations (see 5.8 – Reflective Listening).
  ◦ Ensuring that posture and "body language" are conveying the same sentiments as our words (see 5.9 – Nonverbal Communication).
  ◦ Appreciating what such conversations mean to the client (see 5.10 – Empathy).

VALUE DELIVERY AND AFFORDABILITY

• Pet owners spend a lot of money on their pets, more with each passing year, and in most cases the money spent is a reflection of the human–animal bond[4] (see 1.19 – Importance of the Human–Animal bond).
• Most consumers are value shoppers and look for the ultimate value in their purchases, rather than merely the price. Whether it is the car they drive, the neighborhood in which they live, or the brand of watch on their wrist, clients want to receive at least as much value as the amount of money they are prepared to pay (see 9.6 – Value-Added Analysis).
• When consumers believe that there are a variety of products or services that are very similar in utility and value, these are regarded as commodities, and decisions are then made on the basis of price and convenience. For example, if a veterinarian dispenses a human generic medication for a medical condition when a similar or even identical product is available from a human pharmacy at much lower price, then even if the client purchases it from the veterinarian, the price differential (if they are aware of it) may cause those clients to question the pricing for all services provided at that hospital.
• Clients will only willingly pay a premium at a veterinary hospital if they perceive they are receiving commensurate value.
• Most pet owners today are omnichannel consumers and use many different retail channels (including a variety of online and

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bricks-and-mortar alternatives) to evaluate products and services and make decisions before they buy. It is natural that they also review their options for veterinary products and services, and clinics should expect this type of client behavior.

- Because most pet expenditures are made with disposable income, it is critical that veterinary hospitals detail the amount and type of expenditures that a pet owner might encounter over the life of their pet (see 5.12 – Discussing Pet-Specific Care). In this way, clients can understand the costs of such care and can plan accordingly, either by saving money, buying pet health insurance (see 8.11 – Pet Health Insurance), considering payment plans (see 8.12 – Payment (Wellness) Plans), or other risk management strategies.
- Two services that were found to offer substantial promise for attracting pet owners to a practice were full-year health plans (see 4.9 – Lifelong Excellence in Healthcare) and providing monthly installments for routine services (see 8.12 – Payment (Wellness) Plans).[5]

ADVOCACY

- Clients appreciate that veterinarians run hospitals that need to make money, but they also want to be confident that the recommendations being made are evidence-based, in the best interests of their pet, fairly priced, and not motivated by profit.
- This is best achieved by creating appropriate standards and protocols within the hospital (see 9.3 – Standards of Care and Care Pathways) and helping the client to appreciate the needs specific to their pet (see 4.10 – Personalized Pet Profiles).

EXAMPLES

Rocky Goodwin is a young Doberman pinscher and his owners are keen for him to live a long and healthy life. Following his examination, it was concluded that Rocky was a healthy pup, and a personalized health profile was recommended to help him remain that way (see Figure 5-12-1 in 5.12 – Discussing Pet-Specific Care). Mrs. Goodwin was particularly concerned about one of the risk factors that had been identified as associated with his breed – cardiomyopathy – and was especially anxious as her father recently died of congestive heart failure. The opportunity was taken to learn more about this experience, including her remorse that the diagnosis had not been made earlier when more could have been done.

The veterinarian was empathetic and suggested that although the risks cannot be eliminated with Rocky, the team would be committed to early identification of problems, should they exist. The first step would be to perform a genetic test for the risk of cardiomyopathy, as a positive result would indicate that Rocky is more likely than other Dobermans to be affected; a negative result means less likelihood, but the risk still does not drop to zero. It was explained that cardiomyopathy is an adult-onset disease, and although perhaps most commonly first detected around 5–6 years of age in affected animals, it can be quite variable and may even be diagnosed as early as at one year of age in some dogs.

Based on the information provided, the owners agreed that the genetic test made sense as a first step (along with the other genetic tests that are part of the recommended panel, including von Willebrand disease, narcolepsy, and malignant hyperthermia) and they indicated they would also appreciate learning more about these conditions at home if resources could be provided. Given the facts presented, a lifelong healthcare plan would be created for Rocky that would take into consideration all of his determined risk factors, not only for genetic diseases, but also for environmental and lifestyle risks.

Although the owners were understandably concerned that their healthy new family member could possibly develop a devastating disease later in life, they appreciated being apprised so early in the process, being provided with so much supporting information, and having such a credible action plan already in place. The owners were committed to their role as Rocky's "parents" and were also prepared to investigate pet health insurance (see 8.11 – Pet Health Insurance) and other mechanisms for being able to afford Rocky's care. Before leaving the hospital, they once again indicated their appreciation for such customized care, and asked if it would be acceptable if they recommended the hospital to their family and friends.

CAUTIONS

Each client is an individual, with their own perceptions and their own expectations. It is not reasonable to assume that any one veterinary practice can meet the needs of all potential clients. The goal should be to practice excellent medicine, deliver uncompromising customer service, and strive to honestly meet the needs of clients, given the practice's mission and vision. In some instances, the needs of individual pet owners might be better met elsewhere. Just as not all consumers shopping for a car are looking for a luxury brand, not all pet owners are necessarily looking for the same brand of veterinary care, so meeting expectations is all about first understanding what those expectations are.

MISCELLANEOUS

ABBREVIATIONS

NPS: Net Promoter Score

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4.5. MEETING THE NEEDS OF PET PARENTS



BASICS

OVERVIEW

The last decade has seen a dramatic change in how we view companion animals. And it is no secret that spending on pets continues to grow. There are many reasons why the pet sector is on a seemingly endless climb.

- We have an insatiable appetite for technology, and people want to stay connected to their pets.
- Baby Boomers are the second largest population of pet owners after Millennials. As empty nesters, they have the time and resources to care for a pet.
- The human–animal bond is powerful! The humanization of pets means that more pet owners now view their animals as members of the family.

When providing products or services to these dedicated pet owners, it is important to understand that their needs and expectations differ from those of people who hold a more traditional view of animals. These are the people who see themselves as pet "parents." This deepening relationship with pets is driving several new sectors in the general pet market. Being able to adapt and incorporate new technologies and methods of care delivery will be essential to veterinary practices that want to thrive.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

The humanization of pets requires veterinary practices to incorporate new ways of thinking to satisfy pet owners who deem themselves "parents." Just like parents of human children, the notion of "doing whatever it takes" sets a higher bar when it comes to service. Pet owners actively search for resources and information to help them best care for their pets and often obtain advice from nonveterinary professionals. The respect and esteem once held by older generations for those with a medical degree has become a bit diluted with such easy access to advice, be it sound or otherwise. If veterinarians want to keep their clients and maintain a trusted relationship, it is necessary for them to provide much more wellness education.

Connecting with clients more frequently, in the manner they prefer, is also essential. Clearly, if you do not make it easy for them to see you as the optimal resource, you can bet they will find the advice they are looking for elsewhere. With the proliferation of review sites and the influence these have over purchasing decisions, it does not take long for word to spread, positively or negatively. Commit to staying current, listen to your clients, and ask your staff what they believe clients want from you. They are on the front line and often hear things a pet owner will not say to a veterinarian. Be open to change and be willing to adapt a lot faster than in previous decades. Your profession is counting on it, and so are the pets.



EXAMPLES

There are dozens of examples of how the humanization of pets has manifested itself. Consider the huge range of pet-centered products and services available, such as cat cafes, luxury boarding facilities, dog walking services, connectivity products such as custom apps, cameras with two-way audio and video, remote treat dispensers, and high-end bedding, clothing, and carriers. When it comes to pet health, we have seen an explosion of new products, including wearables to track health and behavioral activities, GPS tracking devices to find lost pets, seat belts and vehicle restraints, at-home diagnostics, and more mobile services. More hotels now cater for those traveling with pets, because as family members, they accompany their families on vacation. Pets even have a role in many weddings!

Perhaps the biggest growth area has been in natural products, mainly pet food. Natural products now dominate the market and account for the majority of all pet specialty retail sales. Add in those who cook for their pets and give them supplements, much as they do for themselves, and you can see why the challenge to satisfy these quality-conscious owners can be so daunting.

It is important to understand the relationship each client has with his or her pet, so you can tailor your care recommendations to the pet's role in the family (see 5.12 – Pet-Specific Care). When speaking with a client who views him- or herself as a parent, acknowledge the importance of the animal in that client's life. Simply validating the bond they share will go a long way toward building trust. Offer to support that bond by assuring your clients that you work together with them as a team in their pet's health care and that your goal is to help every pet live a long and happy life.

- Be the resource pet owners need for all things pet-related – instead of the closed social media group where they can go for advice from the masses, or their breeder who espouses exactly when their pet should be spayed or neutered, or the groomer who has a recipe to combat allergies and skin conditions.
- Stay ahead of the curve when it comes to technology and communication tools (see 4.17 – Maintaining Regular Client Contact). Even if your current clientele is not currently heavily weighted to Millennials, you still want to be able to attract new clients from the largest group of pet owners don't you?
- Demonstrate your value by proactively educating pet owners about the things that are important to them (see 6.2 – Giving Clients What They Want Most). Feature a blog on your website with educational information. Have handouts in the clinic and available for download from your website on wellness topics. Create a wellness calendar for every pet that is shared with the owner at each visit, reminding them of the benefits and potential savings of preventive care (see 4.10 – Personalized Pet Profiles).
- Be accessible. Utilize texts and instant messaging, or whatever their preferred method of communication may be, to communicate with clients (see 5.12 – Discussing Pet-Specific Care). Consider some alternate clinic hours to meet the needs of busy people, with late evening hours, early morning hours, or a sixth day of the week.

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• Finally, build a team of individuals who genuinely enjoy helping people and are natural caregivers. Then train them to deliver to your standards, consistently, with well-documented protocols that allow them the autonomy to do what is right and in the pet's best interest (see 9.3 – Standards of Care and Care Pathways). Reward the team for positive feedback and reviews (see 4.19 – Measuring Client Satisfaction). Being appreciated and knowing you have made a difference in a pet's life and the life of the pet's entire family is often all the satisfaction a team member needs to come back and do the same thing all over again tomorrow.



CAUTIONS

The cost of pet care, especially advanced and/or specialized care, also continues to rise. It would be wise for veterinarians to better educate owners about the importance of preventive care and to encourage more to purchase pet health insurance as a way to manage costs (see 8.11 – Pet Health Insurance). If not, veterinarians run a greater risk of being accused of "being in it for the money," or "letting pets die without upfront payment," or worse. When the attachment to pets is this strong, pet owners want to do whatever it takes to care for them. But that does not change the fact that not all can afford the best care. As a profession, we must somehow find a way to satisfy the desire to "parent" while helping pet owners afford the care that is needed.



MISCELLANEOUS

ABBREVIATIONS

References

N/A

Recommended Reading

N/A

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4.6. CLIENT PERCEPTION AND LEARNING



BASICS

OVERVIEW

To succeed as a veterinarian or as a practice, technical or medical excellence is not enough. We must earn our client's trust, help them learn about their animal's health, and work with them to keep their pets well. This means:

- listening to clients,
- giving clients what they want,
- helping clients learn what their pets need and how you can deliver it,
- building a relationship with clients so they trust you to care for their family pets.

TERMS DEFINED

Gamification: The integration of game dynamics and design to nongame applications, such as learning tools, to make them more engaging.



ISSUES AND OPTIONS

THE IMPORTANCE OF CLIENT PERCEPTION

- Client perception is vital for veterinarians in daily practice and in growing their businesses. To build a strong, successful, and well-regarded practice you need your clients to:
  - know, like, and trust you and your practice,
  - view you as someone with expert knowledge who is there to help them,
  - consider you a trusted advisor or partner in pet care, rather than a provider of a commodity product or service,
  - feel connected to your practice and willing to recommend you to others.
- You can help create a positive perception among clients by:
  - providing needed assistance whenever possible,
  - focusing on their needs and those of their pet (see 4.8 – Pet-Specific Care),
  - being consistent and reliable – doing what you say you will do,
  - offering a personal touch with factors such as eye contact, good listening, and positive feedback.
- Demonstrating authority has a subconscious effect. Build your credibility by displaying:
  - qualifications and awards, such as your degree,
  - a consistent and professional dress code,
  - an attractive and professional clinic environment,
  - leadership in public forums such as local or industry newspapers and magazines.
- Your practice marketing and positioning affect client perception by:
  - offering value – being cheap is not always the best: people often assume higher fees mean higher quality,
  - being "in-demand" – this implies value (think of specialists with whom you cannot get an appointment for months),
  - producing printed promotional and branding material such as business cards for each staff member (see 6.13 – Branding).
- Digital branding is increasingly important. Aim to have:
  - a modern and attractive, professionally designed website (see 10.13 – Websites),
  - active, popular social media channels (see 10.16 – Social Media),
  - a voice in important online communities where your customers spend time, such as forums or groups.

CLIENT PERCEPTIONS DIRECTLY IMPACT BEHAVIOR

If your clients perceive your products and services as generic commodities they will attach no value to your brand or expertise, and display little loyalty, being highly price-sensitive. Further, they also will not be receptive to longer term strategies such as preventive healthcare (see 4.9 – Lifelong Excellence in Healthcare).

CREATING POSITIVE CLIENT PERCEPTIONS

- Animal owners hold veterinarians in high regard – veterinarians consistently rank among the most trusted professionals alongside firefighters, nurses, and so on.
- Historically, veterinarians were the main source of expert information about pets and particularly detailed medical knowledge. Now, thanks to the Internet, clients have access to endless information and "expert" opinion on any animal health question or medication.
- Veterinarians still enjoy a high level of authority but should work toward creating positive impressions and relationships with their clients. Through this relationship they can demonstrate their expert status and knowledge.

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4.6. Client Perception and Learning

WHAT MAKES A GOOD VETERINARIAN OR A GOOD PRACTICE?

Clients' perceptions of what makes a good veterinarian are often based on subjective factors such as personality, manner, and word-of-mouth reputation (see 4.4 – What Clients Expect from Their Veterinarian). Clients have to rely on subjective factors such as age and personal characteristics to guess a veterinarian's knowledge, qualifications, or technical skill, which they are otherwise unequipped to interpret. Consider the impact of these factors on client perception:

- Body language, voice tone, responsiveness, positive feedback, and other aspects of good communication and likeability help clinic staff to connect with clients on an emotional rather than a purely transactional level (see 5.1 – Effective Client Communication).
- Managing clients' expectations is critical. One of the key reasons clients can become dissatisfied is that they have not been sufficiently involved in the treatment process or they do not understand the costs or the rationale for the treatment (see 6.2 – Giving Clients What They Want Most).
- The way a veterinarian interacts with patients, such as their ability to get names and genders correct, can play a disproportionate role in client's perception of their expertise.
- Be sure to keep clients advised of costs, possible adverse outcomes and likely prognosis.
- Equally important is the way in which you frame options and outcomes.
- For example, if test results come back negative, this should be presented as "great news" for the pet – not an expensive waste of the client's money or an incorrect decision in the first place.
- Customer loyalty depends on your relationship with them. Show interest in your clients and their animals. Keep them informed of current and upcoming milestones and health concerns and look for ways to solve their problems.
- Small but important gestures, like opening doors, remembering pet names, and thanking clients can make a huge difference.
- If you can also save them money that is great, but excellent pet care and great customer service should be your primary concerns.
- Positive feedback is powerful and essential.
- Respond to clients' own perceptions and show that you value their observations.
- Listen to them, acknowledge their concerns, and be sure to offer a solution for the initial problem, even if you find something more serious during your examination.
- Never dismiss or ignore client concerns, even if the problem will get better by itself. Affirm them for bringing their pet in, even if it was not necessarily a critical issue.

WHY YOU NEED TO EDUCATE CLIENTS

- Client education is central to veterinary practice. Veterinarians and other clinic staff spend much of their time educating clients.
- Client education is key to moving toward becoming a trusted advisor or a family healthcare partner.
- Investing time in client education offers these real benefits:
  - It shows you care about the pet and its health.
  - It teaches clients the science and rationale behind treatment recommendations and the value of compliance, and counteracts any adverse perceptions associated with what the client paid for the service.
  - It increases bonding with the veterinarian and practice.
  - A client's understanding pet healthcare needs enables prevention, early detection, and treatment of illness (see 5.12 – Discussing Pet-Specific Care).
  - It leads to improved communication and rapport.

These factors all build your status as a caring expert who is there to help the client to learn and care for their animals.

CLIENT PERCEPTIONS START WITH STAFF PERCEPTIONS

You cannot expect to convince clients that you are a high-quality clinic if your team does not agree. You also will not be able to provide high-quality care if your staff do not believe in it.

HOW PEOPLE LEARN

- Learning is a complex process influenced by many factors. Learning is often context-dependent, which means that people learn differently depending on their situation and their feeling about and relationship to the content.
- Learning encompasses a wide range of sensory and information types. Different people vary in how and what they learn best:
  - Sensory modality – some people learn better when they see or visualize things. Others learn better using sound, feeling, or thinking.
  - People often have a preferred sensory channel. It is important that you present material through multiple channels, media, and contexts. This can help reinforce the learning.
  - Learning presented across different channels helps reinforce the material.

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4.6. Client Perception and Learning

- People learn best by doing, teaching, or demonstrating. Do not just talk to a client, utilize other media such as pictures, models, and stories. Get the clients involved: For example, if you are teaching a client how to give an insulin injection, tell them about it, show them an example, get them to do it and then send them home with some written material and an example video. Arrange a follow-up visit or telephone call to check on how they are doing.
- Teaching opportunities are fantastic for building loyalty toward the practice.
- Repetition is critical in learning. Use natural opportunities in practice to repeat key messages. For example:
  - Repetition during a conversation helps reinforce learning.
  - Extend this by having other staff members repeat the message.
  - It is rare that you can complete client education on most topics (e.g., diabetes management, osteoarthritis, allergies, or even parasite control) in one visit.
  - Have a consistent message to clients at every interaction.
- Use multiple client contacts to build rapport and increase learning:
  - Reminders via letters, brochures, email, or website
  - Inbound calls to reception
  - In-clinic reception greeting
  - Veterinary greeting
  - Veterinary consult
  - Veterinary handover to receptionist
  - Receptionist discharge
  - Follow-up call after visit
  - Recheck after visit
  - Follow-up reminders.
- People learn best when things are emotionally charged, personal, or applied. People learn by direct, neuro-emotional response, then justify using reason.
- As veterinarians, we spend a lot of time teaching, and making sure that we present the information in a manner and a time suitable for the best learning experience will improve uptake and retention rates:
  - People respond to reward and feedback. If learning triggers positive feedback, then it is reinforced. The growing use of gamification in online training takes advantage of this trend.
  - Adding something tangible to an interaction can help cement your message.
  - For example, follow up dental care discussion with a demonstration of tooth brushing. Reinforce this by selling or giving the client a home dental care pack with a toothbrush and a dental diet or treats.
- People are more likely to listen, learn, and act on the advice of people with authority:
  - Make sure the practice staff match or exceed professional expectations for uniform, manner, and behavior.
  - A professional and attractive premise and waiting room help establish credibility.
- Every practice communication is an opportunity to educate and be helpful. Use the following strategies to build the authority of your practice and your team:
  - Give each team member his or her own business card and develop his or her skill or specialty area.
  - Introduce each member of staff in a positive way: "This is Jane. She's our weight-loss expert; she'll help you get Fido down to his ideal weight."
  - Send reminders even for smaller pet care issues such as deworming. This helps educate clients on the importance of compliance.
  - Use third-party resources, especially those that are independent, client focused, and authoritative.
- Online resources and interactions are increasingly important in communicating with clients:
  - Use your website, handouts, and other in-house resources to educate clients.
  - Guide clients toward reliable online information sources.
  - Highlight the importance of thorough physical examination and required testing focused specifically on their pet rather than unreliable and general information from the Internet (see 4.10 – Personalized Pet Profiles).
  - Emphasize the importance of reliable information, and print or email relevant articles to clients.
  - Use in-house educational resources such as visual atlases of normal and abnormal anatomy (e.g., models or a clinical atlas).

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4.6. CLIENT PERCEPTION AND LEARNING



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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4.7. The Client's Buying Journey



BASICS

OVERVIEW

One of the most important challenges that a veterinary practice faces is the ability to attract new clients. The landscape of the buyer's journey has evolved since the arrival of the digital age, but while we communicate digitally, there are deeper psychological needs that we are still looking to satisfy. If a veterinary practice achieves a working understanding of these underlying mechanisms, it becomes easier to attract the ideal clientele.

When a pet owner looks for a veterinarian, they are consciously asking logical questions. "Who are you, what do you do, and where do you do it?" But underneath there is a much more basic question in their subconscious mind: "Can I trust you?"

Your customer acquisition strategy should be based on the science of relationships – how and why they work. Your business imperative is to design a system and environment in which people feel safe, feel trust, and feel comfortable to take the next step.

The biological systems that guide our decision-making were developed for an environment that existed tens (or even hundreds) of thousands of years ago. Today, although we may dress smarter, have better hygiene, and have an incredible and growing body of knowledge that we are privileged to tap into, these same biological systems still guide our decision-making.

When we are walking alone in a dark alley, when we are dealing with a mechanic who we feel may have dishonest motives, or when an unwelcomed gaze lingers just a bit too long, it makes us feel wary. Why? Cortisol. When trust is absent, our brain feeds us a dose of cortisol. Cortisol has one job: to make us wary of our environment. To tell us to watch our backs. When we are on a website and something just feels off, it is not the website you are feeling – it is cortisol. Your brain is using its early warning system to tell you something is not right, and to be wary of your environment.

We are uniquely attuned to forming relationships because of its anthropological imperative for our ancestors. Finding people and groups we could trust, who would watch our backs, was literally a matter of life or death. As humans, we constantly look for safety in our environment and our social groups. It deeply motivates much of our behavior, whether we realize it or not. If our backs are not being watched by a social group, we feel deeply uncomfortable.

TERMS DEFINED

Archetype: A recurrent symbol or motif in literature, art, or mythology.
Buyer Journey: A framework that acknowledges a buyer's progression through a research and decision process, ultimately culminating in a purchase.
Meta Description: A snippet of text that summarizes a page's content, used primarily for search engine results purposes.
Sales Funnel: The system or process that companies lead customers through when purchasing a product or service.
Thin Slicing: The ability to find patterns in events based only on "thin slices," or narrow windows, of experience.



ISSUES AND OPTIONS

At each successive stage, the prospect will be subconsciously assessing their comfort levels to go a level deeper with you. Your success depends upon your ability to take them through each stage successfully so that you can begin building a real relationship with them inside the practice.

DISCOVERY

The first step in the buyer's journey is the search and discovery phase. This occurs when we realize we have a problem, such as needing a veterinarian, and look to solve that problem. It is still common to ask friends for referrals once we have reached this stage, but behavior is increasingly shifting to digital research.

Typically, this begins with a search engine query, such as "veterinarian near me." The variables that determine the likelihood of the progression down your sales funnel are your prominence on the search engine results page, your review score, and your copywriting strategy for your page's title and meta description (see 10.13 – Web Sites).

It is common for modern consumers to investigate multiple options simultaneously.

CONSIDERATION

Most of the time spent on the buyer's journey occurs on your veterinary website. The initial fraction of a second on your website is disproportionately important. We make decisions about our social relationships quickly – often in a fraction of a second. We are also surprisingly effective at it. This is commonly referred to as "thin slicing." We are so uniquely attuned to this because in our ancestral past this ability was a matter of survival. If the first impression of your website is not warm, modern, and compelling, you will be fighting an uphill neurochemical battle.

Because we are hard-wired to take a small amount of information and extrapolate larger general conclusions about our social groups, it is important that the presentation and quality of your website is very thoughtful. Moreover, you need to be deeply sensitive to the way humans prefer to learn about our world and to communicate: through storytelling.

Your story is not about what you do. Your story is about what you believe. And it is about relating how what you do every single day offers proof of you following through on your beliefs. This is how we are wired to build trust. It is when we find a person or social group that shares deeply held values with us that the bonds of trust and community are built. This underlying biology does not change even though the tools we use to connect do change.

These are the real, needle-moving questions a pet owner is asking on your website. "Do you care about the same things I do? Will you love my pet the way I do? Are you capable of being my pet's caregiver?" You must be thoughtful about the way you present your beliefs, and how they act as your internal motor in everything you do. It may be helpful to learn more about archetypes in branding, such as "the hero" or "the caregiver" to refine your message.

A powerful signal into whether we can or should trust you is whether our community trusts you. Our social group's opinions have a tremendous impact on the way we perceive the world. This is why it can be powerful to strategically place emotional and powerful testimonials throughout your website.

The principle of social proof is exactly why word of mouth has been such an effective driver of business for so many veterinary practices, and it is why online reviews will continue to redefine and shape the landscape of the modern buyer's journey. Many buyers will not only look at your overall score but will also go through the highest ranking reviews to get a better sense of the scope, depth, and magnitude of the issues raised. It is important to solicit positive reviews on peer-ranking platforms from your best clients, and to respond empathetically to negative reviews.

ACTION

Once the prospective client feels motivation to act, it is imperative that there is a clear and easy path to action. Humans are wired to balance motivation with energy. All things equal, the harder something is for us to accomplish, the less likely we are to accomplish it (see 6.4 – Attracting New Clients).

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4.7. THE CLIENT'S BUYING JOURNEY

There are also different paths that consumers may want to choose to act. While most pet owners still prefer to call directly, some may prefer to submit forms, and others may prefer online chat for quick and easy help. Make sure your website has a "sticky header" so that your phone number follows the user wherever they go. And strategically place multiple calls to action so they are never far from their experience. The mobile version of your website should have a "sticky" call button in one of the corners of the screen.

If a pet owner progresses down your funnel, but does not act, they may still be interested. The timing may just not be right. We live complicated lives, where multiple tasks are on our mind at any one moment. It is smart to adopt similar techniques to the major online retailers and utilize retargeting technology. When a user visits your site, they will soon after begin seeing advertisements for your veterinary practice around the web. It is important to gently but persistently remind them that they have a problem and that you can fix it.

CEMENTING THE BOND

The initial experience your new client has in your practice is formative for their future decision-making. They should be greeted warmly by your front desk staff as soon as they enter. This makes us feel welcome within our new social surroundings and will release positive chemicals (serotonin and oxytocin) in our brain.

Once you meet the client in the exam room, shake their hand firmly and look them in the eyes. This communicates your interest and trustworthiness. The handshake has been practiced for so long because physical touch is an important way that we reinforce bonds with our social community. It is an important opportunity to begin to shape a strong bond with that client for years to come.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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4.8. PET-SPECIFIC CARE



BASICS

OVERVIEW

Pet-specific care, also known as personalized medicine and several other terms (see below), involves approaches that allow predictions to be made as to an individual's susceptibility to disease, the course of that disease, and the disease's likely response to treatment. Pet-specific care involves all the steps needed to keep a pet healthy for as long as possible (so-called "healthspan" rather than lifespan), and then early detection of problems when there are the most options for management, rather than waiting for disease before veterinary intervention occurs.

The goal of pet-specific care is to prevent disease, if at all possible, or to decrease the impact of the disease on the patient, thereby improving the pet's quality of life over its entire lifespan. This is typically accomplished by identifying risk factors so that veterinary teams and pet owners can be proactive in instituting lifestyle modifications and increased veterinary surveillance so that problems can be detected at the earliest opportunity, hopefully while they are still subclinical, and when there are typically the most options available for successful management.

Pet-specific care is also known by several other names, such as:

- Personalized medicine
- Lifelong care
- Pet-centric care
- Client-centric care
- Best medicine
- Precision medicine
- Stratified medicine
- Predictive medicine
- Genomic medicine.

TERMS DEFINED

Checklist: A list of things to be accomplished and/or verified.
Healthspan: The portion of lifespan that the pet remains in good general health.
Life Plan: A proactive personalized schedule of care and intervention for pets, based on risk factors identified and prioritized.
Pet-Specific Care: An approach that tailors veterinary care to individual pets based on their predicted risk of disease and likely response to intervention.



ISSUES AND OPTIONS

RISK FACTORS

- Pet-specific care is all about managing risks and focuses on health management rather than disease management.
- All animals have certain risks that pertain to their individual circumstances (see 5.12 – Discussing Pet-Specific Care). By acknowledging and prioritizing risks, we can craft meaningful personalized pet profiles for our patients (see 4.10 – Personalized Pet Profiles).
- For most pets, family history or breed predisposition is a significant contributor to disease susceptibility. This is true whether the pet is purebred or mixed-breed, dog or cat. In many instances, when a pet is mixed-breed and the parents have not been identified with certainty, it may be difficult to discern any type of predisposition without performing breed composition genetic testing. Whether purebred or mixed-breed, dog or cat, both genotypic and phenotypic testing can be done for disease susceptibility (see 4.10 – Personalized Pet Profiles).
- Exposure risks constitute another significant contributor to disease susceptibility. For example, a pet exposed to many other pets will be at increased risk for infectious diseases and, potentially, parasite transmission. A pet that is taken for walks in wooded areas may be exposed to ticks that are enzootic to the region, and may introduce tick-related infections to the pet.
- Susceptibility to medical problems is also influenced by life stages (see 5.12 – Discussing Pet-specific Care). For example, an umbilical hernia is more likely to be congenital and evident in a juvenile pet, while most cases of hypothyroidism present during adulthood.
- A pet's gender, as well as its neuter status also influence risk. Some diseases are sex-limited in nature (such as prostatic disease in males, or pyometra in females), but there are also sex predispositions for a variety of disorders. For example, there may be a modest sex predisposition to females regarding cutaneous lupus erythematosus, while adrenal sex-hormone imbalance may be more commonly diagnosed in males. This is different from disorders that are transmitted genetically on the sex chromosomes. For example, hemophilia is more often clinically evident in males because the condition is transmitted on the X chromosome as a sex-linked recessive condition, and since males only

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have one X chromosome (the other is a Y chromosome), they manifest the condition; in females, with two X chromosomes, it would take two copies of the hemophilia mutation before the condition would be apparent. Neuter status also affects risk. Bitches spayed before their first estrus have a reduced prevalence of mammary cancers; neutered males have a lowered risk for prostatic hyperplasia.

- Geography also plays a significant role in disease susceptibility, partially because it influences infectious diseases that are present in the area, or the vectors that are associated with their transmission. Accordingly, when creating personalized pet profiles, it is important to take into consideration whether or not the pet may travel outside of the region (see 4.10 – Personalized Pet Profiles).
- Even conformation and nondisease traits can be associated with predisposition to disease. For example, cats with white fur may be at higher risk for developing squamous cell carcinoma; color dilution alopecia is more common in dogs with diluted coloring patterns, such as "blue" Dobermans.

GENOTYPIC AND PHENOTYPIC TESTING

Since pet-specific care and personalized medicine is about anticipating problems before they happen, typically through surveillance, screening tests are paramount to the process. The main categories of screening tests are based on phenotypic and genotypic assessment.

- Genotypic tests are ones that assess a genetic variant (mutation) or marker to determine disease susceptibility (see 9.3 – Standards of Care and Care Pathways). Such genetic tests measure either the presence of an actual genetic mutation, or genetic markers that appear to be associated with conditions. Genetic tests typically measure a specific variant associated with disease, while genomic tests may be used for more complex diseases in which there may be interactions among genes, and between genes and the environment; information may be assessed for disease susceptibility, prognosis, or likely response to therapy. It has now become cost effective to run genetic panels rather than individual tests.
- Phenotypic tests are those that measure a detectable abnormality or variance from normal, rather than a genetic variant. This includes most of the tests we routinely use, such as hemograms, biochemical profiles, urinalysis, radiography, etc. For example, while genotypic tests can identify some variants of primary open-angle glaucoma susceptibility at birth, phenotypic tests that rely on measurements of intraocular pressure (IOP) identify glaucoma when IOP increases above an established reference range for the breed and also can be used by monitoring therapy.

HISTORY

Collecting relevant information from pet owners is critical to being able to provide truly personalized or customized care for pets. Since pets spend much more time with their owners than with veterinary staff, pet owners much be engaged in the process and aware that such information sharing will ultimately benefit their pets.

- Every hospital visit provides an opportunity to learn more about the pet, the pet owner, and how they interact with one another.
- In many cases, it is most efficient to use questionnaires to standardize the information collection process (see 4.9 – Lifelong Excellence in Healthcare).
- Important topics include understanding what other pets may coexist in the house, activities and exposure, diets being fed, prescription and nonprescription medications being administered, etc.
- It is also important to realize that pre-existing conditions may be associated with increased risk for other disorders. For example, a pet that has been diagnosed with Cushing's syndrome likely has an increased risk for diabetes mellitus. A pet with excessive skin folds is likely predisposed to skin-fold dermatitis.

CHECKLISTS

- Checklists have proven to be very beneficial in human medicine, where they have helped reduce medical errors, improve patient safety, enhance teamwork, and ensure that steps were not missed.
- Without mandatory adverse event reporting, or morbidity and mortality investigations, it is difficult to tell how often medical mistakes occur in animals (see 2.25 – Appropriate Handling of Medical Errors).
- Checklists can also be used for more basic functions, such as history taking, pre- and postsurgical checks, and even to ensure that certain topics are addressed in client educations (see Figure 4-8-1).



EXAMPLES

Mrs. Finnegan presented Seamus, an eight-week-old border collie for examination. Seamus had an uneventful physical examination, but given his breed and family history, a few recommendations were made.

Mrs. Finnegan was surprised to learn that border collies were at increased risk for hip dysplasia, as she had mistakenly assumed it was only a large-dog disease. Seamus' parents had not been screened for hip dysplasia, so any family history was uncertain. A recommendation was

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4.8. PET-SPECIFIC CARE

Topic	Addressed
Pet-specific issues	☐
Vaccination	☐
Parasite control	☐
Genetic testing	☐
Nutritional counseling	☐
Oral health counseling	☐
Behavioral counseling	☐
Spay/Neuter	☐
Identification (microchipping)	☐
Risk management (pet health insurance)	☐

Figure 4-8-1.

Topics to be addressed in puppy/kitten client discussions.

made to do a preliminary assessment of hip laxity at six months of age during neutering surgery, and then a more complete radiographic evaluation at two years of age.

A sample was also collected to submit for genetic testing. The single panel was capable of screening Seamus for a variety of disorders, including black-haired follicular dysplasia, cobalamin (vitamin B12) malabsorption, collie eye anomaly, degenerative myelopathy, malignant hyperthermia, hereditary myotonia, ivermectin sensitivity (*mdr1* mutation), neuronal ceroid lipofuscinosis, primary lens luxation, trapped neutrophil syndrome, and others. The staff discussed other testing that would be done in the future, and provided a link to the website where Seamus' Personalized Pet Profile would be created.

The staff also discussed pet health insurance options with Mrs. Finnegan, and reiterated that it would be important to select a policy in the very near future if they wanted to ensure that there would be no pre-existing problems that could get excluded from coverage.



CAUTIONS

In many cases pet-specific care and personalized medicine may save clients money, but it also has a tendency of front-loading expenses, since surveillance is such an important part of the process. Because of this, and because problems tend to be identified at an earlier age when there are more opportunities for management, clients may need advice on how best to manage this risk. Some of the more effective ways of addressing these issues are with pet health insurance (see 8.11 – Pet Health Insurance), payment plans (see 8.12 – Payment (Wellness) Plans), and third-party financing (see 8.13 – Third-Party Financing).



MISCELLANEOUS

ABBREVIATIONS

IOP: Intraocular pressure

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4.9. LIFELONG EXCELLENCE IN HEALTHCARE

BASICS

OVERVIEW

Many clients acquire a pet without a good understanding of its long-term healthcare needs. Accordingly, this lack of understanding translates both to poor compliance/adherence and to improper planning for a lifetime of healthcare. Veterinarians would be well served to spend time with clients, understanding their needs and concerns, explaining in advance what the likely healthcare process will be, including expenses to be anticipated along the way and when changes in healthcare requirements will likely occur (see 4.8 – Pet-Specific Care).

TERMS DEFINED

Adherence: The extent to which patients take medications as prescribed, which involves the pet owner in filling and refilling the prescription; administering the correct dose, timing, and use; and completing the prescribed course. Adherence is a term applied specifically to medications; it does not refer, for example, to recommendations for wellness checks, diagnostic screenings, and so on.

Advocate: Someone who speaks or takes action on behalf of another.

Compliance: The extent to which pets receive a treatment, screening, or procedure in accordance with accepted veterinary healthcare practices. Compliance involves veterinary staff performing and/or recommending treatments, screenings, and procedures, and pet owner follow-through.

Pet-Specific Care: An approach that tailors veterinary care to individual pets based on their predicted risk of disease and likely response to intervention.

ISSUES AND OPTIONS

ACQUIRING A PET

• Most veterinarians play little or no role in the acquisition of a pet, so clients often begin and complete this process without veterinary advice. It might be humorous to veterinary staff when clients come in with a purebred "cockapoo" that they purchased for a considerable sum (with papers?) and evidence of ear mites, luxating patellas, and an umbilical hernia, but most would-be pet owners have no idea how to do a better job with the process. Interestingly, these new pet owners rarely price-shop for their new pets – they typically pay at time of acquisition, and they often make the purchase on impulse.

• In a much better process, veterinarians or trained staff could interview would-be pet owners and help them select an animal that would best fit their lifestyle (see Table 4-9-1), and then counsel them on where they might find suitable animals, health guarantees that should be requested, and terms that include a no-questions-asked money-back guarantee following veterinary examination.[1] Veterinarians could even provide adoption questionnaires that inquire about health issues in the animals or their parents, and genetic testing that might have been done to mitigate healthcare risks (see Figure 4-9-1).

• Unfortunately, this is not the way the situation typically evolves, so the veterinarian and client are sometimes engaged in an almost adversarial relationship in trying to determine how best to deal with the current situation. It is a much more positive relationship when the veterinarian acts as the client advocate, but for that to happen, veterinarians need to assume a much more proactive role in the acquisition of pets.

• Preselection counseling is not only medically relevant, but it also makes good business sense. In the United States, more dogs and cats are euthanized for behavioral reasons than for all medical causes combined.[2] Accordingly, helping prospective pet owners understand the ramifications of pet ownership before they actually take on the responsibility of pet ownership is in everyone's best interest.

RISK (NEEDS) ASSESSMENT

• To truly appreciate an animal's need for appropriate preventive care, it is important to first discern which factors may impact an animal's healthcare risks, either positively or negatively. Some of these risks can be determined very early in an animal's life (some even before birth) by evaluating genotypic and phenotypic assessment of the animal, its parents, and/or close relatives (see 9.3 – Standards of Care and Care Pathways).

• Other assessments can be made based on the local risk factors in the particular geographic area in which the animal lives. Location typically impacts the prevalence of many infectious diseases, environmental risks (snake bite, heat stroke, frostbite, toxicities, etc.), and other factors of significance (see 4.8 – Pet-Specific Care).

• Assessing lifestyle information helps a practice determine the relative risks of one animal versus another in the same locale (see Figure 4-9-2).

• Given a pet's risk factors from genetics, family history, and lifestyle, it is possible to discuss a lifelong customized healthcare plan (see 4.8 – Pet-Specific Care and 5.12 – Discussing Pet-Specific Care) that can be shared with the pet owner, so they can better anticipate the veterinary intervention that will be needed throughout a pet's life. A personalized pet profile can then be created to customize care for animals on an individualized basis (see 4.10 – Personalized Pet Profiles)

RISK MANAGEMENT

• Once owners can appreciate the veterinary care that will be needed by animals over their anticipated lifespan, they can also better plan how they are going to pay for such services.

• Owners can use several risk management strategies to financially prepare for such veterinary care, including pet health insurance (see Section 8.11 – Pet Health Insurance), Payment Plans (see 8.12 – Payment Plans), and third-party payers (see 8.13 – Third-Party Financing).

It is important for veterinarians to reiterate that if pet owners want the most benefit from pet health insurance that it be initiated as

Table 4-9-1. A sample of dog breed selector tools found on the Internet.

Organization	*Website*
Animal Planet	http://www.animalplanet.com/breed-selector/dog-breeds.html
American Kennel Club	https://www.akc.org/dog-breed-selector/
DogTime	http://dogtime.com/quiz/dog-breed-selector
Iams	https://www.iams.com/breedselector/
Pedigree	https://www.pedigree.com/getting-a-new-dog/breed-match
Puppyfinder	http://www.puppyfinder.com/dog-breed-selector
Purina	https://www.purina.com/dogs/dog-breeds/dog-breed-selector
Select a Dog Breed	https://www.selectadogbreed.com/
Select Smart	http://www.selectsmart.com/dog/

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Miniature Schnauzer Adoption Questionnaire

INFORMATION TO BE PROVIDED BY SELLER

Name of Business Telephone
Address
Name of Dog
Date of Birth Weight ☐ kg ☐ lb ☐ Color
Identification: ☐ Microchip implant_____ ☐ Tattoo _____ ☐ Collar/Tag _____
Registration (e.g., AKC, UKC, CKC)
Purpose: ☐ Show Quality ☐ Pet Quality ☐ Breeding ☐ Non-breeding

QUESTION	Yes	No	Don't Know	Documents Provided
Any evidence of problem behaviors in this animal?	☐	☐	☐	☐
Is there a history of problem behaviors in the family?	☐	☐	☐	☐
Any evidence of allergies in this animal?	☐	☐	☐	☐
Is there a history of allergies in the family?	☐	☐	☐	☐
Any evidence of urolithiasis in this animal?	☐	☐	☐	☐
Is there a history of urolithiasis in the family?	☐	☐	☐	☐
Any evidence of hypothyroidism in this animal?	☐	☐	☐	☐
Is there a history of hypothyroidism in the family?	☐	☐	☐	☐
Any evidence of comedo syndrome in this animal?	☐	☐	☐	☐
Is there a history of comedo syndrome in the family?	☐	☐	☐	☐
Any evidence of hyperlipidemia in this animal?	☐	☐	☐	☐
Is there a history of hyperlipidemia in the family?	☐	☐	☐	☐
Any evidence of pancreatitis in this animal?	☐	☐	☐	☐
Is there a history of pancreatitis in the family?	☐	☐	☐	☐
Is this animal free of orthopedic diseases?	☐	☐	☐	☐
Are parents registered with appropriate orthopedic registry?	☐	☐	☐	☐
Is this animal free of congenital heart disease?	☐	☐	☐	☐
Are both parents free of heart disease?	☐	☐	☐	☐
Is this animal free of heritable eye diseases?	☐	☐	☐	☐
Are parents registered with appropriate eye registry?	☐	☐	☐	☐
Is this animal free of von Willebrand disease?	☐	☐	☐	☐
Are both parents free of von Willebrand disease?	☐	☐	☐	☐
Is this animal DNA tested clear of myotonia congenita?	☐	☐	☐	☐
Are both parents DNA tested clear of myotonia congenita?	☐	☐	☐	☐
Is this animal DNA tested clear of Mucopolysaccharidosis VI?	☐	☐	☐	☐
Are both parents DNA tested clear of Mucopolysaccharidosis VI?	☐	☐	☐	☐
Is this animal DNA tested clear of PRA Type A?	☐	☐	☐	☐
Are both parents DNA tested clear of PRA Type A?	☐	☐	☐	☐
Has this animal received regular veterinary evaluations?	☐	☐	☐	☐
Any irregularities determined by veterinary evaluation?	☐	☐	☐	☐
Are all vaccinations current?	☐	☐	☐	☐
Did the veterinarian perform fecal evaluation for parasites?	☐	☐	☐	☐
Is this animal now free of parasites?	☐	☐	☐	☐
Is this animal on comprehensive parasite control?	☐	☐	☐	☐
Medical/behavioral money-back guarantee provided?	☐	☐	☐	☐

Signature Date

Figure 4-9-1.

Miniature schnauzer adoption questionnaire.

quickly as possible, typically by eight weeks of age, before there are any issues that could be considered pre-existing.

THE FIRST VISIT

• Ideally, the first veterinary visit might be made even before the new pet is acquired. If a specific breed has been selected, the veterinarian should be able to counsel the owners on possible breed-related conditions to be aware of, and what documentation would be worthwhile from the provider of the animal (e.g., hip joint certification of parents, DNA testing of parents, etc.). Armed with this information, the situation is established where the veterinarian is the healthcare advocate and this helps cement an appropriate doctor–client bond.
• The veterinary practice will also want to evaluate the previous healthcare that the animal received. For example, many young animals are "dewormed," have had some initial vaccinations, and perhaps other

4.9. LIFELONG EXCELLENCE IN HEALTHCARE

Canine Risk Assessment Form

Name: Date of Birth:

Breed: Neutered ☐ Y ☐ N

Has genetic testing been run on your pet or its parents? ☐ Y ☐ N
If so, what were the results?

Has this pet or its parents been included in a breed registry screening for heritable diseases (hip dysplasia, eye diseases, etc.) ? ☐ Y ☐ N

What other diagnostic testing has been done to date?

Any family history of the following (please check all that apply)?
☐ Atopic (allergies) ☐ Glaucoma ☐ Heart disease ☐ Kidney disease
☐ Osteoarthritis ☐ Seizure disorders ☐ Thyroid issues ☐ Urinary tract "stones"

Is there a family history of any other specific medical conditions? ☐ Y ☐ N
If so, which condition(s)?

What food are you currently feeding?

What medications/supplements are you currently giving?

What parasite control are you providing?

Are you doing any home dental care (brushing, rinses, etc.)? ☐ Y ☐ N

Do you consider your pet: ☐ Below ideal weight ☐ Ideal weight ☐ Above ideal weight

	Comments	
Does your pet ever sleep with you, or share your bed?	☐ Y	☐ N
Does your pet ever travel outside this immediate region?	☐ Y	☐ N
Does your pet come in contact with other people's pets?	☐ Y	☐ N
Does your pet ever visit a groomer or boarding facility?	☐ Y	☐ N
Does your pet ever go to dog shows or pet events?	☐ Y	☐ N
Does your pet ever go to parks/fields/gardens?	☐ Y	☐ N
Does your pet go to any other veterinary hospitals?	☐ Y	☐ N
Does your pet ever experience motion sickness?	☐ Y	☐ N
Does your pet ever have an opportunity to drink from water outdoors, such as ponds, puddles, water bowls, rivers, or creeks?	☐ Y	☐ N
Is there wildlife in your area, including mice, deer, squirrels, birds, raccoons, possums, hedgehogs, skunks, etc.?	☐ Y	☐ N

What other types of pets do you have in your household?
☐ Dogs ☐ Cats ☐ Birds ☐ Rabbits ☐ _____

Which of the following exist in your area?
☐ Fleas ☐ Ticks ☐ Mosquitoes ☐ Lice ☐ Slugs ☐ _____

Figure 4-9-2.

Canine risk assessment form.

treatments. As the healthcare advocate, the veterinary practice will want to safeguard the owner from any zoonotic conditions, protect any animals at home from infectious diseases (quarantine may be needed), and determine the appropriateness of any treatments to date.

• Apart from the thorough physical examination, the first visit is a great time to discuss overall healthcare strategies for the months and years ahead. Sometimes this is easier to discuss if the subject matter is broken down to routine healthcare, breed-related concerns, behavioral counseling, neutering, dental care, nutrition, life stage issues, and unexpected care (emergencies, specialist consultations, etc.). Providing a written healthcare plan (see 5.12 – Discussing Pet-Specific Care) streamlines the process and means that the client can listen to instructions without trying to take notes. Although this might seem overwhelming to the client at first, it does set the stage for the

anticipated care of the pet that will span a lifetime. This also helps owners budget accordingly and consider other ways to manage the costs of pet healthcare such as buying pet health insurance (see 8.11 – Pet Health Insurance).

• Many pet owners have unrealistic expectations of pet care because they have never been exposed to optimal care and never had anyone detail pet-specific care guidelines for them. Most are appreciative of these clear-cut guidelines and the ability to plan in advance for realistic costs to be incurred as well as which risk management strategies might be most appropriate.

SUBSEQUENT VISITS

• Subsequent visits are opportunities to reinforce the healthcare plan and make any alterations needed on the basis of those visits, diagnostic testing, or treatments. Healthcare plans are dynamic and flexible and may be changed to reflect the realities of the situation. For example, if a Doberman pinscher is screened for von Willebrand disease and found to be at significant risk, this will likely change the process at the time of surgery, as well as the charges associated with such surgery. The identification of cardiomyopathy will change the previous plan regarding the interval between scheduled clinical examinations, and recommendations for ongoing monitoring.



EXAMPLES

Mrs. Stewart came to visit ABC Veterinary Hospital after hearing from a friend that the hospital offered pre-adoption counseling. She and her husband had a four-year-old child, and they were thinking of getting a Siberian husky (they had seen a cute puppy of this breed in the pet store, but resisted the temptation to buy it at that time). From the selection counseling session, it was determined that the Stewarts lived in a two-bedroom apartment, both adults worked long hours, and their lifestyle was decidedly sedentary between work and childrearing. By the end of the session, Mrs. Stewart had acknowledged that a Siberian husky might not be the best breed for their circumstances and narrowed their choices to a miniature schnauzer or a bichon frise, and would make the final decision with her husband while armed with the breed information provided.

A staff member also provided some resources for finding an appropriate dog of either breed, including local breed rescue, online breed-specific adoptions, and a list of breeders available from a national breeders' registry. The hospital provided a frequently asked questions (FAQ) document regarding pet adoption and basic care, forms for the prospective puppy seller to complete (see Figure 4-9-2), and forms the practice would need once the final decision was made. A new puppy kit was provided, along with a container that the owner would use to bring a fecal sample on the first actual visit. Mrs. Stewart was also invited to visit the Thursday evening "puppy kindergarten" class that was offered by one of the technicians, and they would introduce her to their basic temperament-testing regimen and go over the socialization and training classes offered. A quick introduction was made to Dr. Smith, whom she would see at the first scheduled visit, and she was invited to call back with any other questions. Mrs. Stewart was assured that although it was not quite as involved as raising a baby, ABC Veterinary Hospital would be there to help her through the process every step of the way. The client-to-be left the practice armed with a much better understanding of dog ownership and with an already considerable loyalty to ABC Veterinary Hospital.

About three weeks later, Mrs. Stewart came in with Schnitzel, an eight-week-old miniature schnauzer, and dutifully brought in a fecal sample in the container previously provided. Schnitzel was a fine, healthy specimen, with only a minor umbilical hernia that could be fixed at time of neutering. Mrs. Stewart had read most of the material that was provided and had some questions about which indemnity insurance plan might be best for Schnitzel. Dr. Smith started Schnitzel out on a sensible dietary regimen and reiterated some of the breed concerns, such as pancreatitis and calcium oxalate urolithiasis. The discussions of vaccination schedules, genetic screening, parasite control, and proper socialization ensued, and then the long-term healthcare plan was reviewed.



CAUTIONS

It is not possible to predict all health outcomes for pets, and this needs to be explained to owners. The purpose of planning is to detail anticipated needs and expenditures and to allow owners to plan accordingly. It is also possible that some clients will be overwhelmed with the information provided and elect to only do a very basic level of service. This does not negate the value of informing clients about what to logically expect but it might serve as a reminder that different approaches might be needed for different clients.



MISCELLANEOUS

Pet owners are at a disadvantage compared to parents of children, who tend to have a large variety of resources at their disposal for the anticipated care and expenses of child dependents. Armed with this knowledge, emphasis is placed on routine medical visits, preventive care, proper socialization, education, and risk management to mitigate the costs of medical care. For too many years, pet owners have been trained to expect that a one-time neutering surgery, occasional vaccinations, and periodic veterinary visits are all that is needed unless their animal is ill. Ensuring continued excellence in pet healthcare requires engagement of pet owners and a veterinary team committed to pet-specific care, education, and advocacy.

ABBREVIATIONS

DNA: Deoxyribonucleic acid
FAQ: Frequently asked questions

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4.10. PERSONALIZED PET PROFILES



BASICS

OVERVIEW

Conventional veterinary medicine sometimes considers all pets to have the same needs on a species basis. So, by this reckoning, all dogs might warrant the same medical approach based on life stage and where they reside, and the same might be considered true for cats. However, this does not even begin to appreciate the differences between mixed-breeds and purebreds, between different breeds, and even between individuals of the same breed.

Today's pet owners are educated consumers, and with access to the Internet, it does not take much time for them to discover that the medical needs of a golden retriever are significantly different from those of a shih tzu, or a Siberian husky, or a cavalier King Charles spaniel. It is time for the profession to realize that pets deserve personalized pet profiles for their pet-specific care. Owners value them and practices can profit from providing the customized care that pets need and deserve.

TERMS DEFINED

Adherence: The extent to which patients take the medications prescribed, which requires the pet owner to fill and refill the prescription, administer the correct dose, timing, and use, and complete the prescribed course. Adherence is a term applied specifically to medications; it does not refer, for example, to recommendations for wellness checks, diagnostic screenings, and so on.

Compliance: The extent to which pets receive a treatment, a screening, or a procedure in accordance with accepted veterinary healthcare practices. Compliance involves veterinary staff performing and/or recommending treatments, screenings, and procedures, and pet owner follow-through.

Epigenetics: The study of heritable changes in genetic expression caused by mechanisms other than those attributable to underlying DNA sequences.

Mixed-Breed: An animal of unknown or mixed parentage. Mixed-breed dogs are sometimes referred to as mutts or mongrels; mixed-breed cats are sometimes referred to as moggies or mutt-cats.

Off-Label: Pharmaceuticals prescribed, dispensed, or administered for an unapproved indication. Also referred to as extra-label drug use.

Pedigreed: An animal whose ancestry is recorded by a registry organization.

Pet-Specific Care: An approach that tailors veterinary care to individual pets based on their predicted risk of disease and likely response to intervention.

Purebred: An animal bred from parents of the same breed or variety; one whose ancestry contains members of the same breed.



ISSUES AND OPTIONS

PREMISE OF PET-SPECIFIC CARE

All pets have risk factors pertaining to their specific circumstances.

- Pets have genetic risks associated with their genotypic predispositions to a variety of disorders.[1] In many cases, genetic testing is available (see Figure 9-3-2: Canine genetic disorders for which DNA testing is available). Like humans, pets can also have family histories in which there are breed predilections, even if genotypes cannot be identified (see Table 4-10-1). The environment can also affect expression of traits, and certain environmental "shocks" can leave imprints on the genetic material in eggs and sperm, which can be passed on to future generations (so-called epigenetics). Epigenetic marks can switch genes on or off affecting disease risk and they can be passed on to offspring.[1]
- Lifestyle also plays a role in determining risk for pets, including the part of the country in which they live, their exposure to other animals (boarding, grooming, social activities, etc.), the protection they are already being provided (e.g., parasite control, vaccination, etc.), and their role in the family (pets in close contact with family members need more rigorous preventive care (for parasite control, etc.) than animals without such contact. This is often best determined by risk assessment (see 4.9 – Lifelong Excellence in Healthcare).
- Testing can also identify risk. In some cases, it is genetic testing as previously mentioned, but in many other cases we rely on phenotypic testing to identify risk. Thus, if we perform radiographs as part of routine patient screening and identify that a pet has hip dysplasia, we know this increases the risk that the pet will develop osteoarthritis later in life.
- Armed with all this information, the veterinarian is in a much better position to determine pet-specific care that is relevant to the pet and client and allows for earlier intervention, when the best clinical outcome is typically achievable (see 5.12 – Discussing Pet-Specific Care).

4.10. PERSONALIZED PET PROFILES

Table 4-10-1. Some common breeds and a few of the conditions to which they are predisposed.[1] An * indicates that DNA testing is available.

Breed	*Breed predispositions*
Labrador retriever	Centronuclear myopathy*, cystinuria*, degenerative myelopathy*, elbow dysplasia, exercise-induced collapse*, hip dysplasia, nasal parakeratosis*, osteochondrosis dissecans, progressive rod-cone degeneration*, skeletal dysplasia type 2*, tricuspid valve dysplasia
German shepherd dog	Acral lick dermatitis, elbow dysplasia, degenerative myelopathy*, exocrine pancreatic insufficiency, hemophilia A*, hip dysplasia, hyperuricosuria*, masticatory myositis, perianal fistula*, renal cystadenocarcinoma/nodular dermatofibrosis*
Golden retriever	Atopy, elbow dysplasia, hemophilia a, hip dysplasia, hypothyroidism, ichthyosis*, juvenile cellulitis, muscular dystrophy*, patella luxation, progressive retinal atrophy (GR_PRA1 and GR_PRA2)*, progressive rod-cone degeneration*, sensory ataxic neuropathy
English bulldog	Anasarca, brachycephalic syndrome, entropion, factor VII deficiency, fold dermatitis, hip dysplasia, hyperuricosuria*, hypothyroidism, laryngeal paralysis, multifocal retinopathy (CMR1)*, pulmonic stenosis, sacrocaudal dysgenesis, ventricular septal defect
Beagle	Cataracts, cryptorchidism, diabetes mellitus, factor VII deficiency*, glaucoma (POAG)*, hip dysplasia, juvenile polyarthritis, Musladin–Leuke syndrome*, night blindness*, patellar luxation, pulmonic stenosis, pyruvate kinase deficiency*, retinal dysplasia
French bulldog	Atopic dermatitis, brachycephalic syndrome, cataracts*, corneal ulcers, factor VIII deficiency*, factor IX deficiency*, histiocytic ulcerative colitis, necrotizing meningoencephalitis, hyperuricosuria*, multifocal retinopathy*, cone-rod dystrophy I*
Poodle	Cataracts, epilepsy, factor VIII deficiency, Legg–Calve–Perthes disease, mucopolysaccharidosis*, neonatal encephalopathy*, organic aciduria, oxalate urolithiasis, progressive rod-cone degeneration*, sebaceous adenitis, von Willebrand disease*
Rottweiler	Cervical vertebral instability, cruciate ligament rupture, fragmented coronoid process, gastric dilatation/volvulus, leukodystrophy, membranous glomerulopathy, myotubular myopathy*, patent ductus arteriosus, polyneuropathy and neuronal vacuolation*, short tail*
Yorkshire terrier	Atlantoaxial instability, cataracts, cryptorchidism, L2-hydroxyglutaric aciduria*, lymphoproliferative disease, necrotizing meningoencephalitis, patellar luxation, patent ductus arteriosus, primary lens luxation*, progressive rod-cone degeneration*
Boxer	Brachycephalic syndrome, cardiomyopathy*, cystinuria, factor II deficiency, hyperadrenocorticism, neoplasia, progressive axonopathy, pulmonic stenosis, short tail*, sphingomyelinosis, subaortic stenosis, ulcerative colitis

PRACTICE PET POPULATIONS

• To personalize care for your clients, it is first necessary to determine the breeds most represented in your practice, and this can be achieved through appropriate fields in the practice management software system. In the United States, approximately 54% of dogs are purebreds, and 46% are mixed-breeds.[2] Although many purebred animals might be pedigreed and have their family lineage documented with a registry organization, many others are purebred in name only and are without such documentation. Others might have documentation from a breed registry, but bear little resemblance to the breed standard.

• Among the mixed-breed dogs in a practice, it is often tempting to identify them based on perceived physical characteristics (e.g., beagle x) but this practice is to be discouraged because it is wrong at least as often as it is right, and it might lead to inappropriately associating risk factors that do not belong, and missing ones that do belong.[3] Within the medical record, if the owners do not know which breeds contributed to their pets and if DNA testing has not been done to determine heritage, then the pet should be recorded as a mixed-breed or other suitable term. This should only be done proactively with new pets, and the medical record not changed for existing clients unless DNA testing has been done and there is a valid reason to change the medical record, with a copy of the DNA results maintained in the medical record to substantiate a medico-legal reason for amending the record.

COMPONENTS OF PERSONALIZED PET CARE

• Prevention is the cornerstone of personalized pet care and fundamental to the concept is that diseases should always be prevented whenever possible, on a risk/benefit basis (see 4.8 – Pet-Specific Care). Not only is it easier to prevent problems than it is to treat them, but from a client perspective it is also more cost effective to prevent

4.10. Personalized Pet Profiles

disorders than to try to manage them. For example, heartworm can be effectively prevented with either injectable medications (with ensured compliance) or with monthly oral or topical medications (which practices should remind clients to administer to improve adherence). Compliance and adherence are critical in this regard, because prevention is only as good as the assurance that the pet has received the medication as directed.

- Vigilance refers to the early detection component of our personalized pet care. As a wellness initiative, vigilance involves reviewing the risk factors for an individual pet and performing diagnostic tests to identify problems while still subclinical and before more permanent damage has taken place. For example, in an animal with a family history of hip dysplasia, radiographic assessment is warranted, typically by two years of age at the latest, to determine if the animal is affected. An animal with a breed predisposition for von Willebrand disease (vWD) would benefit from DNA testing during puppyhood, and certainly before any surgeries might be performed. For all animals, it is worth performing routine testing from time to time (e.g., hemogram, biochemistries, urinalysis, radiography, blood pressure, etc.) just to be aware of unanticipated risks that might be developing, even if still subclinical.
- Management of conditions must also be personalized. Practices should have protocols for dealing with the most common entities treated and care pathways for sensible management of chronic disorders, such as diabetes mellitus, osteoarthritis, atopic dermatitis, and others (see 9.3 – Standards of Care and Care Pathways). However, for many conditions, treatments are customized to the needs of a particular patient. For example, for a pregnant English bulldog, natural delivery may not be possible and cesarean section is often needed. Avermectins could be considered for the management of chronic demodicosis, typically off-label, but should be used only cautiously in animals with multi-drug resistance (*MDR1*) genetic mutations.



EXAMPLES

Rocky Goodwin is a young Doberman pinscher and his owners would like to plan for his anticipated healthcare needs. As part of your assessment, you create a personalized pet care profile for Rocky (see 5.12.1 – Example of a Personalized Pet Profile). The owners are impressed, but also a bit worried, because there seems to be a lot that could go wrong with Rocky that they had not considered.

You explain that most of the issues are fairly routine and common for all pets, such as parasite control and vaccinations, but that each pet does carry some unique risks for health issues, and that the best way to deal with these is to diagnose them as early as possible, when there is the best chance for effective management. The owners consent to a lifetime of optimal care for their pet, and decide that pet health insurance is a good mechanism for managing some of their concerns regarding the costs of Rocky's healthcare (see 8.11 – Pet Health Insurance).



CAUTIONS

No matter how vigilant, it is impossible to identify all risk factors for an animal, and it is important not to misrepresent this situation to clients. Personalized pet profiles are meant to address the most common disorders likely to affect an individual. Routine veterinary visits and vigilant screening and monitoring are critical to ensuring that even unanticipated disorders can be diagnosed and managed with some expediency.

4.10. PERSONALIZED PET PROFILES



MISCELLANEOUS

ABBREVIATIONS

AKC: American Kennel Club
DNA: Deoxyribonucleic acid

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4.11. COMPLIANCE AND ADHERENCE



BASICS

OVERVIEW

• Compliance is a self-governed quality assurance (QA) process that promotes consistent quality of care for each patient, each time the pet is seen.
• Compliance improvement has been shown to improve the quality of patient care and practice revenue in practices that implement compliance improvement programs.
• Compliance is driven by a practice's commitment to standards of care, which is self-determined based on standard practices and recommendations from recognized veterinary organizations, such as the American Animal Hospital Association (AAHA), the American Association of Feline Practitioners (AAFP), the American Heartworm Society (AHS), and the Companion Animal Parasite Council (CAPC), among others.
• To improve compliance, veterinarians need to put their standards of care into writing (see 9.3 – Standards of Care and Care Pathways). Written standards should at least cover the high-volume, routine healthcare services they provide, such as therapeutic diets, heartworm disease prevention, parasite control, dental prophylaxis, wellness testing, spay and neutering, and pain management, among others (see 4.9 – Lifelong Excellence in Healthcare).
• All hospital team members need to understand the standards of care well enough to be able to explain to clients what each standard is and its benefits.
• Practice management needs to track and monitor whether the hospital team is consistently recommending services to their standard of care: For example, did the veterinarians recommend dental prophylaxis every time they saw patients that matched their standard of care for dental prophylaxis? In addition, did the support team perform or schedule the recommended procedure before the client left the practice? Did they schedule the patient's next regular visit and recheck for laboratory follow-up?

TERMS DEFINED

Adherence: The extent to which patients take the medications prescribed, which requires the pet owner to fill and refill the prescription; administer the correct dose, timing, and use; and complete the prescribed course. Adherence is a term applied specifically to medications; it does not refer, for example, to recommendations for wellness checks, diagnostic screenings, and so on.

Compliance: The extent to which pets receive a treatment, screening, or procedure in accordance with accepted veterinary healthcare practices. Compliance involves veterinary staff performing and/or recommending treatments, screenings, and procedures, and pet owner follow-through.
Standards of Care: Statements of what a practice believes in and recommends for its patients for wellness testing, pain management, nutrition, senior pet care, and other aspects of patient care.



ISSUES AND OPTIONS

• Several different recognized veterinary bodies promote guidelines for patient care within their areas of expertise, such as the AAHA and its vaccine guidelines. Other standards of care are left up to the discretion of practitioners. Standards of care may be affected by geographic issues, such as risk of Lyme disease or the prevailing standards of care commonly practiced within the veterinary community in a certain region of the country.
• Compliance is really a quality of care issue that cuts to the heart of why most veterinarians choose this profession. It is about helping pets live longer, healthier lives. Compliance calls on the profession to track and measure quality of care; the data they track, in turn, provide the information they need to manage quality of care for patients.
• Until the profession implements universal diagnostic codes (AAHA has problem and diagnostic codes mapped to Systematized Nomenclature of Medicine (SNOMED) codes, but they are not widely implemented at this time), it will be difficult to collect comparison data and other meaningful information for different patient groups. For example, have senior pets whose blood and urine were tested beginning at age seven lived longer than senior pets that were not tested? Is age seven too early or too late to test pets in order to discover early-stage disease onset? Over time, the information collected will help the profession set standards of care for patients, not just for wellness issues, but for the treatment of diseases. Veterinarians are urged to adapt and use standardized diagnostic codes when feasible to do so.
• Computers can be useful in tracking and measuring compliance. For example, a no-cost code can be entered to track how often recommendations were made for dental prophylaxis, but the computer cannot tell you when a recommendation should have been made, but was not. Just as sound inventory management demands a physical count, so does sound compliance management demand at least a

periodic "dipstick" test of a small amount of patient charts, perhaps 10 per week, to see what was missed that should have been done. An added benefit of physically auditing patient records is that incomplete or unclear records can be immediately called to the veterinarian's attention and then caught up. Feedback from the record check provides the medical team with information on how they are doing, which encourages better records and helps veterinarians, technicians, and receptionists do a better job for their patients in the future.

• We live in an information age, and the AAHA's compliance studies point the way to use data to improve patient care. This, in turn, may well turn out to be the biggest driver of practice success in the millennium: AAHA's compliance studies clearly show that the keys to improved patient care and practice revenue are driven by objective, data-driven analytics. Practitioners who have embraced compliance improvement have already shown that the analytics can be used to successfully design and monitor practical quality of care improvement in their hospitals. In other words, better information equals better patient care for those who capture and use the data.

QUALITY ASSURANCE FOR PATIENT CARE

• Before 2003, most veterinarians guessed at the level of care they provided their patients because they had never been asked to track and measure it.

• The landmark 2003 AAHA compliance study, The Path to High Quality Care, audited 1,400 patient records, which showed that most veterinarians overestimated compliance by at least 25%, and that the level of care they provided their patients was not as high as they thought it was.

• The follow-up AAHA compliance study, Taking Quality Care to the Next Level, published in 2009, suggested ways in which practices could incorporate effective strategies for involving members of the pet's healthcare team in ensuring healthcare recommendations were made and followed.

• The AAHA compliance studies looked at dog and cat health issues in general veterinary practice, but there are compliance implications for specialty practices, emergency practices, equine practices, and food animal practices as well.

• Veterinarians have much control over the level of compliance in their own hospitals (Figure 4-11-1). They can improve it by:

  ◦ putting written standards of care in place for routine, high-volume procedures such as the six audited in the AAHA study (vaccinations, heartworm testing and prevention, dental prophylaxis, pre-anesthetic laboratory screens, therapeutic diets, and senior pet testing),

  ◦ ensuring that all members of the hospital's medical team make clear and consistent recommendations,

  ◦ following through to schedule appointments and helping clients remember to keep them,

  ◦ tracking and monitoring performance to hold themselves accountable.

• Patient records may need to be revised to make it easy to quickly find and record information that corresponds to the hospital's standards of care.

• Patient records should be internally audited at regular intervals to see how well the hospital team is doing in consistently recommending and following through on recommendations in accordance with its written standards of care.

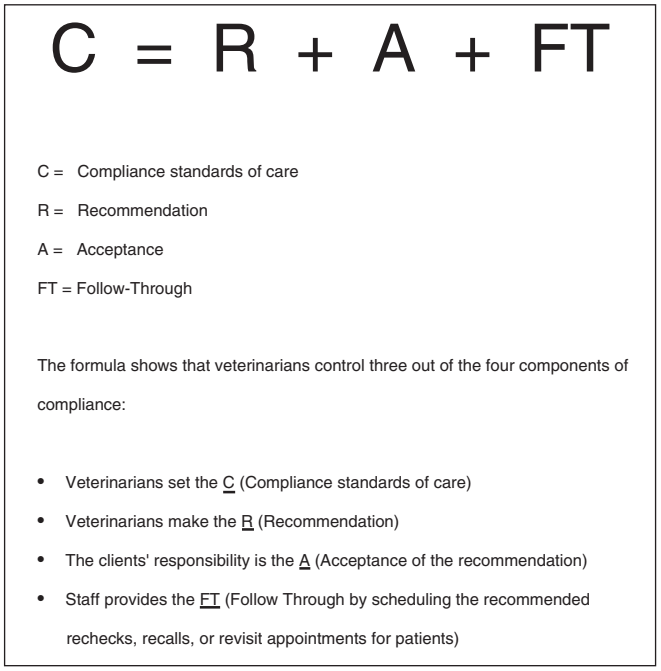


Figure 4-11-1.

The American Animal Hospital Association's "CRAFT" formula for compliance. Adapted from The Path To High-Quality Care with permission from the American Animal Hospital Association.

4.11. Compliance and Adherence

• In an average veterinarian practice, even a 10% increase in compliance for the six healthcare issues studied in the AAHA study would result in an annual increase of almost 1,300 additional patient treatments and substantial revenue increase.
• It takes a team to improve compliance, and training is crucial to compliance success:
  ◦ Veterinarians and support staff need to know what the hospital's standards of care are and all of the doctors and staff members consistently need to follow them.
  ◦ Veterinarians and staff must know why their hospital recommends the standards of care and be able to explain the benefits so that clients can understand them.
  ◦ Veterinarians and staff members must all know what their individual responsibilities and roles are in supporting the hospital's standards of care and be trained to perform them.
  ◦ Veterinarians and staff must be provided with feedback on how they are doing. This comes from tracking and measuring compliance performance indicators, such as whether a procedure, such as a dental prophylaxis or laboratory work, is recommended in accordance with the hospital's standards of care.



EXAMPLES

Following are two sample standards of care that a hospital medical team might put into writing. These standards state what the hospital believes is the best care for pets, and is what they recommend for all pets they see that fit the protocol.

THERAPEUTIC DIETS

• These are recommended 100% of the time for patients that have conditions that could benefit from nutritional therapeutic support, such as allergies, diabetes, weight loss, gastrointestinal (GI) disease, renal disease, bladder disease, and other conditions.
• Clients are educated on learning the health benefits of the new diet and how to transition to using it; then they are sent home with the appropriate diet.
• Clients are provided telephone support at home. A staff member will call within 36 hours to see how the pet is doing and, if needed, offer advice to the client to help them with home care for their pet.

SENIOR PETS HEALTH RECOMMENDATIONS (FOR PETS AGE 7 AND OLDER, AND FOR CERTAIN BREEDS AGE 5 AND OLDER)

• Annual senior pet screens are recommended 100% of the time.
• Twice yearly wellness exams are recommended 100% of the time, and the pet's reminder notification is set up for six-month intervals.
• Clients are sent home with a wellness checklist to help them recognize health problems early and to monitor their pet's health at home.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

AAFP: American Association of Feline Practitioners
AAHA: American Animal Hospital Association
CAPC: Companion Animal Parasite Council
GI: Gastrointestinal
QA: Quality assurance
SNOMED: Systematized Nomenclature of Medicine

4.11. Compliance and Adherence

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4.12. CREATING A CLIENT-CENTERED HOSPITAL



BASICS

OVERVIEW

Being client-centered means making decisions based on what the client needs, expects, desires, or feels, rather than on what the veterinarian or veterinary team member needs or desires. It puts the customer at the top of the organizational pyramid, making client satisfaction the guiding principle of the practice.

- It takes a strong commitment to customer service to be truly client-centered.
- Each client is unique. Flexibility is required if you are to keep many different individual customers happy and meet a variety of their wants and needs.
- Client-centered practices usually aim for high touch, great service, and higher than average transaction fees.
- Intention is nothing, perception is everything. A person's perception is their reality (see 4.6 – Client Perception and Learning).
- In a client-centered practice, thought is given to the perceptions of clients. How does the experience in the hospital feel, smell, look, and sound to the client?
- The client is treated like part of the team. There is a working relationship with the client to develop the best possible healthcare plan for the pet (see 4.8 – Pet-Specific Care). Time spent teaching clients about good pet care means better health for the patients and more income for the practice. Because client education is important in a client-centered practice, it is an obligation of the entire clinic team to make the visit an educational experience for the client.
- The client's wishes and opinions are respected. Surveys, questionnaires, or focus groups may be used to determine what clients want from the practice and how they want it delivered.
- Technology used by and in the practice is up-to-date and works well for clients.
- The client's time is respected. Clients are informed of how long they will have to wait and why. Wait times are kept as short as possible.
- Being client-centered means the client is listened to. Team members focus on, and pay attention to, both the verbal and nonverbal messages the client is sending.
- Careful questioning allows the team to determine how best to serve the client and the patient.
- Team training is essential in a client-centered practice (see 3.14 – Staff Development). Clients get consistent information – team members have scripts and cue cards for common client interactions and should all be giving the same advice.
- The veterinary team receives training in communications, including using tone of voice, phrasing, and body language.
- The team is trained to handle questions and problems so the client does not have to wait while another person is found to take care of a problem.
- Decisions belong to the client. It is not the job of the veterinary employee to decide what level of care the client wants. The client has the right to make healthcare decisions about their pet. Not offering a certain level of care to a particular customer means the practice has made the decision as to what care the pet receives. In a client-centered practice, the goal is to educate the clients and let them decide.

TERMS DEFINED

Focus Group: A group of clients who are asked to participate in a discussion about a particular topic or issue. The information from the group is used to develop programs, improve service, or solve problems in the practice.

High Touch: Refers to client service above and beyond the norm, or exceeding expectations.

Organizational Pyramid: A charted structure that usually puts the front-line workers at the bottom or base of the pyramid, with increasing tiers of management levels ascending to the owners or executives of the company at the apex.

4.12. CREATING A CLIENT-CENTERED HOSPITAL



ISSUES AND OPTIONS

• Many practice owners want to decide their hours and policies based on their own wants and needs. It takes a deep commitment to customer service to truly run a client-centered business.
• It takes more time and effort to do things this way. It is not easy, and perhaps it is impossible, to be both high volume and client-centered.
• Employees of client-centered businesses report higher levels of job satisfaction and lower turnover, because fewer displeased clients means less stress for employees.



EXAMPLES

Being client-centered means the client comes before other tasks – they get a smile and a greeting immediately.
• Client service is quick and efficient.
• Schedules and appointment times are based on what clients want: Check-ins and checkouts are smooth and efficient, and adequate time is allowed for each client appointment.
• The clinic website and apps allow clients to fill out paperwork or make appointments online, saving them time.
• Scheduling of team members is based on convenience for clients. More team members are scheduled for busy times of the day.
• There are enough parking spaces and chairs in the waiting room available for customers.
• Materials and files are prepared ahead of time, so clients don't have to wait.
• Clients are called with laboratory results, progress reports, and updates in a timely, friendly, and professional manner.
• It is noted when clients prefer a particular doctor, time of day, or day of week for appointments.
• Clients are consulted about what reading or viewing materials they prefer in the waiting area.
• There are toys, books, or videos for children.
• Refreshments for clients and pets are provided.
• Fear Free™ Certification ensures that patients are treated gently so that fear and stress are minimized for both patients and clients (see 4.14 – Developing a Fear Free Hospital).
• Sufficient telephone lines ensure clients will not hear a busy signal.
• Clients wear an invisible sign that says, "Notice me. Make me feel important." Make sure these signs are not ignored or overlooked.
• Clients are treated as individuals and asked for feedback. For example, some clients want to receive information from the veterinary team and then make their own decisions. Some want the veterinarian to advise them what to do (as if it were their own pet) and will follow any recommendations made, and another set of clients want to discuss information with the veterinarian and then decide together. The team needs to discover what each client wants and needs and then fulfill those wants and needs.
• Patients are also treated as individuals, with healthcare recommendations created specifically for each pet according to its species, age, breed, lifestyle, and overall health (see 4.9 – Lifelong Excellence in Healthcare and 4.10 – Personalized Pet Profiles). One size does not fit all.
• Clients are surveyed regularly to determine their preferences for appointment times, needed services, or preferred products. Client satisfaction is monitored and reviewed.
• Successes by the team are celebrated and missteps discussed to make sure they are not repeated.

WHAT IS THE PERCEPTION OF THE CLIENT?

• While you are sitting in the waiting room and exam rooms, look around. Are they clean? Do they smell good? Can you hear laughing or talking from staff? What needs to be improved?
• Are pets sent home neat and clean? Are they handled gently? Can the client tell you care?
• How friendly and helpful are team members on the phone? Do they answer clients' questions patiently and completely?

4.12. Creating a Client-Centered Hospital

TREATING THE CLIENT AS PART OF A TEAM

- The client is taught as much as he or she is willing and able to learn about pet care so that he or she understands the veterinary team's recommendations and is able to make good treatment decisions for their pet.
- The client is informed ahead of time as to what will happen to the pet, and why.
- The client is informed in a timely fashion of changes in the status of the pet or the amount of the bill.
- The practice maintains a library of handouts, articles, books, and videos for clients to use.

THE CLIENT IS LISTENED TO AND UNDERSTOOD

- Attention is paid when clients speak. What needs do they have? What fears or worries are influencing their pet care decisions? What could be done to help them understand or to reassure them? It is necessary to hear the client out, and to let them say what they think is wrong and what they want.
- Ask clients open-ended questions and encourage them to express concerns; ask for more information and provide feedback.
- Client opinions are sought for the assessment of specialists, groomers, boarding facilities, trainers, and other professionals to whom other clients might be referred.
- Clients are often anxious or frightened in a veterinary hospital, especially if their pet is ill or injured. Anxiety decreases the client's ability to listen, learn, and care for the pet. It is important to address the client's concerns and validate their feelings. The most common client anxieties are these:
  - Will I say or do something stupid? Clients do not want to let on they do not have a clue what we are talking about. If they have a blank look or their questions do not make sense, you need to try to explain again in a different way. They also may not tell you if they are not able to treat the pet properly. Learn to put the client at ease. Clients come to the vet to talk to an authority figure. Assure them you will take care of them, show them how to pill the cat or administer the eye ointment, and answer all their questions. However, never sound patronizing.
  - Will my pet behave? We are used to pets peeing on the floor or pooping in the waiting room, but this is embarrassing to the owner. Pulling on the leash, hissing, growling, barking, and other natural pet behaviors may be embarrassing to the client as well. Be sure to clean up messes without a fuss and reassure the client that it is not their fault, or help them find ways to lessen the problem.
  - Am I doing the right thing? Tell clients "It's a good thing you brought Fluffy in today because …." Validate their actions. This also makes it easier for them to report back to a parent or spouse.
  - Can I do what's expected of me (give pills or other meds, etc.)? Be sure they can do what you recommend without injuring themselves or the pet. Teach them, support them, praise their efforts, and follow through with callbacks or rechecks.
  - Can I remember what I'm told? Write everything down so they do not have to.

GOING HOME ANXIETIES

- Was it my fault?
- Will it happen again?
- What about the children or other pets?

These fears must always be addressed for every medical problem. Be sure you cover these issues whether the client asks about them or not.

TEAM TRAINING

Team members can be taught phrases and value statements for common things that clients need to hear, such as the following:

- "I can see that you are worried about Fluffy. I promise we'll take very good care of her."
- "Your appointment is with our new veterinarian, Dr. Jones. She's very nice; I'm sure you will like her."
- "Please read this information over. The doctor will want to talk with you about it when she comes in."
- "Does Fluffy go outdoors? The doctor will want to talk to you about feline leukemia if she spends time outside."

4.12. CREATING A CLIENT-CENTERED HOSPITAL



CAUTIONS

- If the practice leaders are not truly committed to customer service, they will not be able to pass this commitment along to the veterinary staff. Without buy-in from both groups, being client-centered will not be achievable.
- Do not survey your clients, and certainly do not hold focus groups, if you do not intend to change according to what you learn. If you ask what clients want changed and then fail to change anything, your clients will feel disillusioned and deceived.
- Listen to your team as well. They often understand what clients want.
- Do not judge people or their decisions.
- Your clients' needs will change with time. You should continually survey and reassess their needs.



MISCELLANEOUS

ABBREVIATIONS

N/A

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4.13. CREATING A FELINE-FRIENDLY FOCUS AND FACILITY



BASICS

OVERVIEW

According to the American Veterinary Medical Association (AVMA) *U.S. Pet Ownership and Demographics Sourcebook*[1] survey of 50,000 US households, at the end of 2016 just over one-quarter of US households owned at least one cat. This is a decline from 30% five years earlier, and a 7.4% decline from 2006. The current *Sourcebook* also estimates the population of cats in US households to be 58.3 million, down from 72 million cats in 2011. The reported decline may be as a result of a change in methodology of sampling, or a trough in the cycle of ownership. The apparent decline in the US household cat population (along with a reported increase in the number of dogs) makes the need to have a feline-friendly focus in every veterinary practice even more important.

The barriers to feline care are varied, ranging from cat owners expressing a belief that cats "do not need medical care,"[2] that cat owners and even veterinary team members are unaware of cats' needs (for example, heartworm prevention in endemic areas where heartworm is found in dogs even when cats are reported to be indoors-only), to barriers in transportation as reported in the 2011 Veterinary Care Usage Study, where 58.2% of cat owners surveyed responded they think their cat hates going to the veterinarian.[3]

As stated, "a cat-friendly practice promotes the health and wellbeing of cats while encouraging and reinforcing the bond between owner, cat, and veterinarian. To do this, several obstacles must be overcome."[4]

Although overcoming obstacles is common across many workplaces, including veterinary practices, and changing how cats are cared for may seem overwhelming in the context of a 15-minute office visit, the opportunities to provide an acceptable and even advanced level of care for cats by veterinary teams are numerous and worthwhile.

TERMS DEFINED

Handling: The manner by which cats are visualized, approached, and touched. Strive to replace the word "restraint" and its analogous thought process with "handling."



ISSUES AND OPTIONS

Client perceptions, veterinary team offerings, the perceived value of cats by the public, media, and veterinary teams have all played a role in the unfortunate state of cat welfare and health as we know it today. With education, understanding, and practice, those perceptions will change, and cats will be able to receive the care they deserve.

WHAT TO DO

As with any protocol or procedure, creating a cat-friendly hospital or clinic is far more than a single decision and subsequent checkmark. It is imperative to have the agreement of all team members, particularly practice ownership and management. Different team members will be motivated by different values. Some people will appreciate that other ways of understanding cats and their owners is good and the right way to proceed. Some may feel that cats are deserving of tender loving care, which may be less than optimum in their practice. Others will see the business benefits of becoming more feline-friendly by showing "what if we …" scenarios from a financial aspect. In the latter case, developing spreadsheets of some achievable practice key performance indicators (KPIs) (see 7.7 – Data You Should be Reviewing Regularly) or goals will illustrate increased revenues by providing better care for cats. Some indicators and target goals might include:

- increasing feline visits by 5% over the next three months,
- microchipping five cats per week, starting immediately,
- increasing compliance of feline parasite prevention by 25% within six months.

The most important action toward achieving a feline-friendly hospital is to take any first step in a feline-friendly direction! To accomplish that, five practice sectors are listed below with topics and tips related to each area. Some overlap exists and the best tips and their sequence may be different for any given practice from what is listed. Some points may warrant a simple, "I never thought about that …" or "What a great suggestion" and they then become standard operating procedure (SOP) immediately. Others take planning, practice, and time. Trying to do all or most of what is listed can lead to a frustrated and overwhelmed team. A better approach is to consider the points, develop an initial strategy with specific tactics, and implement them. Then measure, report, and celebrate! What is most important is that team members work together to achieve their common feline-friendly goals!

MANAGEMENT, MEASUREMENT, AND MARKETING

- Confirm all owners' and practice managers' commitment to change.
- Hold doctors' meeting to listen, understand, and establish agreement.
- Retrieve and report practice management data, such as:
  - number of cat visits in past year,
  - total and average expenditures,
  - expenditures on and frequency of various services and products (e.g., number of microchips or number of dispensed doses of parasite preventives),
  - percentage of cats over nine years of age with wellness screening laboratory work.
- Assess team members regarding compliance to the practice's standards of care for their own pets (see 9.3 – Standards of Care and Care Pathways). Compare their cat compliance to that for their dogs.
- Identify team members who are less comfortable with cats and cat owners and listen to their reasons. In the cases of fear of handling, the proposed programs can be tailored to address that concern. In cases of "I just don't like cats," further inquiry may be required.
- Identify current and needed protocols to address strengths and opportunities for cat friendliness.
- Coordinate team education, engagement, training, and assignments (see 3.10 – Staff Training).
- Evaluate cat medications and products.
- Ensure service and billing codes are current, with the appropriate follow-up actions (i.e., reminders).
- Survey clients at point of care, by email, via telephone, or by mail. Some of these surveys even ask similar questions of both staff and clients so any gaps can be identified and addressed (www.partnersforhealthypets.org).
- Speak with pharmaceutical, nutrition, and distributor representatives to benefit from special product pricing, schedule training, or otherwise enhance the relationship to the benefit of all.
- Ask every dog-owning client if they have a cat (41% of dog owners also own a cat).
- Ask each cat client if they need help getting their cat in its carrier.
- Provide resources for cat transport assistance:
  - Embed informational videos, such as CATalyst Council's "Cats and Carriers, Friends not Foes" on your practice's website (http://catalystcouncil.org).
  - Suggest appropriate use of synthetic facial pheromone in carrier, client clothing, and car.
  - Send client handout on cat transport
- Connect with local shelters and rescue organizations to learn about their challenges with cats. In most communities there are far too many of them and they are in need of many more homes.
  - Discuss ways you can collaborate. Many shelters celebrate Adopt-A-Shelter-Cat Month each June, and by working together, more cats can be adopted into the community and additional new patients can result.

4.13. CREATING A FELINE-FRIENDLY FOCUS AND FACILITY

- Offer cat seminars to shelter teams.
- Collaborate on joint sessions for staff education on cat-friendly handling.

• Social media efforts for cats can be rewarding and fun! Photos, contests, surveys on Facebook, and other outlets provide a virtual "dog park" for current cat clients, which in turn can lead to new cat clients.

TEAM TRAINING

• Designate a cat-friendly leader and/or team within the practice and empower them as leaders in this effort: for example, "Cat Champions."
• Support each leader by providing access and resources to obtain American Association of Feline Practitioners' Cat-Friendly Practice designation.
• Commit to regular, periodic staff meetings and training sessions.
• Develop Feline Wellness Standards of Care for different feline life stages tailored to your own practice. Review *2010 AAFP/AAHA Feline Life Stage Guidelines*[5] and *Partnership for Preventive Pet Health* (https://www.partnersforhealthypets.org/) for consistency across the profession.
• Compare your practice's current Canine Wellness Standards of Care and identify and address gaps in corresponding feline standards.
• Review and adopt *2011 AAFP/ISFM Feline-Friendly Handling Guidelines*.[6]
• Understand normal cat behavior and preferences. Cats are unique in that they are both predator and prey and, as such, have innate needs to both hunt and hide. Typically, as we are the larger species, an unfamiliar person may be viewed as a predator to a cat, creating arousal and fear.
• Understand what causes arousal in cats, and that many of cats' responses are fear-based.
• In a team setting, discuss current situations that might cause anxiety, stress and fear, and ways to prevent and treat them.
• Consider the risk-to-benefit ratio regarding who holds a feline patient. The more familiar, patient, and calm the "holder," the more compliant the cat patient will be (see Figure 4-13-1). Many practices that historically never allowed an owner to hold their cat, or always had an assistant in the exam room, have changed protocols to the doctor or the client being the only people in the room and handling the cat. Personal safety must remain paramount.
• Engage and empower each team member to commit to a "Cat-Friendly Tip of the Week or Month" where they would be responsible for education, implementation, and reporting successes.
• Minimize and mitigate stimuli to which the feline patient may be aroused, afraid, and subsequently aggressive. These include:
  - sounds, particularly loud noises such as barking or howling dogs, human voices, alarms, appliances, and electronic equipment;
  - unfamiliar scents from people, animals, common chemicals and even unfamiliar foods; alcohol is a noxious odor and may cause a cat to withdraw or retreat;
  - rapid movements that will cause alarm and arousal in cats; the adage "slow is fast and fast is slow," is important to remember in this regard;
  - uninvited or unwelcome touch which can cause arousal and fear, and that may lead to aggression.
• Hold team discussions and develop sample scripts and phrases that can be used by team members. For example, "Do you have difficulty getting Tortie into her carrier?" Follow-up offers of resources have been shown to increase favorable client perception of the practice.[7]
• Replace "restraint" thinking and verbiage with the word "handling."
• Discuss and eliminate common negative stereotypes and descriptors around cats and their owners. "Crazy cat lady" and even "cats are independent and can take care of themselves" are frequently used without thought to the messages being reinforced and perpetuated.
• Remove negative notations from medical records, such as "This patient is aggressive," or similar commentary, and replace with words such as "Fearful," "Easily aroused," and/or "Move slowly," or other positive and helpful suggestions.
• Schedule hands-on practice of feline-friendly handling and promote understanding that each situation is different, and each patient is an individual.
• Commit to and budget for feline-specific continuing education.



Figure 4-13-1.

Blood pressure measurement is best taken in the examination room, in this case with the owner holding his cat. Photo courtesy of Cat Hospital At Towson.

FELINE-FRIENDLY FACILITY AND ENVIRONMENT

• Provide space for cats to promote quiet and calm surroundings. Some practices offer separate cat entrances or waiting areas. The use of interior floor screens, large plants, and segregated seating will help prevent arousal.
• Provide elevated space on which to rest carriers such as dedicated carrier tables with nonskid pads.
• Use synthetic facial pheromone diffusers.
• Escort the client and the cat into an exam room instead of the reception area to allow the cat to acclimate and reverse arousal that may have occurred during transport.
• Designate a "cat-only" examination room with reduced lighting, ambient noise, and synthetic facial pheromone diffusers.
• Place a pad or a towel on the exam table. Yoga mats provide a cushioned surface and infant changing pads offer curved sides that some cats seem to prefer.
• Stock each examination room with a box or basket of cat treats and toys.

4.13. Creating a Feline-Friendly Focus and Facility



Figure 4-13-2.

The preferred method for inviting a cat out of its carrier. Photo courtesy of Cat Hospital At Towson.

• Use a clean towel for each cat to cover the whole cat to aid in minimizing visual arousal.
• Add a towel warmer outside the exam rooms and keep filled for use with each patient.
• House cats separate from dogs.
• Provide hiding areas in cages if the cat chooses to have seclusion. Cats should have the choice to hide or look out, so a towel over the cage should provide some open area.
• Consider if leather handling gloves are necessary; in most cases, cats are better managed by covering their eyes.
• Understand that any article used for cat handling needs to be free of other animal scents to prevent arousal. Leather gloves are porous and should be laundered between uses.
• Avoid use of muzzles when cats are fractious as they may escalate the arousal and cause harm to the patient and/or the team. Using muzzles or other snug head covers may be effective in reducing visual stimulation in mildly aroused or nervous patients. Head covers should be thoroughly cleaned and disinfected to remove pathogens and residual scents between each use.

FELINE-FRIENDLY EXAMINATION

• Consider "cat-only" examination rooms or appointment blocks.
• Open the carrier to allow the cat to come out on its own (see Figure 4-13-2).
• Assess the cat's interest in treats or toys and use them throughout the examination as positive reinforcement when the cat is exhibiting unthreatening postures and facial expressions.
• Begin the exam with open-ended questions giving the cat time to acclimate. "Describe a typical day in Callie's life" or "tell me about her litter box."
• Avoid staring at feline patients because it may be perceived as a threat.
• Observe the cat to obtain its respiratory rate while it is still in the carrier.
• Assess level of arousal by glancing intermittently at its body posture and facial expression.
• If the cat chooses to stay in the carrier, disassemble the carrier instead of pulling or dumping the cat out.
• Approach cats at their level – that is, do not tower over them. Being seated in the exam room may be perceived as more welcoming to both the cat and its owner.
• Extend your pointer finger and allow the cat to approach, sniff, and deposit its facial pheromones.
• Practice scalp and head massage of the cat.
• Consider whether taking a temperature is necessary.
• Replace use of a fecal loop with dispensing of a pre-paid container for obtaining routine fecal samples.
• Examine the cat where it wants to be, which may include in the carrier, on the floor, in the examiner's lap, or the in the client's lap or on the client's shoulder.
• Obtain blood and urine samples in the examination room. As team members see the more positive patient response and become increasingly comfortable doing sampling with the owner present, the benefit to patient, team, and client becomes obvious.
• Especially with older cats and undiagnosed arthritis, when it is unclear if a cat is showing signs of aggression due to pain or fear, administer a rapid-acting opioid, and monitor the response.
• Prescribe anti-anxiety medication for feline patients if needed in advance of transport. Oral sedatives should be avoided and, if needed, various combinations of injectables can be administered in cases where heightened arousal may cause harm to the patient or people.
• Encourage pleasant veterinary visits and encourage people to bring their cats in for a weigh-in and treat.
• Consider free nail trims for cats to allow them to become habituated to the practice.
• Implement virtual care opportunities to educate (tele-advice), and where conditions exist and laws allow, manage certain conditions remotely (telehealth).

FELINE-FRIENDLY CLIENT COMMUNICATION

Specific and appropriate dialogue is key to the success of any healthcare plan. In particular, cat owners will benefit by being shown how medication is administered in addition to receiving verbal and written instructions.
• Review current handouts and brochures.
• When providing information to owners, remember the "3R" rule: review, recall, remind.

EXAMPLES

N/A

CAUTIONS

Understanding the obligation and implementation of cat-friendly attitudes and actions is crucial to success. Even if you "sign up," you still have to do it. While the concepts are simple and straightforward, they require constant and continued commitment.

MISCELLANEOUS

Adopt a practice-wide mindset of cat friendliness as a core value beyond "the front office." It must be everywhere.

ABBREVIATIONS

AVMA: American Veterinary Medical Association
AAFP: American Association of Feline Practitioners
AAHA: American Animal Hospital Association
KPI: Key performance indicator

4.13. Creating a Feline-Friendly Focus and Facility

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4.14. DEVELOPING A FEAR FREE HOSPITAL



BASICS

OVERVIEW

Dr. Marty Becker, "America's Veterinarian," created the Fear Free℠ initiative. The mission of Fear Free is to alleviate fear, anxiety, and stress (FAS) in pets during veterinary visits, and to educate and inspire the people that care for them.

- FAS is a major factor that keeps clients from visiting the practice. When pets hate going to the veterinary practice, owners hate bringing them to the veterinary practice. Fearful, anxious, and stressful visits result in less preventive care and more "fire engine medicine."
- Every team member has a responsibility to recognize and reduce FAS.
- Key concepts in implementing Fear Free include communication, considerate approach, gentle control, and touch gradient.
- Creating a plan of action for each patient can be a quick process that saves time and creates a more pleasant experience for the veterinary healthcare team, the patient, and the client.
- Pets are capable of developing long-lasting memories. Negative experiences they have in the veterinary hospital can stay with them for a lifetime.
- Experiences that result in an adrenaline release also result in long-term memory storage. Just "getting it done" regardless of the stress level of the pet can result in a pet that is no longer able to be attended to medically at the veterinary hospital or at home due to irreversible, severe psychological damage.[1]
- Adapting Fear Free protocols and reducing anxiety at visits does not require a massive financial or time investment.

TERMS DEFINED

Anxiety: The anticipation of future danger that may be unknown, imagined, or real. It can result in physiologic responses similar to those associated with fear.

Considerate Approach: Encompasses the interactions between the veterinary team, the patient, and inputs from the environment while veterinary care is being administered.

Fear: An emotion that induces an animal to avoid situations and activities that may be dangerous. Pets may perceive danger where none exists. Perception is key.

Gentle Control: Utilizing comfortable and safe positions for patients while administrating veterinary care with minimal restraint.

Phobia: Persistent and excessive fears of certain things or situations that are usually out of proportion to the actual threat that they present. Examples include fireworks, thunderstorms, and fire alarms.

Stress: Any chemical, physical, or emotional force that threatens an organism's homeostasis.

Touch Gradient: Method used to touch canine and feline patients to minimize FAS during veterinary procedures.



ISSUES AND OPTIONS

WHY FEAR FREE?

The focus of Fear Free is to prevent FAS in every patient.

- Young and inexperienced animals are generally happy. This is a great time to prevent FAS.
- Patients that are afraid and displaying avoidance or aggression must be handled with care. They are scared, likely due to previous negative experiences.
- **Better care:** When Fear Free techniques are incorporated, patients learn to trust the team who are then able to provide better medical care.
- **Better medicine:** Patients that are more relaxed and calmer during diagnostic tests have more accurate results. Stress-induced adrenaline and noradrenaline release alters biochemical tests, orthopedic exams, and pain assessments.
- **Happier team members:** When patients are eager to visit the hospital, team members are relaxed and calm, making it easier to provide needed veterinary care efficiently and effectively.

CHANGING THE CULTURE

Veterinarians and veteran staff members may be more reluctant to embrace the importance of Fear Free than our clients. Changing the practice culture and "how we have always done things" can be difficult.

- Clients get it. They may not be able to visualize obesity or dental issues, but they know when their pet is stressed or experiencing anxiety.
- It is easier to stay within a comfort zone than to make change. Challenging the status quo can create a sense of chaos and discomfort.
- Many times, team members will use their energy voicing concerns about why something will not work versus problem-solving and trying to create solutions that will work.
- Change management starts with defining the perceived problem with facts (see 2.7 – Change Management).
- Step back and observe patients that experience FAS. Track observations and tally results at the end of the day and week.
- Review surveillance camera footage to evaluate FAS with the entire team to begin creating culture change.
- Identify the gap between what is going on now and what the desired outcome should be (gap analysis) and identify causes of the gap. The analysis should then be presented to the team (at team meetings, not individually) to ask for input and clarification.
- Ask the team to acknowledge that the veterinary profession has formerly created FAS in patients.
- Patients experiencing FAS have two choices: fight or flight:
  - If they fight, team members restrain them
  - If they try to escape (flight), team members restrain them.
- FAS may have been created by:
  - pulling dogs onto the scale,
  - pulling cats out of their carriers,
  - tech-o-mania restraint for a canine nail trim,
  - scruff-o-mania restraint for a feline patient.
- When team members discuss Fear Free patient experiences and give their opinions on how a policy or procedure can be updated, they are more likely to accept and implement the change. Collaboration among team members may result in ideas or methods to better implement the change.
- Collaborated points should include (at minimal):
  - Creating separate dog and cat waiting areas and exam rooms (and if this is not possible, consider cat-only hours)
  - Keeping doctors on time to reduce client and patient waiting times in exam rooms
  - Having the appointments begin at home with the client by bringing pets hungry, de-stressing the carrier and ride, and using calming tools
  - Considering administering anti-anxiety medications sooner rather than later
  - Decreasing the potential for pets to slip on flooring in the practice by using anti-slip mats when walking dogs from one place to another.
- There are a few common reasons for staff resistance to change. Leadership must explore these reasons for resistance, address the reasons, and add solutions into the plan of implementation.
  - **Informational resistance** is defined as team members not knowing that a problem exists, how the problem affects the practice, and where potential changes could occur.
  - **Personal resistance** is due to loss of familiar patterns.
  - **Cultural resistance** includes a personal view that change is not possible within the practice, or leadership is not capable of carrying out the change.
- Once the importance of a Fear Free experience has been accepted among the team:
  - create a summary of the notes and distribute to team members,

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- follow up discussions at the next team meeting and in coaching sessions with individual employees,
- evaluate progress and make further changes as needed, to achieve Fear Free practice goals,
- encourage all team members, from the doctors to the receptionists, to become Fear Free Certified.

• Change often fails due to poor planning and communication or failure to act or follow through by leadership.
- Put the Fear Free plan in writing with due dates, action items and task lists.
- Ensure all leaders (owners, associate veterinarians and managers) are on board with the plans; any hesitation will be likely mimicked by the staff.

TEAM ROLES

Receptionists

• Educate clients regarding travel to the veterinary practice in a stress-free environment with the following suggestions:
- Leave carriers out for cats at all times (preventing the association of the carrier with the veterinary office).
- Wipe down carrier with pheromones wipes.
- Play calming music for the car ride.
- Bring pet to the hospital hungry (if case permits).

• When patients arrive in the hospital, assess for FAS and alert the technician team if needed.
- Get patients in rooms as soon as possible.
- Separate dog and cat patients (if a separate reception area is not option).

Veterinary Technicians

• Educate owners how to recognize and reduce FAS at home and how the team reduces FAS in the hospital using:
- pheromones,
- Thundershirts®,
- calming music,
- considerate approach, gentle control and touch gradient,
- pharmacologic therapy.

• Allow the patients to acclimate to exam room (and explain to clients why).
• Control pets by minimizing stress instead of using maximal restraint.
• Weigh cats in the exam room.
- Stabilize the scale while the cat is on the platform.

• Place a yoga mat or similar nonslip table covering on exam room table.
• Examine dogs on the floor when possible – on their level.
• Use distractors to obtain vitals.
- Have a smorgasbord of treats and document what the pet likes best (examples available in the examples section).
- For NPO patients, utilize frozen broth in paper cups for pets to lick.
- Use tricks to make the exam fun for the patient. Animals associate tricks with treats.
- Make notes of tricks and treats in medical record.

• Address fear of instruments, such as nail trimmers, stethoscope, oto/ophthalmic scopes, syringes, with treats.
• Use considerate approach, gentle control, and touch gradient.
• Stop the procedure when pet responds with fear (and explain to owner why).

Veterinarians

• Use considerate approach, gentle control, and touch gradient.
• Use pharmacologic intervention sooner rather than later.
• Stop the procedure when pet responds with fear (and explain to owner why).

Practice Manager

• Provide training for all team members.
• Develop the website and provide Fear Free training for clients.
- Provide examples of feline-friendly carriers.
- Describe the importance of pheromones and calming music.

• Develop Fear Free protocols with the team.
• Hold team members responsible for adhering to Fear Free protocols.

COMMUNICATION

• Recognize FAS throughout the examination. Just because a patient is relaxed at the beginning of a visit does not mean they will remain relaxed the entire visit.
• Listen to what the patient's body language is saying and adjust the conversation accordingly to prevent the patient's fear from escalating. Offer a treat or pause for a second to let the patient acclimate to touch before proceeding.
• Maintain an "emotional record" alongside the "medical record." Document which techniques worked best for the patient during the visit so the same techniques can be incorporated into the next visit:
- Rewards that were effective.
- Where the patient preferred to be examined.
- How a procedure was performed.

CONSIDERATE APPROACH

Considerate approach encompasses the interactions between the veterinary team, the patient, and input from the environment while veterinary care is being administered.
• Avoid direct eye contact or leaning over the pet.
• Turn sideways to appear less threatening.
• Move smoothly and calmly.
• Allow the pet to approach first and toss or hand treats to the pet (when medically appropriate to do so).
• Consider the pets' perception of the hospital, and make changes to create a stress-free environment, such as:
- Providing nonslip surfaces for patients
- Incorporating calming scents and/or pheromones
- Minimizing loud noises
- Using calming sounds
- Utilizing LED (rather than fluorescent) lighting
- Utilizing disinfectants with low odor.

GENTLE CONTROL

• Use comfortable and safe positions for patients while administrating veterinary care with minimal restraint.
• Incorporate distraction techniques while providing gentle guidance and support allows many procedures to be performed safely with minimal restraint and fewer team members.

TOUCH GRADIENT

This encompasses both gentle control and considerate approach:
• Maintain continuous hands-on contact with the patient through the entire procedure or examination (when possible).
• Acclimate a patient to an increasing level of touch intensity while continuously measuring the patient's acceptance and comfort.
• Some patients respond well to gentle brushing (use soft brush).

CREATING AN ACTION PLAN FOR EACH PATIENT

Before starting a procedure, take a moment to create a plan of action.[1] This will help make the experience more successful for everyone. Creating an action plan for procedures includes the following:
• Assess the patient:
- Observe and note body language and behavioral indicators of FAS.
- Continuously reassess throughout the procedure.

• Assess yourself:
- Are you using considerate approach?
- Ask for help if you are feeling uncomfortable.

• Assess the environment:
- Set up the environment to be patient friendly.
- Remove stressors from the environment.

• Create a veterinary plan for care
- Identify reinforcers.

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- Rank most to least important procedures.
- Plan least to most aversive procedures.
- Identify stopping or pause points: three tries for dogs, two tries for cats. At this point, sedation or rescheduling procedure would be recommended
- Consider the 3 W's:
  - Where will the procedure be performed? Wherever the pet is most comfortable
  - Who will be present? Usually best for owners to be present
  - What items are needed to make the environment more comfortable? Have everything ready before starting.

CONSIDER HOSTING PUPPY SOCIALIZATION CLASSES

- Puppies that have been socialized have a 1.6 times reduced risk of showing aggression to people outside of the home.
- Puppy class benefits extend into various areas of the dog's life, including their comfort level with people.
- Consider hosting puppy classes in the hospital where young pups can create a positive play and training experience within the walls of the veterinary hospital. This allows acclimation to the practice environment, like stepping on a scale for treats or associating the clinic smells with training and play.



EXAMPLES

COMMON BEHAVIOR SIGNS OF FAS IN CATS AND DOGS[2]

- Cowering/crouching
- Lowering or flattening of ears
- Growling
- Hiding
- Hissing
- Lifting lip/snarling
- Tucking tail
- Trembling.

SUBTLE SIGNS

- Avoiding eye contact
- Blinking slowly or squinting
- Dilated pupils
- Eye contact diversion
- Eye squinting
- Showing hypervigilance/inability to settle
- Licking lips
- Chattering jaw
- Closing mouth tightly or pulling mouth back
- Pacing
- Panting
- Freezing
- Lifting paws
- Raised hackles
- Self-grooming
- "Shaking off"
- Shifting eyes
- Sneezing
- Sniffing the ground
- Staying close to the owner
- Tail flicking or thrashing (cats)
- Taking treats roughly, being picky about treats, or refusing treats
- Turning head away
- Wet dog shake
- Yawning.

FAS SCALE (REPRINTED WITH PERMISSION FROM FEAR FREE.COM)

Action by veterinary team	*Signs*
GO	Rapidly accepts treats, toys, and/or attention
If mild FAS present, consider nutraceutical intervention	Appears relaxed, or only shows mild signs of FAS
Use CAUTION	Moderate interest/disinterest in treats, toys and/or attention
Consider nutraceutical/ pharmaceutical intervention	Fidgeting, difficulty settling
STOP	Little to no interest in treats, toys, and/or attention Fight, freeze, or flight response
Consider sedation and pharmaceutical/ nutraceutical consideration	

Low FAS

- **Level 0:** No signs of FAS. Pet is relaxed and solicits interaction with team members.
- **Level 1:** Displays 1 or 2 mild signs of FAS, such as lip licking, avoids eye contact, turns head away without moving away, lifts paw, or partially dilated pupils, and/or panting but commissures of lips are relaxed, occurring less than four times a minute. Interested in reinforcers (treats, play, attention) and chooses to interact with the team members.

Mild FAS

- **Level 2:** Displays 1–2 moderate signs of FAS, such as ears slightly back or to the side, tail down, furrowed brow, slow movements or overly attention seeking, and/or panting with a tighter mouth (dog), occurring four or less times a minute. Readily accepts reinforcement (treats, toys, and attention). Still soliciting social interactions with team members.
- **Level 3:** Displays more than 2 moderate signs of FAS occurring more than four times in a minute. May refuse reinforcements for brief moments. Might take treats roughly at times. May also be hesitant to interact with team members but not actively avoiding team members.

High FAS

- **Level 4:** Severe signs of FAS without aggression, such as immobility, fidgeting, escape behavior, dilated pupils, excessive panting (dog), increased respiratory rate, trembling, tense closed mouth, ears back, tailed tuck or thrashing (cat). May or may not be accepting any types of reinforcers. Not interested in interacting with team members and may be showing active avoidance (moving away).
- **Level 5:** Severe signs of FAS with aggression such as growling, lunging, barking, hissing, snarling, and/or snapping. Intolerant of procedures.

POSSIBLE DISTRACTORS OR REINFORCERS FOR CATS AND DOGS

Every pet has individual treat preferences. Discovering what a pet enjoys allows us to associate desirable things with experiences, thus creating a positive and pleasant memory. The following are examples of potential reinforcers.

Treats

- Commercially available cat and dog treats, including crunchy, semi-moist, and freeze-dried
- Canned cat or dog food
- Meat-based baby food (no onions or garlic)
- Canned cheese
- Green olives (cats)
- Bonita flakes
- Deli meat.

Toys

- Wand toys for cats
- Long tug toys for dogs
- Plush toys
- Balls of appropriate size
- Paper balls for cats
- Food storage toys (caution: for some dogs, such a toy may be a long-lasting resource in their possession and may evoke a need to guard it from people).

Other

- Catnip
- Brushing
- Petting
- Happy talk (caution: human anxiety is often communicated through intonation; pets can pick up on this and become more nervous).

BENEFITS OF FEAR FREE CERTIFICATION

- Online certification course Level 1 (9 hours of RACE-approved continuing education)
- Online implementation guide (3 hours of RACE-approved continuing education)
- With renewal, access to online Level 2 certification course (7 hours of RACE-approved continuing education)
- Fear Free educational library
- Fear Free toolbox: downloadable marketing tools, drug charts, and more
- Private Facebook group
- Fear Free podcast series with RACE-approved continuing education
- Welcome kit
- Monthly newsletter
- Preferential pricing on select products
- Additional RACE-approved continuing education courses offered on a complimentary basis or at discounted rates.

For more information visit: www.fearfreepets.com



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

FAS: Fear, anxiety, and stress
NPO: Nothing per os
RACE: Registry of Approved Continuing Education

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4.15. CLIENT APPOINTMENT SCHEDULING



BASICS

OVERVIEW

The management of client appointments is a major part of daily practice operations, yet most practices take a very passive approach to managing their appointment system.

- Practices should aggressively manage their appointment systems by analyzing and revising them on a regular basis.
- Multiple scheduling systems are available to practices. Practices should examine each system to determine which system best suits their needs. Practice philosophy, market position, doctor preference, competition, and client base composition are just a few of the factors that help determine which scheduling system is the best choice for a specific practice.
- The professional expertise of veterinarians is the most valuable resource within the practice. How effectively you leverage this resource often determines the success level of your practice.

TERMS DEFINED

Anybody: Generic term used by many practices to identify a client that scheduled an appointment but did not request a specific doctor. Therefore, "anybody" can see this client.

Bonding Philosophy: There are two primary bonding philosophies in multi-doctor practices. The first is to bind clients to the practice. In this instance, receptionists try to rotate the doctor that the client sees so that the client establishes relationships with all of the doctors in the practice rather than with one specific individual. The advantage of this philosophy is that if a doctor leaves, there will be minimum disruption in the client base; the disadvantage is that clients may not like one or more of the other veterinarians. Patient care may diminish due to decreased continuity of care. An alternative philosophy is to schedule clients with the same doctor always. This approach bonds the client to a specific doctor, and the relationship that develops over time can result in improved patient care. The disadvantage here is that if the doctor leaves the practice, numerous clients may follow.

Bonding Rate: Practices that encourage clients to bond with a specific doctor typically calculate that doctor's bonding rate. For example, if a doctor has six appointments scheduled in a morning appointment block and in three of those appointments, the doctor was requested by name (in the other three no request was made ("anybody")), the doctor has a 50% bonding rate. Ideally, new doctors should achieve a 25% bonding rate by the end of their first year at a practice, whereas most tenured doctors strive for a 70% bonding rate, and exceptional doctors can have bonding rates approaching 100%. If a tenured doctor has a bonding rate significantly less than 70%, it would appear that that doctor is not compatible with the client base and that the doctor's long-term fit in the practice should be re-evaluated.

E-slots or Same Days: Two of the many terms practices use to describe appointments that are held open until that day to accommodate emergencies, walk-ins, or other situations that require a doctor's immediate attention.

Fill Rate: Percentage of available appointment slots scheduled during a specific period of time. If, for example, a doctor is seeing 15-minute appointments from 8.30 a.m. to 10.00 a.m., there are 10 available appointment slots. If six of these slots are scheduled, the fill rate for this appointment block is 60%. Most practices calculate fill rates by shift and by veterinarian each quarter, and adjust the practice's scheduling guidelines accordingly.

High Density: Refers to any scheduling system where the doctor has access to more than one examination room. Common examples could be a doctor and technician working two exam rooms simultaneously; or a doctor, a technician, and an assistant working three rooms simultaneously. High-density scheduling requires a well-trained and well-choreographed staff that can leverage the available doctor's time and expertise, resulting in increased productivity.

Request: Generic term used by many practices to indicate that a client has requested a specific doctor when scheduling an appointment.

Straight 15s: Historically the most common scheduling system. The staff schedule a steady stream of appointments at 15-minute intervals (e.g., 8:00, 8:15, 8:30, etc.). Currently, it is estimated that 10–15% of companion animal practices still use this system.

Straight 20s: A popular expansion of the straight 15 s approach. Appointments are scheduled at 20-minute intervals (e.g., 8:00, 8:20, 8:40, etc.). Currently, it is estimated that approximately 40% of companion animal practices use this system.

Straight 30s: A popular time-scheduling option in very competitive markets and perhaps the schedule of choice for new practices trying to bond clientele. It is estimated that only 5% of companion animal practices use this system.

Ten-Minute Flex: The fastest-growing scheduling system in the industry today for companion animal practices. It is estimated that 35–45% of companion animal practices use this system. It allows the user to determine the appropriate amount of time for the appointment based on the number of 10-minute blocks that are combined. Therefore, an appointment could be 10, 20, 30, or 40 minutes, as needed.



ISSUES AND OPTIONS

Typically, each client/patient encounter has a fixed number of tasks. Examples could include introducing yourself to the client, eliciting the client's chief complaint, taking an appropriate history, performing a physical exam, formulating a treatment plan, performing necessary treatments, answering client questions, preparing for future encounters, documenting the encounter, and assisting with any billing or follow-up procedures.

Time/motion studies indicate that the majority of veterinarians can complete the above tasks in approximately 12 minutes. In a straight 15-minute appointment system, this leaves three minutes of quality client education time (unless other care is sacrificed). Given that the average companion animal visits the veterinarian two or fewer times per year, this gives the veterinarian six minutes or less to educate the client on all healthcare issues and/or husbandry needs relevant to their pet. Most veterinarians find this amount of time woefully inadequate.

- Implementation of a standard 20-minute appointment system increases a veterinarian's quality education time per encounter from three minutes to eight minutes. These five additional minutes represent a more than 250% increase in the amount of time a veterinarian has to educate and bond with his or her clients. Although a veterinarian will only be able to see three patients per hour (instead of four), productivity per visit typically increases so dramatically that productivity per hour is greater with fewer patient encounters. Decreased client volume has multiple benefits, including reducing stress on the support staff, and generally improves a practice's on-time performance (a significant customer service goal).
- Utilizing 30-minute appointments is rarely an effective strategy in the general practice setting. They can be effective if used on a very limited basis, such as a new client initial visit to bond a client to a practice, or a second opinion. If used as a default scheduling preference, most veterinarians are unable to fill the additional 10 minutes with quality client communication and education. Therefore, clients perceive these longer appointments to be inefficient and poor customer service. Veterinarians rarely increase their productivity enough so that two patient visits per hour can be as profitable on a per-hour basis. Appointments of 30 minutes (or longer) do work well

for consultations at referral practices where a much larger fee is obtained, and additional substantial revenue is typically expected.
• The 10-minute flex system allows the staff to capitalize on the advantages of each of the systems described without being locked into one specific time block.



EXAMPLES

• Ten-minute flex scheduling starts by breaking your appointment book into 10-minute slots. The number of slots utilized for each patient encounter depends on the needs of the client, patient, and/or veterinarian (or all three). In a typical practice, a 10-minute appointment could be a suture removal or a simple recheck exam. A 20-minute appointment could be the majority of routine appointments or more complex rechecks, and 30-minute appointments can be for two pets that belong to the same client, more involved procedures (second opinions, for example), or new client visits.
• Typically, it takes 2–4 weeks for most practice staffs to transition smoothly and efficiently to 10-minute flex scheduling. Once introduced to a 10-minute flex scheduling system, rarely does a practice choose to revert back to its previous scheduling system.



CAUTIONS

• During the transition to a new scheduling system, staff members will inevitably make mistakes. Teamwork and communication can minimize the impact of these errors on the clients as well as on the staff.
• Selecting the proper scheduling system to meet the needs of your practice is an individual decision that balances staff efficiency and productivity with customer service and profitability. In the end, a practice must settle on a system that most closely supports their practice philosophy.
• Appointment books have historically been set up at least six weeks in advance, so clients could schedule follow-up visits at the time of checkout to improve client compliance. Contemporary best practice supports that a full forward booking program be adopted by every practice, as is customary in the dental industry. Thus, six-month or annual visits are scheduled in advance to drive compliance. If a doctor's schedule changes, it is easy to reschedule the client and maintain compliance.
• Most customer service studies indicate that clients regard on-time performance to be a more important factor in the decision to use a certain practice than the practice's fee structure.
• Surgeries, dentals, day-cases, ultrasounds, and emergencies may each have their own column in the appointment book. This allows for faster reference while scheduling. It also helps to organize schedule data for analyzing trends, staffing needs, and practice productivity.
• It is a common misconception that meeting the needs of a single client by treating their pet in the exam room (taking radiographs, running extra laboratory tests, etc.) is providing good customer service. Unfortunately, it may only result in providing good customer service to that client and providing poor customer service to those waiting to be seen. Therefore, it is best to reschedule pets that need extensive work-ups, with the exception of those in need of life-sustaining treatment.



MISCELLANEOUS

• On-time performance is a key component of all customer service programs. Ten-minute flex scheduling offers most practices enough flexibility to improve their on-time performance dramatically.
• Missed appointments are missed opportunities for production that are lost forever. Therefore, many practice management software programs now have features built into their appointment book to track the reason for a missed appointment and flag habitual offenders.
• Confirming appointments two days in advance can dramatically decrease missed appointment rates. Some software systems are able to send email and/or text (SMS) confirmations to clients to help improve compliance. Confirming one day in advance rarely allows clients to alter their schedule if they forgot about their appointment. However, confirming appointments two days in advance allows clients an opportunity to alter their schedule, or notify you of the cancellation far enough in advance that you can fill the open slot.
• Contacting missed appointments and rescheduling them can dramatically improve client compliance, patient care, and practice profitability.
• The use of an Internet portal system allows clients to log onto the Internet and request, check, or confirm their appointments online. These portal systems offer clients 24-hour convenience for little monthly cost (see 10.18 – Patient Portals).
• Improving the appointment fill rate is a critical function to ensure practice resources (staff) are used efficiently. A single open appointment each day can cost the typical associate over $5,000 per year in lost wages (assuming that doctor's compensation includes a production component).
• Almost every practice tries to accommodate emergencies during the workday. Adding e-slots or same days to the schedule book helps to create a structured block of time for treating these cases. If a practice records the time of day each emergency has arrived, the practice can identify trends in emergency caseload and determine the number of slots they need to handle the typical emergency load for that time of day, or day of the week. For example, a practice may need six emergency slots for a Monday, but only two for a Tuesday.
• Many practices now schedule the use of practice resources as part of the appointment. Ultrasound, blood pressure machine, tonometer, and other assets may be scheduled with an appointment to avoid clients having to wait for shared equipment to become available.
• Having reading material, wi-fi or Internet-enabled public use computers, children's play areas, complimentary beverages, television, or multimedia available in the waiting area decreases by two-thirds a client's perception of the amount of time they waited to be seen.

ABBREVIATIONS

N/A

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N/A

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4.16. CLIENT REMINDERS SYSTEMS



BASICS

OVERVIEW

• Timely, relevant, personalized, and hyper-targeted communications receive the highest response rates. By leveraging the data within their practice management systems (PMS), veterinary practices can empower owners to take the best care of their pet.
• Client recall systems are the most effective tool for driving client traffic back into practice – a major factor in generating practice revenue.
• It costs between five and twenty-five times more to attract a new client than it does to retain an existing client.
• Technology has had, and will continue to have, a massive impact on this area of practice life with automation, falling costs, and additional communication channels (text/SMS, email, apps, live chat, and web portals) supplementing "traditional" postal and telephone reminders.

TERMS DEFINED

"Call To Action" (CTA): A request within a communication for the recipient to initiate a desired behavior, such as phone, email, or visit the practice to make a purchase or book an appointment.
Compliance Reminders: A reminder for a pet owner to apply a treatment (usually for prevention of parasites) when due rather than to simply repurchase it.
Customer Relationship Management (CRM): Strategy for managing all a practice's relationships and interactions with customers and potential customers. It helps to improve a practice's profitability.
HTML (Hyper Text Markup Language): Standard markup language for creating emails and web pages.
Short Message Service (SMS): More commonly referred to as text messages. Limited to, and charged at, 160 characters per message, including spaces. Smartphones enable up to four SMSs to be strung together.
SMS API: Allows PMS to directly integrate with SMS software, either to send messages or collect inbound responses (e.g., "reply 'YES' to confirm appointment or 'NO' to cancel").



ISSUES AND OPTIONS

• Traditionally, veterinary practices have low penetration of email addresses and mobile phone numbers for clients, which undermines the effectiveness of recall systems. A continual focus must be made by the front office team to collect and then validate contact information at least every 12 months.
• When selecting a communication channel, it is essential to consider the advantages and disadvantages for each medium.

SMS (TEXT MESSAGES)

• Texts are low cost and have an extremely high open rate – almost 100%, usually being opened within minutes of being sent. Practices are instantly notified of incorrect phone numbers, enabling them to take alternative action.
• Volume discounts are available for practices sending larger volumes by negotiating with your SMS provider (circa $0.04 per SMS).
• Due to the increase in popularity of mobile number portability (MNP), clients are highly likely to keep the same mobile phone number for many years which increases deliverability of messages.
• Although limited to 160 characters per SMS, messages can include a web link for further info and a call to action (CTA).

EMAIL

• Email is very low cost, either plain text or via full HTML. Practices can incorporate branding, embed video, links to supplementary information and imagery.
• Emails have a relatively high open rate due to the implicit trust and relevance of receiving a healthcare communication from your local veterinary practice. Emails are usually opened within 48 hours of being sent.
• Effectiveness will depend on the percentage of client records with a valid email address.
• Clients are four times more likely to change their email address than their mobile phone number so contact details must be checked regularly to maintain deliverability.

MAIL/POST

• This is a medium cost option, comprising postage, materials and fulfillment time.
• Full-color digital personalization via a fulfillment/mailing house enables a high level of personalization, such as pet name, species-specific images, and messaging.
• Post has the longest lead time of all channels, with a lead time of 4–7 days between the communications being generated by the PMS and receipt by the client.

PHONE CALLS

• Phone calls are the highest cost option due to the cost of labor but are also potentially the most effective due to the uniquely personal nature. Several attempts may be required in order to speak to the client. The most effective time to phone clients may be outside of traditional practice hours (e.g., weekends and evenings).

APPS AND PUSH NOTIFICATIONS

• This is undoubtedly the direction recall communications are heading post 2020. Apps and push notifications require PMS data to be cloud based (rather than server based) with seamless two-way integration into web-based pet owner portals and smartphone apps. This technology is almost certainly beyond the realms of veterinary practices to develop themselves but will become available via third-party technology companies as is currently the case in numerous other industries.

A multi-channel approach using a combination of the channels above will always be the most effective, and protocols should be regularly monitored and reviewed.



EXAMPLES

• Effective recall communications should always contain: a greeting, the pet's name, the action required and date, a CTA (include the practice phone number) and, where possible, a web link to respond online.
• Automation must be implemented wherever possible. In a busy practice one of the first tasks that will be neglected is recall communications (which can often result in lower client traffic the following month). Sending reminders daily spreads out inbound call volumes, email enquiries, and walk-ins over a more manageable time frame.
• Automation of recall communications via the PMS allows practices to schedule communications to be sent on a daily basis at a fixed time. To select the most appropriate time of day to send messages consideration should be given to each of the following in this order of priority: (a) What is the most convenient time for the client to act on the communication? (b) When is the practice team most able to respond to the resulting enquiry? (c) What other communications are

scheduled for your practice throughout the day and what is their impact on the front office team's ability to respond to enquiries in a timely manner? This process may lead you to reconsider shift patterns, resource planning and practice opening hours.

RECOMMENDED PROTOCOLS FOR CLIENT RECALL

- The following protocols are based on the author's own experience in recalling 400,000 pets for appointments, annual vaccinations, examinations, and application reminders while grappling with limits of existing technologies. They are intended as a starting point for the reader to build upon.
- It is essential that response rates to the recall communications below are measured and monitored on a regular basis; small changes to these can make a huge impact on their effectiveness (it is possible to both increase and decrease success rates) and thus client traffic into your practice and the health of the pets under your care.

Annual Vaccinations/Boosters

- SMS/text and email 20 days before due date.
- SMS/text and email 5 days before due date.
- Phone call 10 days overdue.
- Phone call 100 days overdue.
- If there is no mobile phone number on the PMS for the client a postal reminder must be sent instead.
- The same process can also be followed with canine cough and rabies vaccinations for dogs.

Appointments

- SMS/text 2 days before appointment date.
- Phone call 1 day after for missed appointments.
- Missed appointments should be regularly reviewed and monitored. Factors influencing the percentage of missed appointments include: type of appointment, recency of booking, practice (certain team members have a higher instance of missed appointments usually as a result of poor communication skills which should be addressed by training), external factors (e.g., weather, public holidays, economic climate).
- Consider introducing an additional phone call prior to the appointment for appointment types with a high value to the practice and a high percentage of missed appointments.

Neutering/Desexing

- Phone call once the pet reaches five months of age.
- Consider the emotional state of the owner before selecting your communication channel for this recall; a text message may be inappropriate, however a longer form email with advice, education, and further reading will increase effectiveness of recall.

Parasites/Flea and Worm Treatments

- Consider whether reminders are (a) to repurchase once all the doses of treatment have been used – known from here on as "reminders to purchase" or (b) to apply, ensuring the pet receives all the doses required as they fall due. This may involve sending a series of reminders monthly/quarterly/half yearly until the quantity of treatments dispensed has been used – known from here on as "adherence reminders." Much will depend on your PMS's ability to be configured and these communications to be automated.
  - Reminders to repurchase: SMS 2 days before due date and phone call 7 days after.
  - Compliance reminders: SMS on day of each treatment date. Due to the frequency of these reminders SMS volumes will increase significantly.

Treatment Advised

- These may include: dental health check advised; SMS and email 2 days before clinician's desired date, weight check advised; SMS and email 2 days before clinician's desired date or senior pet clinics; email and phone call on the pet's 7th birthday).

Diet/Food

- While desirable for the revenue of the practice, recall communications to repurchase pet diets can be challenging due to the number of variables (e.g., weight of pet, other diets fed by the owner, size of bag, activity levels, and portion size). There are already some companies offering monthly payment plans to clients by attempting to control this (e.g., https://tails.com/ and https://butternutbox.com/).



CAUTIONS

- All put-to-sleep (PTS)/euthanized pets must be suppressed from recall activity. This feature is already designed into most PMS.
- Once a recall has been completed the PMS overwrites the reminder with a new recall date in the future.
- For older clients, ensure recall systems are inclusive and function for clients without access to technology, there must always be a backup protocol and the value of a personal phone call should not be underestimated.
- It is important to note that recall messages should avoid being overtly sales-oriented. Their main aim is to empower the pet owner to take the best possible care of their pet. This approach will also ensure that all communications from the practice are compliant with local data protection legislation.
- While collecting email addresses and mobile phone numbers in practice ensure clients have separate opportunities to opt out of marketing communications and recall communications.



MISCELLANEOUS

ABBREVIATIONS

API: Application programming interface
CRM: Customer relationship management
CTA: Call to action
HTML: Hyper Text Markup Language
PMS: Practice management system
PTS: Put to sleep
SMS: Short message service

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4.17. MAINTAINING REGULAR CLIENT CONTACT



BASICS

OVERVIEW

Most practices encourage wellness visits at least once per year for each pet, keeping in mind age and overall health conditions. But 12 months is a long time to go without any contact with your clients. Some might even say that is just enough time to find another veterinarian. Your clients need more from you than the annual examination. Help them see the value in regular communication with your practice. You might just increase your revenue while enhancing the health and wellbeing of your patients.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

PET OWNERS NEED YOU

Why? Because they are not veterinarians is the simple answer and they do not possess the knowledge, ability, or access to the type of care we know is best to keep an animal healthy for as long as possible. The more complex answer is that you have a responsibility to become their resource for all things pet related. Simply having a credential or post-nominal after your name only buys you so much. Credibility and trust is earned. We know through various studies that veterinary visits have been declining over the years, and many pet owners fail to see the value in wellness care for their pets. This means as veterinarians and veterinary practices, we have a lot of work to do to improve our communication skills.

In order to provide the greatest opportunity for companion animals to experience superior health, undertaking the role of educator, communicator, advisor, and advocate needs to be part of the job of veterinarian. Let's face it, nearly everyone now has access to Dr. Google. And much of what a pet owner can find online is information put out by individuals without credentials and unsupported by facts. Your goal should always be for your clients to turn to you *first* when seeking information or guidance for their pet.

Pet owners also need you to fulfill the following:

- Inform them of new products that may enhance their pet's health and wellbeing.
- Provide tips and reminders regarding vaccination schedules, flea, tick, and other parasite prevention.
- Educate them about seasonal and yearly household hazards to avoid such as toxic substances, plants and even foods common to the average home.
- Announce product specials to take advantage of unique savings opportunities.
- Inform them of any changes in practice hours, services, personnel, and anything else that may be deemed a courtesy and convenience.
- Invite them to an open house to tour the facility, demonstrate new equipment, meet a new veterinarian, view a remodel/expansion of the clinic.
- Acknowledge milestones that they may want to participate in, such as a big anniversary of serving the community, the tenure of a veterinarian, etc.
- Dispel the many medical myths commonly sourced on "Dr. Google" and other unverified information sources.
- Provide a list of resources that you recommend for credible information.
- Inform them of food/product recalls and medical alerts if an outbreak of a particular condition should be watched for (canine influenza, flea/tick-borne diseases, etc.).
- Make them feel important by acknowledging their pet's birthday, thank them for a referral or even send them a personal note after a visit.
- Provide pet-specific information and education on certain health conditions they may be prone to as an individual (see 4.8 – Pet-specific Care).

YOU NEED YOUR PET OWNERS (CLIENTS)

You need your pet owners for many reasons:

- **Revenue:** they are your life blood and each team member should view clients as the ones who really provide their paycheck.
- **Referrals:** The most cost effective and easiest method to grow your practice is through referrals.
- **To keep you sharp:** Inquisitive, engaged, and devoted pet owners will constantly challenge you, your medicine, your service, and your advice in order to remain confident that you are the best caregiver for their pet.
- **Motivation and inspiration:** The unique and special bonds that many people have with their animals may very well be the key to getting you out of bed in the morning and the fuel to acquiring the deep sense of satisfaction you receive by serving as the healer, listener and caregiver to so many.

You have been convinced that staying in regular touch with your clients is a good idea, but how do you do so effectively when your clientele is so varied and utilizes many different means of communication? You incorporate them all! A practice that is made up of many generations and serves just as many needs to stay flexible and reach out to all segments of the audience.

Passive Outreach

- Keep your website fresh, current, updated frequently, full of good information and list resources to seek more information if desired (see 10.13 – Websites). Encourage interaction by requesting testimonials, comments, submission of their pet's photo, etc. Don't forget to let clients know they can find helpful resources on your website at each visit.
- Have attractive, professionally designed and written materials on hand in the reception area and exam rooms for your clients to read and take home (see 6.18 – Client Education Tools). Chances are they are not familiar with all of your services – use this as an opportunity to cross promote all of the wonderful products/services you offer and it may bring them back sooner or open the door to a new discussion entirely.
- Have a robust social media presence and engage with your clients – but have a plan (see 10.16 – Social Media)! Create a strategy and goals for your digital presence. Determine how frequently you want to post, how you will respond to positive and negative postings, what types of information you will be sending to "followers." Include postings of events you will be attending, encouraging followers to come by and see you. Most importantly, assign this "job" to someone specific in your practice that you trust has the skills and ability needed, or outsource it to a firm who has the expertise to maximize the reach through search engine optimization (SEO), targeted advertising, boosted posts, and the like. Make sure the password is protected and only known by the owner, manager, and/or individual in charge.

Active Outreach

- Customize your reminder cards/emails. For example, if the client has a black Labrador retriever, for instance, on the reminder card for a wellness exam and vaccines, include a photo of a black Lab and use their pet's name.

4.17. MAINTAINING REGULAR CLIENT CONTACT

• Find out pet owners' preferred means of communication – telephone, email, text, snail mail – then use it.
• Send out periodic newsletters (print and/or electronic) with a variety of information from educational to fun, community oriented, success stories, acknowledgments of referrals, team member highlights, and so on.
• Handwritten notes may be the least utilized, least expensive, most effective means of staying in touch and communicating with clients outside of visits. Use branded, professionally designed notecards to offer thanks, a kind word, or an acknowledgment. The personal nature of this effort goes a long way.
• Community events – get out there in the community. Be visible, attend charity walks, have a dog wash to benefit a local shelter – most of all have fun and work with your team to decide how often and where you want to participate.
• Use the media to help tell your story. Share a particularly newsworthy patient story with the owner's permission through a press release, announce a new and/or unique service offering not found elsewhere in your region, celebrate a grand opening. Local publications both in print and online are always looking for good content.

Your clients need you, you need your clients. Create an outreach plan that is as intuitive and automatic as the weekly inventory order. Your practice depends on it and so do your patients.

Consistency is key. Just when you think you have sent one-too-many messages to your clients, this is typically when they start noticing or absorbing the information. To avoid feeling like you are overwhelming them, be sure that every piece has a distinct purpose, is well written and designed, and contains a call to action. Recipients will need to know what you want them to do with the information presented. If it is important enough to send out, then it is important enough to act upon. Give them instructions for "what to do," "when to do it," and "how it will benefit them and/or their pet."



EXAMPLES

N/A



CAUTIONS

Social media is not FREE. Just because it does not cost to have a Facebook page or Twitter account, does not mean it is free. As social media companies' business plans have evolved, "paying to play" through ads and boosted posts is the main way to reach more than just a handful of people. On top of that, having a social media presence without a plan can fail miserably. Staff time is not without costs either. Like any other outreach initiative, craft goals, a schedule, and an overarching objective to your practice's presence online and then monitor it over time. Once you dive in, encourage clients to "Like" your page and stay in touch.

Electronic communication in general can seem like a gift to save on marketing costs. And it can be a great tool. However, be advised that poorly designed email blasts, newsletters, overcommunicating, inappropriate content, etc., can all backfire. The myriad email services provide templates and back-end support to assist you in staying in regular touch, but you may still want to work with a professional to create, design, and disseminate the messages. Marketing and all types of outreach will always be most effective if the messaging, design style, look, and feel are consistent and born from the core purpose of the practice.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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4.18. TELEPHONE SERVICE MANAGEMENT



BASICS

OVERVIEW

Some telephone calls should be made exclusively by veterinarians, such as calls to share bad news with clients about their pets, calls to discuss medical choices clients need to make for their pet, or calls to discuss medical issues with a specialist or another veterinarian. Almost every other kind of call to or from the practice can be handled by trained staff members to free the doctor's time to see patients, do surgery, complete patient records, and do other things that require the veterinarian's direct attention.

The telephone is the lifeline of the practice. It is the primary means of making appointments for both new and existing clients:

- When a staff member answers the phone, his or her voice creates the first impression about the human side of the practice. A lot depends on that audio interaction. Based on voice alone, pet owners determine whether this sounds like a friendly place and whether the hospital's staff seems knowledgeable, competent, caring, and compatible with the pet owner's values.
- The telephone is the primary tool for scheduling appointments. Usually, a client's or potential client's telephone call to the practice is the first human contact they will have with the hospital. How they are treated will determine whether they decide to come in or not.
  - When a client calls with a health question about their pet, it is inappropriate and a malpractice risk for a staff person to offer healthcare advice over the telephone. If the client is concerned enough to call, the best thing to do is to invite the owner to make an appointment for their pet as soon as possible.
  - When prospective clients call, it is always a good idea to invite them to make an appointment for their pets. They are calling because their pets need something, so why not solve their problem by inviting them to let you set up an appointment, rather than just respond to the fee information they may have asked about?
- To make a good impression and handle callers efficiently and well, telephone contact protocols need to be developed for the most frequent types of telephone contacts (see the Examples section). Such protocols may include:
  - Answering the telephone properly
  - Putting callers on hold
  - Responding when the caller wants to speak to the doctor
  - Giving estimates
  - Responding to frequently asked healthcare questions (FAQs)
  - Giving directions to the hospital
  - Making appointments
  - Handling prescription refill/therapeutic diet requests
  - Managing pet emergency calls
  - Responding to "price shopper" calls
  - Confirming upcoming appointments/surgeries (see 6.22 – Outbound Telephone Calls)
  - Checking on the pet at home (see 6.22 – Outbound Telephone Calls).

TERMS DEFINED

Frequently Asked Questions (FAQ): In the context of telephone service management, these would be commonly asked client questions that anyone who works in a veterinary practice should be able to answer fluently and well, such as the hospital's policies on spay and neutering, vaccinations, and parasite control, among others.

Protocol: The form and etiquette observed for a specific event or procedure.



ISSUES AND OPTIONS

- Most patient visits are still scheduled by telephone. Delays in answering the telephone, inappropriately answered questions, leaving callers on hold too long, and not inviting the caller to make an appointment all negatively impact the practice. "Preventive medicine" in the form of telephone protocols and staff training are the best way to avoid these problems and provide good client service.
- Sufficient telephone lines are important for good telephone service management. Your telephone company can run a "busy signal" audit to tell you how many calls were dropped due to busy signals. This will help you determine if you have enough lines.
- Sufficient staffing so that receptionists can handle phone calls and check clients in and out during peak morning and evening hours is important for good service.
- Staff training for new hospital team members should start by asking the new employees to read the hospital's "Telephone Protocols" and "FAQs" notebook to familiarize themselves with the hospital's service expectations. Next, the new employee should listen to the best staff members answer the telephone and talk to clients. Finally, the new employee should answer the telephone in the presence of a fellow employee "coach" who will give them tips and feedback to help them hone their telephone communication techniques and skills.
- Year after year, consumer polls show that people dislike automated answering machines and menu options. Your clients dislike them too. In addition, an automated answering "attendant" puts barriers between you and your clients, who need to talk to a real person to get their problems solved, their questions answered, or make appointments. New callers in particular may get the impression that a practice that has an automated answering attendant is too big and too impersonal to care about them and their pets.
- The "gold standard" for client service is the personal touch that comes from the warm, welcoming voice of a trained, competent professional at the other end of the line, not an answering machine with menu options.
- Voicemail options for doctors need to be carefully managed:
  - Voicemail can easily turn into an abuse of veterinarians' time – compare the pink paper note explaining what the caller wants, the caller's name, the pet's name, and the caller's telephone number clipped to the patient chart for the doctor to use to make his or her callback versus listening to a long-winded, rambling message in which the caller mentions the pet's name but forgets to leave his or her name and telephone number. No file is attached to the voice message. Which scenario sounds better to you?
  - Voicemail options should be guarded like a hospital's private line. Only callers who are family members, or those for whom the doctor has given explicit clearance, should ever be put through to the doctors' voicemail. Most clients should never even know this option exists.
  - The voicemail rules for specialists are different. Doctor-to-doctor communication is difficult because of their demanding schedules, and a veterinarian may prefer to leave a voicemail message for a specialist, or vice versa, rather than just an abbreviated written message or callback number.
  - In all cases, when voicemail messages are accepted, doctors and staff members must make callbacks in a timely manner, lest they break trust with their clients and harm the reputation of the practice.

• It is not unusual today for practices to receive calls from "price shoppers" who want to know the cost of services before they commit to making an appointment. Today, many pet owners believe that vaccinations, heartworm preventive medication, spay and neuter surgeries, and routine wellness exams are "commodity" services and that the only difference is the price. The best way to handle a price shopper is to show your interest in them and their pet to demonstrate the kind of care and attention they can expect if they choose to come to your hospital. (See the Price Shopper example in this chapter.)



EXAMPLES

SAMPLE TELEPHONE PROTOCOLS

Sample Telephone Protocol for Answering the Phone

• Answer at least by the third ring or sooner.
• Greet the caller by saying, "Hello. [Hospital name], this is [receptionist's first name]. May I help you?"
• Actively listen to what the client needs and help him or her in the best way possible.

Sample Script for when a Client Wants to Talk Only to the Veterinarian

• If the client asks to talk to the doctor and the doctor is busy, say, "Dr. ___ is tied up right now. Perhaps I can help you. What is your pet's name? Could you please tell me a little more about what's going on with (pet's name)?"

Sample Telephone Protocol for Putting a Caller on Hold

• Answer the phone as in the previous example and, if a caller must be put on hold, ask, "Could you please hold for a moment?" Then wait for the answer before you hit the hold button. It could be an emergency, but even if it isn't, good manners dictate that you wait for the client to agree before you put them on hold.
• Check back with the caller within 60 seconds. If you still cannot talk to them, ask if you can put them back on hold, or if they would prefer to have you call them back. If the latter, make sure to get their name and phone number and, most important, do call back.

Sample Call to Check on a Patient at Home After a Routine Procedure That Went Well

• If possible, call the client at a time when they most likely would be at home, such as on Saturday or Sunday or in the evenings between 7.30 p.m. and 9.30 p.m.
• If you do not reach the client, leave a message, your name, and the hospital's telephone number. Repeat the number twice for clarity.
• In both live and recorded messages, make sure to give your name and the hospital's name; i.e., "This is [your name] from [hospital's name]. Dr. [veterinarian's name] asked me to call and see how everyone is doing at home. Is [pet's name] eating and drinking all right? Is he/she going to the bathroom normally? How is [pet's name]'s activity level? I also wanted to check to see if you had any questions about [pet's name]'s home care and to let you know you can call us if you think of anything later."

Sample Price Shopper Response

• Ask the pet's name, and use it in your conversation with the caller.
• Gather information about the pet so that you can give a thoughtful, personalized response to the price shopper:
  ◦ Ask the pet's sex, age, and weight.
  ◦ Ask if the pet is experiencing problems, such as itching, ear scratching, coughing, difficulty eating or drinking, or slowed activity.
  ◦ Ask if the pet owner has any special concerns.
• Use all of this information to respond to the client's request for fee information. For example, "Because Sunshine is already six months old and she has gotten out a couple of times, it is important to bring her in to make sure she is not already pregnant and that there are no other issues going on before we set up her surgery. A spay is equivalent to an ovariohysterectomy and the doctor would need to see Sunshine before we can give you an exact quote, but for a dog Sunshine's size and age, you can usually expect to pay between $_____ and $ _____. The fee includes [list everything the fee includes]. May I set up an appointment for you and Sunshine? We have an opening on …."



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

FAQs: Frequently Asked Questions

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N/A

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4.19. MEASURING CLIENT SATISFACTION



BASICS

OVERVIEW

• A dissatisfied client will tell between 9 and 15 people about their experience. Around 13% of dissatisfied customers tell more than 20 people. In contrast, a happy client will tell about 4–6 people about their experience. Identifying underlying issues early provides the opportunity to rectify any issues.
• Veterinary practices must ensure they are providing what their clients actually want rather than what they think they want (see 6.2 – Giving Clients What They Want Most).
• Implementing a continuous feedback loop ensures that client satisfaction can be regularly measured and that actions can be immediately taken to address areas where the practice has performed below the clients' expectations. Factors that can impact client expectations are: changes in team members, poor communication skills, cleanliness of the practice, outcomes of clinical cases, local competition and perceived differences in services received, and costs incurred.
• Following a predefined survey format such as Net Promoter Score (NPS) can enable comparisons between branches or against noncompeting practices in the wider veterinary community.
• Technology has made it much easier for practices to collect data on client satisfaction quickly, at low cost and in greater volumes than ever before via web-based platforms, email, SMS (text messaging), and electronic point-of-sale units.
• Insight from clients often prove to be the most powerful catalysts for change and are important to any practice aiming to adopt a client-centric approach.

TERMS DEFINED

Net Promoter or Net Promoter Score (NPS): A management tool that can be used to gauge the loyalty of a practice's client relationships. It serves as an alternative to traditional client satisfaction research and is correlated with revenue growth. www.netpromoter.com
Quantitative and Qualitative Research: Quantitative research generates numerical data or information that can be converted into numbers, whereas qualitative research generates non-numerical data.



ISSUES AND OPTIONS

TYPES OF SURVEY QUESTIONS

There are many types of survey questions, and each has pros and cons. The type of information you need, the depth of information you need, and the amount of time your respondents have available will all influence your choice of survey type. This guide will introduce you to some of the most common types of survey questions.

Closed-Ended Questions

The most commonly used types of closed-ended questions are: rating scale, forced choice, and dichotomous. It should be noted that by making sure that the scales of a question are the same for all questions, the ratings can be directly compared with each other (e.g., a score of 3 out of 5 is not the same value as 3 out of 12).

Rating Scale Questions

Respondents assess the issue based on a given dimension. Two frequently used types of rating scale questions are Likert-type scales and semantic differential scales. When using a rating scale, you may want to use the balanced scale method. A balanced scale gives the respondent an equal number of positive and negative choices, with each point holding the same amount of weight. Balanced scales allow respondents who have no strong feelings about the question to select a neutral response, instead of forcing them to choose a response that does not match their feelings.

Likert-Type Scales

Respondents are asked whether they agree or disagree with a statement. Each option is given a score, which can be used to analyze results.

For example, using a scale of 1 to 5 where 1 means strongly agree and 5 means strongly disagree, how much do you agree or disagree with the following statements:

	1 *Strongly agree*	2 *Agree*	3 *Neither agree nor disagree*	4 *Disagree*	5 *Strongly disagree*
I enjoyed my visit to White Cross Vets					
I felt that the team members were polite and helpful					

• Pros:
  ◦ Very flexible – you can measure broad areas or look at specific facets of your practice
  ◦ More precise than "yes/no" or "true/false" questions
  ◦ Easy to compile and understand results.
• Cons:
  ◦ Does not address the issue of "why"
  ◦ Requires development work before the survey to identify the most important facets to measure.

Semantic Differential

In a semantic differential scale, each end of the scale marked is with different or opposing statements.

For example, "On a scale from 1 to 7 where 1 is short and 7 is long, how would you describe the amount of time you had to wait for your pet to be seen?"

• Pros:
  ◦ Can assess an intuitive or conceptual response to a product or service
  ◦ Easy to compile results.
• Cons:
  ◦ Depending on the number of options, it can be difficult for respondents to choose a response
  ◦ Can be hard to gauge the meaning of responses – one customer may classify a two-minute wait as "long," another could classify the same wait time as "short"
  ◦ Does not address the issue of "why."

Multiple Choice Questions

Multiple choice questions ask the respondent to choose between two or more answer options. Questions can be as simple as "yes/no" or can give a choice of multiple answers.

For example, "What factors influenced your decision when rating your visit to White Cross Vets today?"

A. The respect with which we treated your pet
B. The warmth of greeting at reception
C. Cost
D. Cleanliness of the practice.

• Pros:
  ◦ Easy to answer
  ◦ Allows you to easily compile and analyze results.

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- Cons:
  - May not give the respondent the answer they want
  - Does not address the issue of "why."

Rank Order Questions

Rank order questions require the respondent to choose among a set of alternatives.

In paired comparisons, respondents must choose between two alternatives. For example, "When you are deciding which veterinary practice you are going to visit, which is more important: price or quality?"

- Pros:
  - Can assess rank ordering of objects and identify degree of difference between objects
  - Forces discrimination among alternatives.
- Cons:
  - Limited number of options
  - Does not address the issue of "why"
  - Tends to have decreased reliability for mid-range responses.

In forced-preference rank order, respondents must choose among several alternatives. The forced-preference ranking approach requires sequential ranking from high to low until all factors are ranked. For example, "Look at the list of ways we can communicate with you and your pet and rank them from most useful to least useful."

- Pros:
  - Enables identification of "best" and "worst"
  - Forces discrimination among alternatives.
- Cons:
  - Limited number of alternatives
  - Does not address the issue of "why"
  - Can be fatiguing for respondent.

Dichotomous Questions

Respondents must choose between two alternatives.

For example, "In the past 30 days, have you seen or heard any promotion for White Cross Vets? Yes or no?"

- Pros:
  - Quick
  - Does not allow for ambiguous answers.
- Cons:
  - Does not allow for a certain degree of sensitivity and differentiation.

Open-Ended Questions

Open-ended questions ask respondents to supply their own answer. No predefined answers are given, so respondents are free to write what they want.

For example, "What could we do to make your experience of our practice more enjoyable?"

- Pros:
  - Allows respondents to define central issues
  - Addresses the issue of "why."
- Cons:
  - Can be time consuming for respondents
  - Can be difficult to compile and analyze results
  - Asking more than one question at once can confuse results
  - Asking leading questions can makes results less reliable.

ALTERNATIVE ENDINGS

Based on the outcome of the client survey, best practice suggests respondents are handled differently:

- Clients with a very low overall satisfaction score should receive a phone call from the practice (ideally a senior manager) to address their concerns and offer a solution.
- Clients with extremely high overall satisfaction should be provided with a direct link to leave a customer review on a review site.



EXAMPLES

The three biggest factors influencing the likelihood of a client completing a survey or questionnaire are the following:

- **Relevance:** Using automation to deliver the survey in a timely manner after a clients' visit, via SMS or email, when the experience is still fresh in their mind will improve accuracy of data and the likelihood of completion.
- **Simplicity:** The easier the survey is perceived to be the greater the response rate – this is one of the benefits of the NPS format.
- **Incentives:** Offering an incentive in exchange for a clients' time and insight will increase the number of responses. Incentives can take the form of prize draws, credits, or money-off coupons for future veterinary services.

POST-VISIT SURVEYS

- By harnessing data within the practice management systems (PMS) and with integration into third-party software, veterinary practices can send timely and relevant surveys to pet owners in the hours after a visit to the practice.
- Surveys can be sent via SMS or email, a suggested template is: "Thank you for visiting White Cross Vets today, please take a moment to complete our short client satisfaction survey < insert survey link > ."
- Care must be taken to exclude PTS/euthanized pets and to suppress multiple surveys if the client has been in to the practice several times within a short space of time.

Example for a Post-Visit Patient Satisfaction Template

1. How likely is it that you would recommend your provider to a friend or family member?

Not at all likely							Extremely likely			
0	1	2	3	4	5	6	7	8	9	10

2. Overall, how satisfied or dissatisfied were you with your last visit to our practice?

□ Very satisfied
□ Somewhat satisfied
□ Neither satisfied nor dissatisfied
□ Somewhat dissatisfied
□ Very dissatisfied

3. How easy or difficult was it to schedule your appointment at a time that was convenient for you?

□ Very easy
□ Somewhat easy
□ Neither easy nor difficult
□ Somewhat difficult
□ Very difficult

4. How convenient was the appointment time you were able to get?

□ Extremely convenient
□ Very convenient
□ Somewhat convenient
□ Not so convenient
□ Not at all convenient

5. In your opinion, how convenient is the location of our practice?

□ Extremely convenient
□ Very convenient
□ Somewhat convenient
□ Not so convenient
□ Not at all convenient

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6. Overall, how would you rate the service you received from the team at White Cross Vets?
□ Excellent
□ Very good
□ Good
□ Fair
□ Poor
7. How comfortable was the reception and waiting area?
□ Extremely comfortable
□ Very comfortable
□ Somewhat comfortable
□ Not so comfortable
□ Not at all comfortable
8. Did your appointment with your Veterinary Surgeon / Veterinary Nurse start early, late or on time?
□ Very early
□ Somewhat early
□ On time
□ Somewhat late
□ Very late
9. Overall, how would you rate the care you received from you White Cross Vets?
□ Excellent
□ Very good
□ Good
□ Fair
□ Poor
10. How much do you trust White Cross Vets to make medical decisions that are in your pet's best interests?
□ A great deal
□ A lot
□ A moderate amount
□ A little
□ Not at all
11. How well did your Veterinarian/Veterinary Nurse listen to your needs?
□ Extremely well
□ Very well
□ Somewhat well
□ Not so well
□ Not at all well
12. How well did your Veterinarian/Veterinary Nurse answer your questions?
□ Extremely well
□ Very well
□ Somewhat well
□ Not so well
□ Not at all well
13. How well did your Veterinarian/Veterinary Nurse explain your treatment options?
□ Extremely well
□ Very well
□ Somewhat well
□ Not so well
□ Not at all well
14. How well did your Veterinarian/Veterinary Nurse explain your follow-up care?
□ Extremely well
□ Very well
□ Somewhat well
□ Not so well
□ Not at all well
15. How satisfied or dissatisfied were you with the amount of time your Veterinarian/Veterinary Nurse spent with you addressing your needs?
□ Very satisfied
□ Somewhat satisfied
□ Neither satisfied nor dissatisfied
□ Somewhat dissatisfied
□ Very dissatisfied
16. Is there anything we could have done to improve your last visit?

ONLINE SURVEYS

• You can create and publish online surveys in minutes and view results graphically and in real time.
• SurveyMonkey (www.surveymonkey.com) provides both a free online questionnaire and survey solution and a paid monthly subscription offering additional features and customization.
• Templated questionnaires are available depending on the specific requirement of the practice; these are often a useful starting point for a practice to build upon.
• Logic can be built into surveys to channel participants down different pathways based on answers to their questions (e.g., cat/dog ownership, reason for visiting the practice).
• Surveys can then be distributed by a web link via which can be incorporated into SMS, email, Facebook, and Twitter.
• All response data can be exported into various formats such as Microsoft Excel or as a PDF.
• Alternative services are available from Type Form (www.typeform.com) and for free from Google Forms (https://docs.google.com/forms).

ONLINE FEEDBACK

• Using Happy or Not (www.happy-or-not.com/) electronic point-of-sale units real-time feedback can be gathered in an approachable, anonymous, and easy-to-use format in all areas of the practice.
• Via web-based reporting you track and manage your practice's performance by transforming your feedback into data analytics that are clear and actionable.
• Charts and graphs help to pinpoint issues and uncover causes, while trending data makes it possible to measure and validate your improvements.

ONLINE REVIEWS

• The most popular and influential websites hosting client reviews are Google, Facebook, Yelp, TrustPilot (https://www.trustpilot.com), and Feefo (www.feefo.com), but there are dozens more that clients may use on their own.
• Public reviews provide a valuable insight into client satisfaction based on their experiences within your practice.
• All client reviews on a public forum should be responded to in order to acknowledge receipt of the comments and reassure other potential clients that your practice values all feedback as a top priority. Inflammatory comments and potentially libelous remarks should be handled with the upmost care.
• Be aware that once a review has been left on a review section it will be almost impossible for you to remove it (see 10.19 – Protecting and defending your online reputation).



CAUTIONS

• Measures must be built into automated systems to ensure clients are protected from receiving surveys multiple times (e.g., logic should be incorporated into the post-visit questions to only send once every six months).
• Feedback the changes and improvements you have made to your practice as a result of client insight. Knowing that their ideas and feelings have helped to shape your practice will make clients more likely to share their experiences in the future.

• Be careful to avoid bias in surveys by inviting a broad selection of your client base to participate. The ability to complete surveys anonymously will provide a greater degree of insight as clients will be more willing to express their true feelings.



MISCELLANEOUS

ABBREVIATIONS

NPS: Net Promoter Score
PTS: Put to sleep
SMS: Short message service

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4.20. CLIENT REWARDS PROGRAMS



BASICS

OVERVIEW

Client loyalty presents a paradox. Many see it as an attitude-based phenomenon that can be influenced significantly by marketing strategies and initiatives, such as the increasingly popular loyalty and affinity programs.

Most, if not all, industries are being inundated with various forms of loyalty programs. The notable ones include the airline, hotel, restaurant, and fast-food industries. The veterinary industry is now starting to follow suit.

Originally, loyalty programs were designed to track and measure the buying habits of customers. This was/is especially important in businesses that do not have their clients registered on a client database and so cannot track clients' purchasing habits easily. In large part, this original purpose is less important and valid now than it once was.

Many veterinary practices have followed this trend and either currently have a loyalty program in place or are considering having one. There are currently businesses marketing loyalty programs to the veterinary industry and promoting these programs as loyalty and sales-generating tools, which will result in an increase in practice income and profits. Most practices have not really thought this step through and they generally enroll in such a program (or develop one themselves), because "someone else is," or because the idea has been effectively marketed to them.

The question is, have these programs been adequately researched and tracked in the veterinary industry (or in any other industry for that matter), so as to ensure that they: (1) do create actual client loyalty and (2) are actually price effective (i.e., do they in fact cost the practice more to run than is received in returning patronage benefits to the practice from these loyal clients?).

Conversely, in lean economic times, can a practice afford not to have a loyalty program in place, especially if competitors (veterinary and nonveterinary) have one?

Even though there are subtle yet distinct differences between the terms "rewards program" and "loyalty program," these terms are generally used interchangeably and indiscriminately with little regard to these differences by the industry as a whole. Because from a practical viewpoint it is not necessary to differentiate between the two, the term loyalty program will be used here.

TERMS DEFINED

Loyalty Programs: Structured and long-term marketing efforts that reward and encourage loyal buying behavior from the client.



ISSUES AND OPTIONS

A well-designed loyalty program does not necessarily rely on monetary compensation to the client. However in many instances, there is no real thought as to the rewards that may be given, and so the natural default becomes a discount or monetary reward.

AIMS

Loyalty programs generally are designed with either one of two aims in mind:

- to increase sales revenue and/or
- to increase the client–practice bond and thus decrease customer attrition to other pet-serving businesses.

Advocates of these programs contend that loyalty programs are beneficial because:

- the costs to the business of serving loyal clients are less,
- loyal clients are less price-sensitive,
- loyal clients will spend more with the practice,
- loyal clients will actively refer their family and friends.

Seemingly, these benefits are very alluring, but there is little well-documented empirical research to substantiate these claims.

In general, a well-designed loyalty program will be more focused on the delivery of high-perceived-value/low-delivery-cost gifts, extras, or bonuses to the client. On occasion, a discount strategy may be employed. This latter strategy is, unfortunately, by far the most commonly utilized one in the veterinary industry. This is unfortunate, because giving a discount has the most propensity to cost the practice a substantial proportion of its profits. A low-cost, high-perceived-value gift or similar strategy is much more likely to cost the practice less in terms of actual profit dollars.

In general, practice profitability (after all expenses) commonly falls below 10% in many hospitals. There are certainly practices that have profitability of over 10%, and most practices should aspire to profits of 20% or greater (see 7.11 – Understanding Practice Profitability). If a discounting strategy is truly to work (to drive client loyalty) then a discount of 10% or even more is needed. Lesser discounts are much less likely to work. Discounting strategies such as this also commonly induce a client to price-shop, whereas loyalty rewards that are not discount based (they are value-adds) do not generally induce a price-shopper mentality in clients.

Is a practice netting 10% profit able to give away a 10% discount to a certain proportion of clients in order to gain their loyalty? This is unlikely, and studies show that this loyalty is definitely not assured and that many clients will still (in spite of being part of a loyalty program) shop elsewhere for similar or better deals.

DO LOYALTY PROGRAMS WORK?

There has been little to no specific veterinary research with respect to the effect that loyalty programs have on actual client loyalty. However, research results in other industries indicate that consumers perceive a significant amount of value in loyalty programs and use them often to earn rewards, but that, realistically, these programs have very little effect on increasing actual loyalty. An interesting contradiction!

This situation has been made worse by the plethora of loyalty programs that are now available in every industry. Most clients are members of between 5 and 15 programs, many being duplicates (especially hotels, airlines, grocery, various coffee-type shops, etc.) – polygamous loyalty. Certainly, there are unlikely to be a plethora of veterinary-specific loyalty programs for a client to join. However, clients certainly can and do join loyalty programs associated with other pet care type providers. These include pet stores, supermarkets supplying pet care products, retailers, pharmacies, Internet-based stores, groomers, and others.

It is true that some of our clients will remain loyal because of various loyalty or rewards-type programs; however, for most clients it is the softer, more subtle aspects of good client service, the little things, which are more likely to bond them to the practice. These include:

- recognizing the client and the pet and calling them by their names,
- referring to the pet by the correct sex,
- providing ample and easily accessible off-street parking,
- ensuring that clients always see the same veterinarian,
- going the extra mile or doing something special for the client (special orders, delivering medications to their home, sympathy cards after euthanasia, SMS appointment reminders, etc.),
- making sure appointments run on time.

Various extras can also be given to members of a VIP or loyalty program. These include:

- dedicated/preferred appointment slots,
- a special silent, dedicated, or private phone line – allowing immediate access to practice personnel,
- email or SMS exchange (for advice or questions),
- value-adds from various partners such as manufacturers or distributors, other local businesses, etc.

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Loyalty programs cost a business, on average, between 2 and 10% of a client's total spend. Can a veterinary practice afford this revenue loss? From the other perspective, truly loyal clients are 15 times more likely to increase their spending. A 5% change in customer retention leads to 25–100% increase in profit.[1]

So, the unanaswered questions remain:

- Does a loyalty program really generate more loyalty in our clients or not?
- Will the benefits documented in the preceding paragraphs really flow through?



EXAMPLES

Some examples of loyalty programs include the following:

- Payment plans that might offer certain packaged benefits to the pet owner (see 8.12 – Payment (Wellness) Plans)
- A discount on all products (and or services)
- Purchase a certain number of the same product (say six bags of a certain line of food) and get the next one for free
- Spend over a certain dollar amount (either at one time or over a limited period of time) and then receive a percentage rebate.

ABOVE AND BEYOND

Loyalty programs that directly support the value proposition and positioning of that particular veterinary practice will better fit the goals of loyalty marketing.



CAUTIONS

A proportion of clients who are entered into a loyalty program are hard-core, loyal clients who would only ever frequent that one practice. As such, a loyalty program is not necessary to keep these clients loyal and therefore the costs of doing so (in terms of lost profit) with these particular clients are huge indeed.

Every practice needs to carefully weigh and consider the cost of implementing such a program versus the perceived benefits that will result. Remember, the costs are not just that of the discount or rebate or benefit being given. There are a large number of hidden development, implementation, and especially administration costs that need to be taken into account, versus the realistic assessments of the benefits of such a program. These costs, especially that of administration, are generally overlooked.

Clients who join a loyalty program and for whatever reason are unable or unlikely to achieve any level of loyalty reward are much more likely to become disenchanted with the program and the practice itself and are more likely to transfer their loyalty to another practice.

Client members of a loyalty-based program need to be made aware that they need to qualify or requalify every 12 months. If this is not done, then the program will be taken for granted and become analogous to an entitlement program.

Having a requalification process will also ensure that (when and where required), the generosity afforded by the practice can be rescinded without causing client resentment.

Competitive forces tend to quickly erode any differential gains that such a program may make for a practice.

Remember: Reward research suggests that designing a loyalty program that can disrupt established patterns of behavioral loyalty in any industry sector is difficult. This is especially true in an established marketplace. Despite these difficulties, many schemes have been launched in recent years in many industries including veterinary.



MISCELLANEOUS

The true measure of client loyalty has to consider the commercial objective and what is offered to the client in order to bring about the desired behavioral change, based on the client insight that is available. Loyalty should not be thought of simply as a marketing objective but rather as a structured platform and initiatives that are approached on the basis of understanding and managing the components of loyalty.

ABBREVIATIONS

SMS: Short message service
VIP: Very important person

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4.21. CLIENT RETENTION



BASICS

OVERVIEW

• A practice exists for the purpose of meeting client needs. Consequently, client development and retention comprise a critical element of a successful practice.
• The cost of attracting a new client is significantly higher than the cost of retaining an existing client. Therefore, client retention should be an ongoing, active process requiring effort from all team members within the practice.
• Competition among veterinary practices increases the amount of money an individual practice must invest in order to retain its clients. However, knowing your competition can help you develop a competitive advantage within the marketplace, thereby turning potential threats into opportunities.
• A certain percentage of clients will leave your practice for reasons beyond your control, such as death, relocation, and the decision to stop owning pets.
• Another portion of clients will leave your practice for reasons that may be within your control. For example, you may make philosophical decisions regarding practice operations that render your practice incompatible with the needs or tastes of certain clients. These decisions may include: hours of operation, commitment to on-time performance, staff customer service training, and/or staff accountability.
• The average companion animal practice loses 10–15% of its client base each year. In light of such figures, most practices should aim to retain 70–75% of their clients over a three-year period.

TERMS DEFINED

Defections: Clients who choose to leave the practice during a specific unit of time (e.g., one year).
Lifetime Value: The total potential value of each individual client within a practice. Although formulas and assumptions vary from author to author, client values are always quantified in thousands of dollars. Many of the specific values required for the calculation are available from demographic research companies. You can generally determine a client's lifetime value by multiplying the average number of pets owned by the client × the average number of times each pet visits the practice × the average value of each transaction × the number of years a client is expected to own pets × the number of friends each client might refer to the practice during his or her lifetime, etc.
New Client Target: Population characteristics affect the number of new clients each practice needs to maintain its transaction volume. The general rule of thumb is 30 new clients per month per full-time equivalent (FTE) veterinarian. These 30 "new" clients represent replacements for the 10–15% typical client attrition. If a practice wishes to grow, it must exceed this number.



ISSUES AND OPTIONS

WHY YOU SHOULD KNOW YOUR CLIENTS

• Clients choose to stay with a practice (or leave a practice) based on its ability to meet or exceed their needs (see 4.4 – What Clients Expect From Their Veterinarian). In order to meet your client's needs, you must know who they are in order to identify what factors are important to them (see 6.2 – Giving Clients What They Want Most).
• If your client base is composed primarily of senior citizens, then offering daytime hours, senior discounts, and a pick-up/drop-off service for seniors who can no longer drive would likely increase the popularity of your practice.
• If your client base is composed primarily of young parents, then the inclusion of a children's play area and children's programs would likely improve the success of your practice.
• If your practice is located in an area with a high percentage of double-income parents, evening and weekend hours could provide your practice with a competitive advantage over other area practices.
• Knowing the age of your clients should help drive many practice activities. Each generation has its own preference for communication style, communication technology, client education, how treatment recommendations are presented, etc. Having a practice team that understands the preferences of each of the four generations that make up the majority of your client base is another driver of client retention.
• Creating positive experiences for your clients creates client loyalty. Simple measures such as having an appropriate selection of reading material in the waiting area, or a complimentary beverages area can make a difference. Client wi-fi was once a luxurious novelty item, but is now considered a standard requirement for any practice.
• Hospital design can have a dramatic impact on client satisfaction and retention (see 11.12 – Designing with the Patient in Mind). Open circulating spaces, ample natural sunlight, separate cat and dog waiting areas, sound and odor control along with proper heating and cooling and have a tremendous impact on the client experience. If your client areas have not received a substantial facelift within the last 3–5 years, it is time for at least some new paint and new furniture.

HOW YOU CAN LEARN ABOUT YOUR CLIENTS

• The easiest and least expensive way to learn about your clients is to engage them in informal conversation. This is an excellent assignment for reception staff. After the client has been greeted and checked in for their visit, the reception staff could engage the client in informal conversation. This activity is fun for the staff and decreases the client's perception of waiting time, particularly if the doctor is running behind schedule.
• Customer satisfaction surveys are another excellent tool for gathering data about client perception (e.g., their likes and dislikes). Some practices prefer to mail surveys to clients; others hand them to clients

to complete while their invoice is being prepared (see 4.19 – Measuring Client Satisfaction). There are also online options available through websites such as www.surveymonkey.com, or via veterinary-specific vendors. Whichever method your practice chooses, keep the length of the survey brief so that it is not a burden for clients to complete. Topics and formats can be rotated to obtain a variety of data.

- Local Chambers of Commerce, business associations, or similar groups often compile data about the community (demographics, recent trends in the economy, etc.) for the benefit of their members. Much of this data may be relevant to your practice.
- Municipal governments are also an excellent data resource. Many communities have an economic development committee or similar group that is charged with attracting new businesses to the community.
- Monitor your competition for trends that may be impacting your client retention rates. Have competitors offered new services, extended hours, or remodeled their practices to create a better value or overall experiences? You may need to match or exceed their changes in order to retain your share of the market.
- Veterinary-specific secret shopper services are available. Many cutting-edge practices employ these services to learn about the customer service experience they are offering. However, you can also hire them to shop your competition to really learn how your practice compares to the one down the road.
- Monitoring social media sites and Internet reviews are excellent ways to obtain candid feedback from clients. Monitoring your competitors' reviews may provide you with insights as to how well they are doing retaining their clients.
- Demographic research companies have an enormous amount of data available for a price. Many veterinarians only consult a demographic research company when they start up or purchase a practice. It is, however, an excellent business practice to conduct a complete demographic study every five years as communities change and your clients' needs evolve (see 1.4 – Veterinary Trade Areas and 6.8 – Demographic Assessment). A practice that can adapt to these changes will prove successful.



EXAMPLES

BENCHMARKS AND INDICATORS

- There are numerous indicators that should be monitored on a regular basis. Doing so will provide an early warning of prospective problems.
- The key to client retention is a high level of customer satisfaction that can be achieved by providing exceptional customer service and value (see 6.2 – Giving Clients What They Want Most). The best overall indicator of customer satisfaction for a general practice is the percentage of new clients referred to the practice by existing clients. A practice providing only average customer service will obtain about 50% of its new clients from the referral of existing clients. Practices providing exceptional levels of customer service can achieve numbers as high 85–90%. Satisfied clients become advocates for the practice and actively recruit their friends, relatives, and coworkers on your behalf.
- Positively reinforced client referrals result in an increased number of new client referrals and higher client retention rates. Many practices have a graduated referral program that rewards clients for sending acquaintances to the practice. By sending clients gifts ranging from handwritten thank you cards to dinner and gift cards, the desired behavior is reinforced.
- Another way to identify problems that are damaging client retention is to analyze client defections. A receptionist or veterinarian should always ask clients why they have requested a copy of their pets' records, and then record the clients' responses in a spreadsheet for analysis.
- In a companion animal practice, approximately 70% of scheduled appointments are generated in response to client reminders for recommended care (see 4.16 – Client Reminder Systems). By tracking the response rate to these reminders, a practice can discern whether or not a client has decided to return to the practice.
- Clients who fail to respond to two or three consecutive reminder notices should be called to determine the reason why they have not scheduled an appointment. Because the majority of reminders are for

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annual events, a sharp drop in your reminder return rate may signal that your practice had a customer service challenge up to one year ago. A poor customer service experience one year ago will impact your bottom line today as clients elect to not return to your practice.
• A structured customer satisfaction program can yield huge dividends. According to certain studies, only 4–6% of clients that have had a negative experience will make the business aware of their dissatisfaction. The remaining 94–96% simply choose not to return the following year without offering any explanation as to why. If you receive a client complaint, it is likely that 20–25 other people have had a similar experience. Armed with this knowledge, you can intervene and remedy the problem. By tracking and analyzing complaints, you can identify and resolve barriers to customer service excellence (e.g., team members not performing at the level you desire).
• Staff turnover rates (or lack of staff retention) impact customer retention, because long-term staff members establish bonds with long-term clients (see 3.20 – Staff Turnover and Retention). Retaining client-facing staff (assuming they are performing well) should be a priority as clients place tremendous value on these relationships and familiarity with their family and pets. Given the lack of relationship opportunity in big box retail and online commerce, the value of these relationships is expected to continue to increase over time.



CAUTIONS

• Earlier, we emphasized the value of making small talk with clients to learn about their likes and dislikes. Many practice owners and practice managers make the mistake of ignoring the feedback they receive from their practice team, believing that somehow, they know better. The practice leadership should be receptive to all feedback with an open mind and make decisions only after they have obtained sufficient data.
• Some practices go too far in the name of client retention. "The customer is always right" used to serve as a universal business maxim; however, savvy business owners understand that sometimes the staff members, not the customer, are right. If a staff member has been abused by a client, the client should be fired. You may have thousands of clients, but only a few staff members. Individual staff members often contribute more to the success of the practice than an individual client (particularly one that does not respect your staff). Supporting a staff member will further the staff member's trust in the practice leadership, which, in turn, improves staff morale and productivity. Many practice owners give their staff members a unique holiday bonus: they let them fire one client each year who they feel does more to undermine the staff's efforts than they contribute to the practice's success.



MISCELLANEOUS

• Providing exceptional customer service is hard work. If it were easy, everyone would be able to do it, thereby reducing the competitive advantage it provides to successful practices. It is best to always under-promise and over-deliver, even in regard to the simplest services. For example, have your staff members offer to carry diet food out to every client's car. Or, if laboratory results should be back in two days, have your staff tell the client that it will take three days so that you can contact the client early and exceed their expectations.
• Many veterinarians receive the greatest amount of client gifts after performing euthanasia. While this may seem counterintuitive at first, the reason is because the practice helped the client through the most difficult time in their relationship with their pet. Therefore, extended visiting hours and special visitation or "comfort" rooms with comfortable accommodations for an entire family and a discreet entrance/exit are a must to help drive true client satisfaction which leads to client retention.
• Customer service is important to every type of business; it is not specific to veterinary medicine. As such, there are an extraordinary number of ways for your staff members to get the extra training they need, want, and deserve (see 3.10 – Staff Training). Countless webinars and classes are offered online via the Internet. Educational CDs and

DVDs are also available. In addition, almost every community college with a business curriculum or business association offers educational courses. Utilizing basic quality controls, such as establishing detailed policies and protocols, procedure manuals, checklists, and training to the proper standard, help ensure a consistent customer service experience (see 2.22 – Procedure Manuals).

• Most customer service problems are rooted in poor communication. Incorrect, incomplete, or untimely communication initiates an escalating chain of events that can cost your practice valuable clients. Work to improve communication on an ongoing basis. If you currently communicate something verbally, put it in writing. If you have it in writing, add a picture or an illustration. If you wait for the client to contact you, call them first. In client retention, an ounce of prevention is worth a pound of cure.

• A robust social media program can be a very effective tool for helping retain clients (see 10.16 – Social Media). Social media can facilitate real client engagement by encouraging client posts and keeping them aware of happenings at the practice. Soliciting photographs for pet picture contests, sharing patient success stories, celebrating pet birthdays and anniversaries, encouraging pets-on-vacation photo posts are only a few of the ways social media can drive client engagement and bonding to your practice, all of which drives client retention rates. Savvy practice leaders prepare a social media calendar six months or a year in advance and assign a tech-savvy team member to oversee the program to ensure that it stays on schedule.

ABBREVIATIONS

FTE: Full-time equivalent

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4.22. HIGH-TOUCH AND HIGH-TECH CUSTOMER SERVICE



BASICS

OVERVIEW

High touch refers to high-quality service and ambiance. High tech refers to practicing on the cutting edge, using highly technical or advanced equipment and procedures. These two concepts are not mutually exclusive; in fact, customers often crave high-touch service the more they have to deal with a high-tech society. High touch and high tech both communicate value to the client, but in different ways.

Modern technology is expensive. To invest in advanced equipment requires charging fees high enough to justify the expenditure on such equipment. In order for clients to feel comfortable with these higher fees, it helps to deliver high-tech medicine in a high-touch atmosphere. This ensures that clients will feel that the services provided justify the cost.

TERMS DEFINED

High Tech: Refers to practicing on the cutting edge, using highly technical or advanced equipment and procedures.
High Touch: Refers to high-quality service and ambiance.



ISSUES AND OPTIONS

• In a veterinary hospital, emotions often run high. For clients who are upset it is calming when everything seems to run perfectly, the clinic smells good, there is soothing music, and the staff seem superbly trained and helpful. Skillful use of technology and a faster diagnosis also are reassuring to worried pet owners.
• It takes more time and energy to attract a new client than it does to keep one you already have (see 4.21 – Client Retention). A high-touch practice often retains more clients because those customers probably will not get the same level of service from the competition. In any business, when competitors are evenly matched, those that stress customer service will win. This is especially true in a field like ours, where customers are by and large unable to judge the quality of our work. A spay is a spay to the consumer. Because many decisions made by clients in a veterinary hospital are based on emotion instead of price, quality, or product features, building a strong connection with the client and fostering a personal bond with both client and pet usually leads to success. High-touch service is one way to achieve this connection.
• A great ambiance fosters trust. Trust is particularly at risk when clients feel vulnerable, and they feel this way when they are powerless to help their pet themselves. When the power to make the pet right again is in our hands and in our control, the client feels helpless, and often defensive. High-touch service helps to remedy these feelings, and gives clients the following:
  ◦ **Information:** About what is happening, how long it will take, and how the pet is doing.
  ◦ **Expertise:** Reassurance that the pet is in good hands and that the doctor and staff are capable of taking care of the problem.
  ◦ **Options:** The client is involved in treatment decisions and is made to feel part of a team. They can also be confident that if better care is available elsewhere, they will be referred.
  ◦ **Respect:** Clients want to feel that their wishes, fears, thoughts, and feelings are respected. No matter what happens, the staff is always helpful and never condescending.
  ◦ **Empathy:** Clients want to feel that we are validating their relationship with their pet and that we understand the emotional component of pet healthcare.
  ◦ **Comfort:** They want themselves and their pets to feel safe, accepted, and comfortable.
  ◦ **Attention to detail:** The best customer service leaves nothing to chance. Even small things are done thoughtfully and with care. Flowers, desserts at the comfort station, a telephone for clients to use when their cell phone battery is dead – these and other little touches make the veterinary experience more relaxing and enjoyable.

High touch is most effective when you remain professional, but with a personal touch. That means staff cannot confuse off-the-job personal friendships with on-the-job, friendly, professional transactions.

High tech is most effective when the technology is used and presented in a customer-friendly, accessible way. High touch and high tech both offer a way to differentiate your practice from the competition.



EXAMPLES

HIGH TECH

Investing in a high-tech image really impresses clients. Instead of being average, highly technical practices seem way above the ordinary – more on a par with clients' experiences with their own human medical specialists. Those clients who want the absolute best for their pets, and are willing to pay for it, demand a high level of diagnostic and treatment ability. However, too much high tech without enough customer service, client education, or perceived value leaves a cold, impersonal feeling. Notice how high tech is best linked to high touch in practice, which then fosters the human–animal bond (see 1.19 – Importance of the Human–Animal Bond). Examples of high tech include the following:
• **Advanced imaging:** Ultrasound, computed tomography (CT), magnetic resonance imaging (MRI), and digital radiographs, usually reviewed with clients days before they would get that information back if they were waiting for human physicians and specialists.
• **High-end computer equipment:** Tablet computers that allow personalization of handouts for immediate printout for the client, websites and apps that let clients schedule their own appointments, and webcams in the boarding suites so clients can watch their pets while they are away.
• **In-house laboratory equipment capability:** For quick diagnosis of ill pets.
• **Use of cameras and video equipment:** Videomicroscopy, intraoral cameras for up-close pictures of a pet's fractured tooth or cameras that allow clients to see what is going on in surgery make veterinary medicine more understandable for pet owners.
• **Digital images:** Used in the exam rooms, on dental discharge forms and reminders, or sent via the Internet to specialists.
• **Newer specialties:** For example laser surgery, rehabilitative services, and oncology that are not available in the typical veterinary hospital.
• **Client education:** Using video, the web, email, up-to-date handouts, and messages on hold.

HIGH TOUCH

High-touch service leaves a positive, lasting impression on clients. It means being easy and pleasant to do business with, and delighting a client with more than they expect. It also can mean great word-of-mouth promotion for your hospital. Notice that you do not need high tech at all to offer high touch. Examples of high touch include the following:
• Espresso or lattes in the waiting room.
• An easel or board welcomes clients by name.
• Pets' pictures are on file and are posted on the practice website and printed on receipts, reminder cards, etc.

• Stuffed animals, comfy beds, and toys in the kennels with the patients.
• Cases of the month or pet success stories are posted.
• Exceptional clients are recognized or acknowledged in public areas, on social media, or on your website (being careful to obtain permission before using names or other personal information).
• Notes are made in the file about new babies, marriages, etc., so you can mention them at the client's next visit.
• Time is taken to educate clients and explain everything, then send it home in writing as well (see 6.18 – Client Education Tools).
• Direct telephone lines to dedicated technical staff are available to allow clients to find out how their pets are recovering in the hospital.
• Text (SMS) with photos of the pet recovering after surgery or dentistry are sent instead of just a phone call.
• Team members have their own business cards listing their areas of interest, and are encouraged to bond with and get to know the clients.
• A curbside service or drive-through window is available to pick up food or medications.
• Exclusive post-surgery monitoring can be provided. The client pays extra for a veterinary nurse to stay with their pet, and only their pet, before, during, and after a procedure.
• A team member, called a greeter, is stationed in the waiting area to welcome clients, help them fill out forms, and assist them back out to the car.
• A file manager prepares files before visits and checks them again afterward, to ensure that handouts are given, services are not missed, and follow-ups or reminders are present and correct.
• Pets' birthdays are acknowledged or celebrated.
• Euthanasia is made more special and personal, using:
  ◦ handwritten sympathy cards
  ◦ clay paws, angel pins, or flowers to memorialize a pet
  ◦ donations to pet-related causes in the name of the client and pet.
• The high-definition computer screen or a photo viewer in the waiting room shows portraits of clients' pets in a continual slide show, or a simple binder of photos in each exam room.
• The practice uses community involvement to build connections with its clients.



CAUTIONS

• Customers are more and more demanding nowadays. No one seems to have enough time. They do not like to wait, are used to instant service and lots of options, and often are happy to take their business elsewhere if you do not satisfy them. Keeping ahead of the curve is hard work.
• Courtesy is not a substitute for competence or skill. No matter how nice your waiting room is or how good your coffee is you still have to meet clients' expectations for care of their pets.
• Companies that shine in service take pains to hire people capable of providing good service and also to train and motivate them.[1] Realizing that "customer relations mirror employee relations," they invest heavily in their people.[1]
• You cannot provide superior service without a manager who is fanatically committed to service. You cannot provide high tech effectively without someone in the practice being genuinely fascinated with, and skilled at using, highly technical equipment. These concepts require hard work, sincere interest, and dedication to implement.
• Anyone on the veterinary team can make or break the high touch atmosphere. Expecting only the receptionist or client service representative to deal with customer service will result in failure. High touch must become the philosophy and the guiding principle of everyone in the hospital.
• Similarly, high tech must not be relegated only to the doctors. If the staff cannot utilize that technology and explain it to the clients, high tech equipment will not be fully utilized.
• Companies that take high touch seriously constantly assess their own performance and solicit opinions and feedback from their clients. Good customer service must be managed, or it will cease to satisfy the client. Satisfaction on the part of customers comes only when their perception of the service they received exceeds what they expected to receive. If we do not understand our customers' expectations and perceptions, we cannot succeed in their eyes.
• Financial tracking, budgeting, and an understanding of equipment use and payback times are needed for a high tech approach to be successful. Buying equipment that is overpriced or underutilized creates a huge financial drain on a practice.
• Technology is a two-edged sword. Using more technology to serve customers carries the risk of alienating them and tarnishing their perceptions of service quality. The fast-growing use of technology in medical care has gone hand-in-hand with a demand for more personalized service from the family doctor.[2] Machines are a cold substitute for the warmth of human interactions.[3] Concentrating on the computer screen or MRI film and not interacting effectively with the client – making eye contact and watching for facial expressions or body language – is off-putting to people (see 5.8 – Nonverbal Communication). For the customer, technology often provides more confusion and frustration than service.
• High touch/high tech can become your practice's signature. It can also be a road to financial success. Veterinary teams that utilize these traits have found that it is also energizing to feel that you are bonding more effectively with your clients and doing everything possible for their pets.



MISCELLANEOUS

ABBREVIATIONS

CT: Computed tomography
MRI: Magnetic resonance imaging

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4.23. The Extended Hospital Team: Making Referrals Work



BASICS

OVERVIEW

With the increase in availability of veterinary specialists and pet owner interest in referrals, the importance of enhancing communication and improving the working relationship between referring veterinarians and specialists has never been greater. To create a positive referral experience for pet owners, primary care veterinarians, and specialists, the focus should be on promoting a team approach to veterinary care for pets.

TERMS DEFINED

Client: Veterinary referral practices have two clients: the pet owner and the referring veterinarian. The referring veterinarian is considered to be the primary client.

Referring Veterinarian: Generally the primary care veterinarian for the pet, usually a general practitioner.

Referring Veterinarian Liaison: A staff member such as a technician who works with the hospital manager and specialists to facilitate improved relationships with area practitioners. Duties include oversight of follow-up referral reports, fielding phone calls from referring veterinarians, organization of incoming medical records, assisting specialists with follow-up phone calls to area veterinarians, and clinic visitations.



ISSUES AND OPTIONS

COMMON COMMUNICATION CHALLENGES

- As the number of specialists and specialty hospitals has grown, specialists find it increasingly difficult to know all their referring veterinarians and to find the time to devote to phone consults.
- Primary care veterinarians may have multiple specialty hospitals to send cases to and do not always take the time to get to know all the specialists in town.
- When specialists and referring veterinarians do not have an established relationship, misunderstandings and critical attitudes are more likely to occur.
- Both parties find it frustrating when trying to reach each other by telephone to discuss cases.
- Some specialists express frustration regarding the quality of medical records sent by referring veterinarians. The most significant complaint is that records often do not include a medical case summary. Other concerns include illegible handwriting, incomplete records, voluminous medical histories that are not relevant to the referred problem, missing laboratory data, and missing radiographs.
- Referring veterinarians are frustrated when there is a lack of timely follow-up from specialists regarding referral cases. Referring veterinarians often have clients who call them to discuss their pet's condition and they want to be prepared to talk to the pet owner.
- Inconsistency in desired follow-up communication makes it difficult for specialty hospitals to develop policies to satisfy all area veterinarians. Some referring veterinarians want to be called soon after a case is referred and request daily progress reports, whereas others are content to receive a report and updates only when the status of the case changes or becomes critical.

FOCUS ON CLIENT SERVICE

- To ensure a positive referral experience for pet owners, specialists and their teams need to provide outstanding client service. Team members should be trained in the following areas: communication with emotional and grieving clients, comfortably talking to clients about money, and helping clients achieve peace of mind by making decisions that are right for their family.
- Specialty practices need to survey their referring veterinarians regularly to ensure they are providing exceptional service.
- Primary care practices can help ensure a positive referral experience by striving to enhance communication with both pet owners and members of the specialty team.

ESTABLISHING CLIENT EXPECTATIONS

- When pet owners do not clearly understand what to expect when they visit specialty practices, they may become frustrated and feel the veterinarians are not communicating effectively. This situation can reflect negatively on both practices.
- Common complaints regarding client expectations are misunderstandings regarding the cost associated with referrals, the need to repeat tests at the referral practice, the severity of the pet's condition, and delayed scheduling of surgeries or procedures.
- One of the most difficult client communication challenges occurs when specialists inform pet owners that their pet has a different condition or prognosis than the referring veterinarian diagnosed.
- Communication problems arise when general practitioners refer patients for a specific test or procedure rather than a specialty consult. If the specialist determines the pet does not need the procedure for which it was referred, clients can become confused and angry.

PRACTICE PROTOCOLS AND TOOLS TO IMPROVE COMMUNICATION

The best way for specialty and general practices to address some of the communication challenges and referral relationship issues is to develop tools, policies, and protocols that will facilitate enhanced communication and collaboration.

- Dialogue characterized by mutual respect and understanding is the foundation for any good relationship. To facilitate open lines of communication and positive dialogue, specialists and referring veterinarians need to get to know one another.
- Hospital visitations and face-to-face meetings are the best way to achieve long-term, friendly relationships.
- New specialists joining a practice should spend time visiting area hospitals to get to know the referring veterinarians.
- For established practices, specialists can visit referring practices to meet veterinarians, discuss new services they offer, address specific concerns of the practice, and to improve or enhance existing relationships. Visits can be done during slow times to facilitate busy work schedules.
- An organized, regular schedule of visits to area practices should be established by the specialty practice manager or hospital administrator. Managers or referring veterinarian liaisons can do routine clinic visits but practice owners and/or specialists should visit practices to discuss medical or surgical topics or to address concerns related to the working relationship.
- Primary care referring veterinarians are encouraged to visit area specialty practices so they are familiar with the services offered and can get to know specialty teams.
- Have the referring veterinarian liaison or coordinator handle all phone calls from referring veterinarians that cannot be quickly addressed by the front office staff.
- Primary care veterinarians can use a checklist to be sure they have advised pet owners about what to expect when their pet visits a specialty practice (see 9.3 – Standards of Care and Care Pathways).
- Specialty hospital brochures can be given to pet owners to give them more information about the referral practice.
- An ideal way for specialty practices to build relationships with area veterinarians is by offering continuing education seminars. Specialty practices can survey referring veterinarians to determine the preferred time and location for seminars.
- Smaller group meetings such as rounds, study groups, and lunch and learns are an effective way for specialists to build relationships and communicate with referring veterinarians. These smaller group events

allow for more personal interactions and the opportunity to engage in more in-depth dialogue regarding case management.

• Increasingly, one of the best ways for referring veterinarians and specialists to communicate and stay connected will be through the use of digital platforms and software. Multiple companies now offer referral management solutions and the use of apps for veterinarians to share information. With digital applications, specialists can provide their expertise as well as patient updates to referring veterinarians.

WRITTEN TOOLS TO IMPROVE COMMUNICATION

Mailed letters, transmitted memos, and newsletters are an excellent means to keep in touch with referring veterinarians about relevant issues. Although these tools are not a replacement for face-to-face meetings, they can serve as an opportunity to deliver consistent messages and enhance communication.

• For example, specialty practices could send out a letter to area veterinarians reviewing the importance of receiving complete and relevant medical records in order to provide the best medical care to patients. The letter would outline specifics regarding the format and content for medical records desired by the specialists including encouraging practitioners to use referral forms. As the old saying goes, "You don't get what you don't ask for."

• Use electronic newsletters. Include information in the specialty practice newsletter on medical and surgical topics as well as topics such as timeliness of referrals. Articles written by specialists on medical topics can include specifics regarding clinical signs or prognosis that affect when a case should be referred.

• Specialty practices can leverage the use of their websites to communicate with referring veterinarians. Referral forms, articles, case studies, newsletters, referral guidelines, hospital policies, and a calendar of continuing education events can all be posted on the website. Specialty practices can also provide links to other websites that are credible resources for further information on a variety of medical topics.

• Surveys to gather feedback from area veterinarians on client service or other relevant issues can be posted on the referral practice website.

• Use email to communicate. Email is particularly desirable because specialists can often copy and paste medical findings from their software into emails to veterinarians. In addition, email allows specialists to respond to practitioners outside of regular working hours (see 10.11 – Electronic Communication – Email and Texting).



EXAMPLES

N/A



CAUTIONS

• Economic challenges and fear of loss of income should not dictate referrals or case management. Rather, focus should be on patient advocacy and offering options that are best for the pet and the pet's family.

• Care should be taken to be timely when referring pets to specialists. If patients do not respond well to initial treatments, it is prudent to call specialists about case management.

• Adherence to professional ethics should guide decisions about whether a referral to a specialty hospital is appropriate. Ethically, veterinarians must give clients honest assessments regarding their pet's condition and advise them of all their alternatives for medical care.

• Veterinary teams should be careful not to pre-judge a client's willingness to pay or their ability to afford specialty care. Referral to a specialist should be discussed whenever appropriate, regardless of whether the general practitioner thinks the client might have financial constraints or be reluctant to agree to advanced diagnostics or treatment. The use of third-party payment plans (see 8.13 – Third-Party Financing) and pet health insurance (see 8.11 – Pet Health Insurance) has helped increase the affordability of specialized care for many clients.

• The person who will be responsible for case management after a pet has been discharged from the specialty hospital needs to be clearly established. Specialists and primary care veterinarians should communicate regarding individual practice preferences and capabilities as well as pet owner wishes to reach agreement on who will provide ongoing patient care.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

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4.24. TELEHEALTH



BASICS

OVERVIEW

• Today's consumers want their healthcare on their own schedules, and at their own convenience. Since most have smart devices, they typically have access to online messaging, images, and even video.
• Telehealth (or virtual care) is the umbrella term used for healthcare consulting delivered remotely, and can be subdivided based on the parties involved in the consultation.
• Veterinarians providing telehealth must comply with all laws and regulations associated with their license to practice veterinary medicine.
• The standard of care is the same regardless of whether telemedicine or in-hospital care is provided.
• Telehealth has the potential to enhance animal care and the delivery of veterinary services, and regulations are evolving accordingly.

TERMS DEFINED

Electronic Prescribing (E-Prescribing): The use of digital electronic prescriptions rather than providing a printed prescription or faxing a prescription.
Mobile Health (mHealth): Subclassification of telehealth in which mobile applications (apps) and wearables are used to provide healthcare information for pets.
Teleadvice: Subclassification of telehealth in which only general advice is provided that is not specific to a particular patient's situation.
Teleconsulting: Subclassification of telehealth in which the consulting takes place between a primary care veterinarian and a specialist.
Telehealth: Broad term to describe healthcare consulting delivered remotely. Sometimes referred to as virtual care.
Telemedicine: Telehealth delivered between a veterinarian and an animal-owning client, under the auspices of a veterinary–client–patient relationship.
Telemonitoring: A form of telehealth in which patients are monitored remotely.
Teletriage: Subclassification of telehealth in which assessment is made remotely regarding the need for urgent veterinary visitation. Teletriage does not include rendering any diagnosis, just advising regarding the potential urgency of the situation based on the information provided.
Veterinarian–Client–Patient Relationship: A legal relationship between veterinarian and animal owner in which the veterinarian has assumed responsibility for making clinical judgments and the clients has agreed to follow the veterinarian's instructions, the veterinarian has sufficient knowledge of the patient to make such judgments, continuing care is provided or available, the veterinarian provides oversight of treatment, compliance, and outcome, and patient records are maintained.



ISSUES AND OPTIONS

• Telemedicine has had a place in veterinary medicine for decades, and yet recent changes in technology and advances in human medicine have changed the landscape in recent years. Regulatory changes, however, have not always kept pace.
• Human medicine functions on a different business model than does veterinary medicine, and consumers may see programs in human health that have telemedicine more completely integrated into overall care. Thus, there might be programs integrated with insurance groups, public health, and other endeavors that increase patient access and lower healthcare costs. Technologies can also be used to establish a valid physician–patient relationship in human medicine without the requirement of an in-person examination.
• It is important to realize that most veterinary regulations do not permit the establishment of a veterinarian–client–patient relationship by electronic means alone. Clients may be exposed to such human programs and infer that it should be possible for those same services to be provided by veterinarians. It should not be inferred that because a type of service is available in human health that it is legally permissible to provide the same or similar service in the veterinary business space.
• Veterinarians have often given advice by telephone, email, and even text (SMS) for years; most of this has occurred within the bounds of a veterinarian–client–patient relationship (VCPR), but some advice is likely to have also been offered to prospective clients with which such a relationship may not have been legitimately established.
• Older veterinarians were likely introduced to teleconsulting years ago with trans-telephonic electrocardiography, and consultations with specialists are somewhat routine now.
• Veterinarians with a valid VCPR have professional discretion to confer with specialists and consultants, but they remain the physicians of record and do not transfer that VCPR to the specialist or consultant.
• Most telehealth services are not a replacement for specialist referral, but may increase accessibility, and may possibly be the only alternative for some clients who do not have a specialist within a reasonable referral area.

THE MARKETPLACE

• Most demographic groups have embraced technology that allows instant gratification and do-it-yourself (DIY) applications.
• There is a growing trend among pet owners to access information online, purchase products online, encourage the monitoring of their pets with wearable technology, and to seek medical opinions online.
• Pet owners want applications that allow them to be in contact with veterinary professionals at the time and medium of their choosing, even if veterinary practices have some qualms with this, may have concerns about the legalities of such actions, and have even more concerns about how to get compensated for such services.
• Clients may attempt to contact veterinary hospitals by email or text (SMS), through social media and through online resources, including sending images and video; veterinary hospitals need to have a strategic plan for how to deal with such contact.
• Clients may have reasonable or unreasonable expectations that the veterinary hospitals with which they do business should be responsive to such contact. In some cases, it may be a follow-up question to services that have already been provided (e.g., "Sheba chewed out one of the stitches from the procedure she just had, but it isn't bleeding. Do I need to bring her in?"). In other instances, it might be an attempt to save money or avoid the necessity of bringing a pet into the hospital ("Lily has had a bout of vomiting. Can I just give her the medicine I use when I have an upset stomach, and I'll bring her in if she doesn't get better?").

PROFESSIONAL CONSIDERATIONS

• Telemedicine consultations should only occur within a valid VCPR. This is true regardless of whether the consultation occurs by telephone, email, or other medium. If it is allowed by a jurisdiction to create a virtual VCPR, it is still important to check with the appropriate authorities if prescribing is allowed under such a telehealth relationship.
• Veterinary hospitals should be careful not to inadvertently provide telemedicine, since there is legal liability when a legitimate VCPR is absent.
• In the United States, there is considerable variability between states as to laws for the provision of telemedicine services, so veterinarians should consult with their state licensing boards about what is permitted in the state Practice Act. It is particularly important to be aware of jurisdictions that require a physical examination or temperature/pulse/respiration notation for visits, or every time a

patient is presented for a new clinical problem. These rules can make telemedicine extremely challenging.
• If no VCPR exists, it still might be possible for veterinarians to answer basic questions that would not constitute providing specific medical advice for any specific pet (e.g., "What is mange?" "Can dogs get chicken pox?" "My cat is bleeding. Should I bring her in there, or go to an emergency clinic?" etc.).
• Consultations with pet owners for which a VCPR has not been established are generally considered as either teleadvice or teletriage, rather than telemedicine. Both are still a subset of telehealth, even if they are not telemedicine. Teletriage might include providing advice for a pet that has consumed poison, whether that involves having them call a poison control hotline, or advising them to go to the nearest emergency clinic. There are also now a variety of applications for pets using wearables, including remotely measuring pulse, respirations, temperature, position, and activity level.
• Veterinarians providing telehealth must be legally authorized to practice veterinary medicine. Depending on the local jurisdiction, licensing requirements, and Practice Act, they may also be required to be licensed to practice in the specific state where the patient is located.

IMPLEMENTATION

• Most veterinarians are already providing some forms of telehealth, but it is worthwhile to create hospital guidelines regarding the delivery of such services. It is also important to ensure that all aspects of the telehealth consultation are recorded appropriately in the medical records.
• Other than teleconsultations, the most common forms of telehealth relate to things like provision of prescriptions based on VCPR, recheck evaluations, after-hours care, patient monitoring through wearable devices and other technologies, and even following up on hospice care patients and others where in-hospital visits are not possible or not convenient.
• Telehealth can be provided directly by a hospital (e.g., telephone, teleconferencing, email, etc.), but there are now several different companies, programs and applications that facilitate the interaction and monetization of the process.
• Pricing for telehealth services will vary depending on how the telehealth service is to be integrated into the practice workstream, vendor-associated charges, and the costs associated with offering telehealth solutions.
• Telehealth pricing can be used to drive other health-related services. For example, it might be included with payment (wellness) plans (see 8.12 – Payment (Wellness) Plans) as a less costly way of honoring the ongoing provision of services in a bundled care plan. It could also be pricing in an à la carte fashion based on a time-based teleconsultation (either the length of the consultation, or how quickly the response is needed). As a variation on a bundled service, teleconsultation could also be subscription priced. The opportunities are only bounded by one's imagination and clients' requests for services.
• For clients with pet health insurance (see 8.11 – Pet Health Insurance), pet owners should check with the insurance provider to determine telemedicine coverage.



EXAMPLES

N/A



CAUTIONS

• Telehealth solutions are still evolving, and regulations have not caught up with many of the applications that are possible with today's technologies.
• Without a valid VCPR, any advice provided should be considered general and not specific to any patient, and should not imply any intended diagnosis or treatment recommendation.
• Veterinarians considering being telehealth providers should be prepared to present their particular credentials, provide any service disclaimers, and specify what services they are able to provide, and the limitations of such telehealth consultations.
• Practices preparing to offer telehealth solutions should seek legal advice before providing such services, or affiliating with companies providing those services. It is also worth checking with the insurance provider regarding any liability issues that could be associated with telehealth solutions.
• The majority of human physicians engage in different forms of telehealth. It should be anticipated that this same trend will eventually happen with veterinary medicine as well.



MISCELLANEOUS

ABBREVIATIONS

DIY: Do-it-yourself
SMS: Short message service
VCPR: Veterinarian–client–patient relationship

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Section 5

Communication

5.1. EFFECTIVE CLIENT COMMUNICATION



BASICS

OVERVIEW

• The clients of today's veterinary practice present clinicians with new challenges for accurate and time-saving communication (see 1.5 – Today's Pet Owner). We live in a "sound bite" world and information overload is all too common. Concise and clear communication is appreciated by clients and will save you time, money, and hassle.
• Much can be learned about concise client communications when you make a very brief study of media communications techniques.
• The issue of compliance can be greatly improved with clear communication between doctor and staff and the pet owner (see 4.11 – Compliance and Adherence). Poor compliance is primarily a communication failure. This is also especially true in human medicine. Getting clients to accept your instructions and recommendations relies heavily on the clear understanding communicated to the client by you and your staff at every visit. Much of the failure in communications here comes from the assumption that someone else has communicated all the important points. This can only be corrected when the entire team makes sure key points are communicated.
• With increasing negative attention on hot topics by members of the media, communication with clients takes on a new dimension. You may have to counter incorrect news, "fake" news, or even frightening news with the credibility, authority, and personal relationship you have with your clients. This is done only with excellent communication skills and techniques. Because most of us do not speak in succinct message points, such skills need to be revisited and rehearsed on a regular basis.
• Concise communication with clients can also improve your time efficiencies and your client satisfaction. The "information age" has caused an overload of questions that are off subject and that seriously occupy the time you have with the client. Learning how to focus, control, and command communication with clients will dramatically improve efficiency, and clients will be happier.
• Today's world presents the veterinary practitioner with an increasing number of annoying distractions that can detract from accurate and clear communication. Such distractions can block and confuse good communications. Daily distractions can be controlled, but this requires your direct attention and management and taking control in a plesant and professional way.
• Reviewing and renewing your client communication skills will decrease confusion, and a confused client will make either a "no" decision or at least exhibit poor compliance.

TERMS DEFINED

Bridging: A communication technique in which the discussion is redirected from its current path to a more appropriate one. Learning just a few bridging techniques is all you need to masterfully control and redirect a conversation toward a more positive outcome.
Compliance: The extent to which pets receive prescribed treatments, a screening, or a procedure in accordance with accepted veterinary healthcare practices. Compliance involves veterinary staff performing and/or recommending treatments, screenings, and procedures, and pet owner follow-through.



ISSUES AND OPTIONS

GOALS IN GOOD CLIENT COMMUNICATION

• **Display a professional appearance:** This is a visual form of communication that helps set you apart from other service professions. An outstanding professional appearance begins with the walk-up appearance of your parking area, hospital building, and entryway, all of which should be neat, clean, and professional. The reception room should be neat, professional, and inviting. Once a year you and your staff should "declutter" both the walk-up and the reception areas. Far too many things get hung on the wall and, over time, only add to the busyness and cluttered messy appearance of an otherwise nice reception area. A good idea is to have a friend or family member who does not visit your hospital every day, do a walk-up and walk around with the goal of identifying clutter and messy things you would likely ignore.
• **Pay attention to personal appearance:** Another key part of visual communication is your personal appearance. Our society has become far too casual in our dress. In many human hospitals, you cannot tell a nurse from a janitor or a doctor from a cafeteria worker. Yet patients and clients still expect a professional experience, and that begins with visual impressions. A veterinary hospital should be a place where clients can expect to find professionalism, pride, neatness, and cleanliness. Hire a laundry service and make sure that doctors' coats and staff smocks and scrubs always look their best. Choose colors that are easy on the eyes and go with the hospital décor. Be casual but neat, workable but professional. Let it be known to staff, from the first day, that uniforms are worn and establish a hospital policy of how they are to be worn and enforce it. Do not tolerate sloppiness.
• **Project authority and credibility:** This is also a nonverbal form of communication that helps set clients at ease about their choice of a veterinary professional (see 5.3 – Speaking as a Professional). Your confidence and demeanor has much to do with the projection of authority and confidence, but there are also many small things you can do to help in this area. Place your framed degrees on a wall where every client can see them. Wear solid colors and embroider doctors' names on their jackets. Stay away from cartoon prints on scrubs and staff shirts. Know the name, sex, age, and breed of the pet before entering the room. Know something personal about every client in your hospital, and be interested in their lives. Invest one to two minutes to get to know them, and keep that information in the record. Connecting emotionally is an important part of projecting your credibility and enjoying your practice.
• **Be concerned, interested, and compassionate:** A very busy day can destroy this key element of communication, much of which comes from your body language (see 5.9 – Nonverbal Communication). Be open, make eye contact, smile, call them by name, get out from behind the table and use a stool, or kneel down if necessary. Experiment with various ways to remove barriers to good communication. Avoid nervous body language, and do not cross your arms or constantly stare at the medical record. Life experience is invaluable in accomplishing this key method of connecting with clients. This is especially true when delivering bad news (see 5.20 – Delivering Bad News), or in any end-of-life setting (see 5.22 – Discussing Quality of Life and End of Life Issues).
• **Be positive:** Find some good news in every case. Be reassuring and compassionate. If the conversation is turning negative, bridge over to something positive. Use an upbeat tone and positive words. Clients want to feel good after seeing you.
• **Offer fewer choices:** No one likes to feel stupid, but the more details and choices you give, the more confused the client will be. Do not let a client choose from a long menu list of items; a confused client is almost always a "no" decision or certainly leads to bad compliance. It is better to offer three choices to the client, and then guide them to your recommendation from the three. Three is a magic number. Three options sound doable to clients and are easy to understand and accomplish.
• **Detect confusion and correct it early:** You simply observe the client's body language, anticipate his or her questions, and answer them in advance to forestall confusion. This is being proactive. Try to get the client to repeat back to you key points. This helps them focus

on the issue and improves their compliance. Many people will simply "zone out" when they have too much information. So make three points, get them to repeat them back to you, and then stop.

• **Control the conversation:** Do not be sidetracked by too many off-point questions. Answer a client's question briefly, but then bridge over to your main points about the subject at hand. This helps you stay on track. Use visuals such as models, pictures, and even the pet to help control the conversation, and then hand the client a checklist or fact sheet that you have written about the topic. Clients will only remember a few things anyway. Our goal is not to try to impress them with everything we know, so focus the conversation on those key points. Don't be shy about controlling what goes on in your exam room. Send your clients home with a brochure on the subject and your website address so that they can read more details on your approved site.

• **Give positive examples to reassure clients:** But never assure them of a positive outcome, of course – that is not possible. Clients want information and hope about their pets, so it is acceptable to offer positive examples in which cases similar to theirs did well. Remember, clients want to know that you understand their feelings and they want to invest confidence in your abilities. Perhaps the positive thing to say is, "We are doing all we can, and I assure you she is getting excellent care." It is important to stand out as positive in a fairly negative world.

• **Redirect misguided questions:** This is especially important with clients who are all over the place and simply ramble. When giving an interview for the media, this is called "bridging." You use the technique when questions turn negative or aggressive, or when you see you are losing control of the conversation. You basically turn the conversation from that which you do not want to talk about to that which you do want to talk about. The technique works well with unfocused, rambling clients. Here is an example: "I can't address what's on every Internet site, but what I can tell you is …" or "That considers only one aspect of the issue. In our experience we …." Use bridging statements like this to get back to the important issue.

• **Control your time:** We all know clients who take up two or three appointment slots. We do not want to rush them, but we cannot afford the wasted time. Control the conversation by asking focusing questions, getting the client to begin repeating back to you key points, asking them to fill out checklists, and handing them fact sheets or brochures on the subject.

• **Give them more in less time:** All clients should leave feeling they got more than they expected when they came in. This does not necessarily mean more of your time, but it does mean more of your attention, your caring, knowledge, compassion, handouts, samples, reassurance, confidence, professionalism, and so on. The entire experience will be rewarding for the client if you will excel in all these areas of improved client communication.



EXAMPLES

N/A



CAUTIONS

• Set some rules about distractions in your hospital's communication environment. Cell phones, for example, are an ever-present distraction. Simply construct signs and place them prominently in the reception room and in all exam rooms that say: "Medical equipment in use, please turn off your cell phones."

• For the noise and distractions caused by children, try to create a safe play area where children may focus their energy.

• Try not to use loudspeaker paging. These are usually annoying and only add to the noise and distractions in a busy practice. Use phone station intercom paging and messaging instead.

• Make sure you and your staff have delivered all the aftercare instructions before bringing the pet back out into the reception room. Happy reunions are no place for focused instructions.

• Clients truly appreciate frank discussions about costs (see 5.13 – Discussing Finances). In general, you will see greater acceptance of your proposed work if you will do this. So, become comfortable with discussing fees and detailing an estimate with your clients. They are likely to be very appreciative!



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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5.2. IDENTIFYING CLIENT COMMUNICATION STYLES



BASICS

OVERVIEW

Communication style and behavior assessments can be very powerful tools to better understand and communicate with people (in this case, your clients and team). Often, however, hospital teams will take these assessments to learn about themselves but not fully understand how these tools can be used to better communicate and read other colleagues and clients.

Although there are several assessments available (see 1.15 – Personality Profiling), here we will highlight the DiSC assessment and how to educate your team to use this theory in reading clients and how to better communicate with them. When dealing with a challenging client, we have at some point told ourselves "some people just communicate better than others." However, if you can identify one's communication style, there is no reason you cannot change your approach to better address a client.

Tone and body language are both influential factors for reading your clients. The belief in nonverbal communication has always been based on the theory that communication is composed of 7% spoken word, 38% tone and 55% body language. For example, you can identify what a person is thinking sometimes just by the direction of their eyes. If they are looking left, they are trying to remember, if they look to the right, they are trying to be creative. With that said, people might be more visual, auditory or kinesthetic. If you can identify better with these nonverbal cues, you can mimic with this person better and even highlight their learning styles a bit more.

TERMS DEFINED

DISC: DISC is a behavior assessment tool based on the DISC theory of psychologist William Moulton Marston, the original process focusing on four different behavioral traits: dominance, inducement, submission, and compliance. In more contemporary applications, the letters can also signify basic tendencies such as directing, influencing, steadiness and compliant, or they can also stand for the following personality types: dominant, inspiring, supportive, and cautious (or conscientious). DiSC® is a branded form of the DISC assessment.



ISSUES AND OPTIONS

THE DISC ASSESSMENT

Before discussing how to incorporate DISC assessments into your hospital, it is important to first explain the four different traits that make up DISC (Figure 5-2-1):

- **D:** This trait is usually in a person who communicates and behaves more as a director.
  - They want: Immediate results
  - They act: Decisively
  - Characteristics: Determined, assertive, unemotional, not easily discouraged
- **I:** This trait is in a person who communicates and behaves more as an influencer.
  - They want: Contact with people
  - They act: Enthusiastically
  - Characteristics: Motivated, people focused, emotional and a story teller
- **S:** This trait is in a person who communicates and behaves more with steadiness.
  - They want: Stability
  - They act: Systematically
  - Characteristics: Loyal, slower, plans things out, easy going, quiet but witty, doesn't like change
- **C:** This trait is in a person who communicates and behaves more compliant.
  - They want: Accuracy
  - They act: Cautiously
  - Characteristics: Precise, reserved, sensitive and idealistic

Clients with Visual, Auditory, and Kinesthetic Cues/Characteristics

- A person who is more visual will have the following characteristics:
  - Eyes tend to look up
  - Their voice and tone is typically higher and louder
  - They use their hands more when talking
  - They start sentences with "I see."

These are clients that you would want to have a higher voice and tone and offer more visual demonstrations with.

- A person who is more auditory will have the following characteristics:
  - Eyes tend to be more straight forward and they lean in more from the direction of their ear(s)
  - Their voice and tone is more monotone
  - They start sentences with "I hear."

These are clients that you want to be more monotone with. For client education, give them more tools such as videos (great opportunity to discuss the hospital's YouTube channel or educational videos on the hospital website).

- A person who is kinesthetic will have the following characteristics:
  - Eyes looking down
  - Holds their hands together or want to touch/hold something (like their pet)
  - Voice is more slow and low.

You definitely do not want to be too overbearing with a client like this in the way you use your voice and body motion. You will want to sit or stand more at their level and even alongside them (even do the same with their pet). When educating them on a product, give them something to hold or touch, such as the product itself or a handout/brochure.



EXAMPLES

Let us look at an example of how another industry, such as car sales, might use this assessment to read and communicate with their customers. A car salesperson will want to identify these traits in their customer first and then know how to approach and communicate with them.

- If a customer has more of a "D" trait, they will arrive at a car lot wanting instant gratification, have an idea already of what they want and want it quickly. A salesperson would approach this person by asking what they want and how soon they want it. If the salesperson takes up too much time with this person discussing other cars or options, they will lose the interest and even the patience of this customer.
- If a customer arrives with an "I" trait, they want this to be a fun experience. They probably arrive with a few other friends, want more time to hear stories about what others drive, and would want their picture taken with the new car, balloons, and all the excitement that comes with the purchase.
- A customer with an "S" trait will not want much change from their previous car. They might have more of a difficult time understanding why they would need something different and will look to the guidance of the salesperson for their advice and suggestions. A salesperson will probably look at what this person currently drives and wont suggest anything too different.

5.2. IDENTIFYING CLIENT COMMUNICATION STYLES

What to look for in a Client !!!!			
D:	**I:**	**S:**	**C:**
Director	Influencer	Steadiness	Compliant
They Want:	**They Want:**	**They Want:**	**They Want:**
Immediate Results	Contact w/ people	Stability	Accuracy
They Act:	**They Act:**	**They Act:**	**They Act:**
Decisively	Enthusiastically	Systematically	Cautiously
Characteristics:	**Characteristics:**	**Characterisitics:**	**Characteristics:**
Determined	Motivated	Slower	Precise
Assertive	People Focused	Plans things out	Reserved
Unemotional	Emotional	Easy Going	Sensitive
Not easily Discouraged	Story Teller	Quiet but Witty	Idealistic
Visual:	**Auditory:**	**Kinesthetic:**	
Eyes go up	Eyes straight forward	Eyes go down	
Eye to left, Remember	Eye to left, Remember	Eye to left, Remember	
Eye to right, Creating	Eye to right, Creating	Eye to right, Creating	
Voice, High	Voice, Monotone	Voice, Slow & Low	
Metaprograms: What does the Client Want?			
#1 Detail Or	Big Picture	#3 Pain Or	Pleasure
#2 Process Or	Outcome		
Work on These all the Time !!!			

Figure 5-2-1.

DISC overview.

• A customer with a "C" trait will want to make more of a precise decision by doing research ahead of time, will probably make a spreadsheet of different makes/models and the pros/cons of each and will make more of a cautious decision which might take a few visits to the dealership.

Now, think about certain clients that you have and how you would identify/approach them differently.

INCORPORATING THESE COMMUNICATION TOOLS INTO YOUR HOSPITAL

First, have everyone on the hospital team take the DISC assessment. This will give them the opportunity not only to learn what their communication styles are, but also to understand what approaches they need to change when communicating with someone that has different traits. When doing these assessments, you will usually identify what traits you identify in yourself as well as what others identify in you.

Have some kind of chart near exam rooms to remind your team about the different traits to identify in the clients. It is also a good idea to make a note in the client record with a D, I, S, C about the client's traits so the next team member to communicate with this client will also know the best approach.

Have some good opening questions to ask a client that will help identify their communication traits, such as "What is most important to you today?" Does your client want more detail or want the big picture? Are they more concerned about the process or the outcome? Is it the pain/comfort of their pet that they are concerned about or their pleasure of not worrying or being distraught?

CAUTIONS

N/A

MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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5.3. SPEAKING AS A PROFESSIONAL



BASICS

OVERVIEW

The definition of professional includes an individual who adheres to high ethical standards (a code of ethics), possesses specialized knowledge and skills in a widely recognized, organized body of learning derived from education and training at a high level, and is prepared to exercise this knowledge and skills in the service of others.[1]

A veterinarian is a professional who solemnly swears to use his or her scientific knowledge and skills "for the benefit of society, through the protection of animal health and welfare, the prevention and relief of animal suffering, the conservation of animal resources, the promotion of public health, and the advancement of medical knowledge."[2]

The core characteristics of the veterinarian as a professional are as follows:

- Specialized knowledge and skills
- Responsibility and accountability
- Credibility
- Integrity and honesty
- Leadership
- Caring and compassion
- Effective communication with clients and members of the veterinary team
- Commitment to lifelong learning communication.

TERMS DEFINED

Accountability: Entails the procedures and processes by which the clinician justifies and assumes responsibility for his or her actions.
Credibility: The extent to which a clinician is perceived as believable, expert, genuine, and trustworthy.
Integrity: A sense of commitment to open and honest communication, inclusiveness, and high standards in discharge of professional responsibilities and actions.



ISSUES AND OPTIONS

The veterinarian as a professional facilitates effective communication through his or her unique characteristics, which include the following:

SPECIALIZED KNOWLEDGE AND SKILLS

Veterinary medicine is a dynamic discipline characterized by a constant proliferation of information, new technologies, and the need for enhanced skills. To maintain a level of knowledge and skill commensurate with the challenges of the veterinary medical practice, the effective clinician:

- reads the literature extensively,
- attends professional conferences and workshops,
- maintains a required level of continuing education,
- consults with professional peers on regular basis.

RESPONSIBILITY AND ACCOUNTABILITY

As a member of a licensed profession, a veterinarian is legally required and morally expected to justify his decisions and actions to self, clients, community, and profession (see 2.6 – Accountability). To adhere to these proscriptions, the responsible clinician:

- is aware of self-limitations and means for improvement,
- initiates self-improvement and/or educational activities,
- asks for help when needed,
- conducts self appropriately amid adverse and trying circumstances,
- adapts to changes and pressures caused by external circumstances,
- owns up to and takes responsibility for errors and shortcomings,
- requests and accepts constructive feedback and criticism, and makes changes accordingly,
- manages personal affairs in a way that does not interfere with professional activities.

CREDIBILITY

Client and healthcare team confidence in the veterinarian is a function of the degree to which the veterinarian is perceived as genuine, trustworthy, skillful, caring, compassionate, and communicative. The credible veterinarian demonstrates:

- effective communication behavior,
- approachability,
- client-centeredness,
- use of clear and simple language when providing education to clients,
- best practices of the profession,
- attentiveness.

INTEGRITY

As a member of a recognized profession, the veterinarian is expected to act in accordance with the highest ethical standards as prescribed in the Code of Ethics for Veterinarians. Each veterinarian is expected to:

- answer questions directly and tactfully,
- accurately represent data and circumstances,
- make accurate self-representations of identity, position, or status,
- admit to personal errors and not cover up the errors of others,
- conduct research activities with integrity,
- address confidential information discreetly and appropriately,
- balance authority and humility,
- inspire trust in clients, colleagues, coworkers, and subordinates,
- maintain professional autonomy,
- act in the best interests of clients and patients,
- use power appropriately,
- maintain proper personal, emotional, and professional boundaries with clients and coworkers,
- resolve problems with the people involved.

LEADERSHIP

As the recognized authority in the practice setting, the veterinarian is responsible for creating an environment that fosters a sense of common purpose in achieving satisfaction for staff and clients and health positive outcomes for patients (see 2.12 – Leadership). In this capacity, the veterinarian:

- provides constructive approaches for conflict resolution,
- acts as a role model for staff and clients,
- builds consensus,
- enlists others in a common vision,[3]
- praises others for work well done,
- follows through on promises,
- practices consistency between words and actions,
- fosters collaboration,
- creates a climate of trust,
- learns from mistakes.



EXAMPLES

EXAMPLE 1: SPECIALIZED KNOWLEDGE AND SKILLS

The importance of the veterinarian maintaining currency of technical knowledge, best practices, and effective client communication is known to enhance client satisfaction and patient health outcomes:

> Client: *"I don't understand how my dog could seem so healthy yesterday and today you're telling me he's seriously ill."*
>
> Veterinarian: *"I can understand how confused and upset you must be. A colleague recently shared a similar experience with a collie in her practice. I'm going to consult with her this afternoon to discuss what options might be available to you and Rusty. In the meantime, we can talk about ways to keep Rusty as comfortable as possible. How does that sound?"*

EXAMPLE 2: RESPONSIBILITY/ACCOUNTABILITY

The assumption of responsibility and accountability by the veterinarian extends beyond technical knowledge and skills. The effective veterinarian appreciates the importance of translating and communicating clinical findings to meet the informational and affective needs of the client:

Client: *"She started to limp yesterday and she seems to be in a lot of pain. I'm concerned that there is something seriously wrong here."*

Veterinarian: *"Yes, it's hard to see Lady in pain. From what I can tell, she seems to have a very common condition called laminitis, which is a disorder of her foot. This explains the limping and can have a variety of causes. I have a handout that goes over this and common causes of this condition. If it's okay, I'd like to go over this with you to see if we can identify what is causing Lady's limp."*

EXAMPLE 3: CREDIBILITY

The veterinarian's credibility is critical to client attentiveness and adherence to recommendations. The establishment of credibility is a function of the client's perception of the veterinarian's knowledge, skills, sensitivity, and responsiveness to the client's needs and concerns:

"I know how difficult it is for you to give pills to Tony. Fortunately, there is medication that comes in a liquid and is as effective as the pill form."

In this example, the veterinarian communicates in a manner that reflects an understanding of the unique preferences of the client.

EXAMPLE 4: INTEGRITY

Client satisfaction and positive patient health outcomes are contingent on the veterinarian's commitment to maintaining high standards of ethical conduct. Implicit in these standards is recognition of the importance of open and honest communication as the foundation for effective veterinary practice:

"I think we've come to the point where further testing is unlikely to reveal any new findings. Although I believe there has been some improvement in Pretty's condition, I am recommending that we consult with the veterinarians at the teaching hospital."

In this example, the veterinarian is forthright with the client and indicates that she has exhausted their resources in determining the etiology of the animal's medical condition. Therefore, in the interest of maintaining high ethical standards, the veterinarian presents a recommendation of extending the system to include veterinarian specialists.

Client: *"I think I understand what you are recommending for Skippy's hip dysplasia. I don't want to offend you, but since we're talking about surgery, I was just wondering how many of these operations you have performed successfully?"*

Veterinarian: *"I really appreciate you asking a question that I don't believe is asked often enough of professionals. I can assure you I would not perform any procedure unless I knew that I was qualified. In this case, I am recommending that we consult with Dr. Brown who is a specialist in performing this type of surgery on Goldens."*

In this example, the veterinarian is comfortable with making a referral to a specialist who he knows has more experience and expertise in this type of recommended treatment, given the client's expressed concern about the surgery. This example illustrates the veterinarian's honesty with, and ability to meet, the needs and concerns of the client.

Client: *"Doc, what's up with Cecilia's dog, Lucky? She seemed upset when she left. I didn't get a chance to ask her what the problem was. What happened?"*

Veterinarian: *"Cecilia is very concerned about Lucky, as you are about Skippy. I can't really say more because, like in healthcare for people, doctors are not permitted to discuss cases with other than the client. It's really nice of you, and not at all a surprise to me, that you would be concerned about Cecilia and Lucky, or for that matter any other person's pet."*

In this example, the veterinarian limits her response to the obvious. While adhering to strict standards of confidentiality, she engages the client and concludes the exchange with positive statements about the client's compassion.

EXAMPLE 5: LEADERSHIP

The veterinarian, possessing specialized knowledge and skills, a high level of credibility, and commitment to responsible and ethical practice, serves as a role model who encourages clients and staff to work collaboratively in the patient's best interest:

"Let's move to the customer service item on the agenda. Glenda has brought the feedback received from the clients for the week. One of the letters came from a client who complained of being rushed off the phone. Let's open this up for discussion and see what we can learn from this experience."

In this example, the veterinarian has established a procedure to review client feedback. He has implemented this procedure in accordance with a philosophy that client satisfaction is a responsibility of the healthcare team and a critical element in positive healthcare outcomes. By conducting regularly scheduled staff meetings to address issues of communication, he has effectively institutionalized this practice philosophy.



CAUTIONS

- A veterinarian must appreciate the fact that he or she serves as a role model for the behavior of the healthcare team.
- It may be necessary to provide the healthcare team with training in client relations.
- It is the responsibility of the veterinarian to create a practice environment that encourages clients to ask questions and voice concerns.



MISCELLANEOUS

ABBREVIATIONS

N/A

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Institute for Healthcare Communication. www.healthcarecomm.org

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5.4. MAKING CLEAR CLIENT RECOMMENDATIONS



BASICS

OVERVIEW

The path to making clear client recommendations begins before your client enters your hospital. To maximize the strength and clarity of recommendations, you and your entire healthcare team must be speaking from one playbook. Make sure that recommendations are being delivered to your clients consistently. This means you have standards of care (see 9.3 – Standards of Care and Care Pathways) for things such as heartworm testing, senior screening, therapeutic diet recommendations, pain management, and the control of external and internal parasites and infectious diseases. This consistent message must extend to all touch points or client exchanges with the hospital, including:

- Website, pet portal, social media, apps
- Telephone interaction
- Building entrance
- Reception area
- Exam rooms
- Brochures and forms
- Boarding
- Reminder systems
- Marketing plans.

To achieve this level of clarity and consistency in interactions with your clients, you need to have a system in place that will support your team by taking care of the process so they can concentrate on identifying the client's and patient's needs, and working to assure that recommendations focus on adding value, solving problems, and promoting health.

All recommendations need the following key elements to be successful:

- A personal message – connect it to the pet's/client's life and needs or concerns.
- A third-party reference or a visual model or picture.
- A timeline with reminders – create a clear path for action for when they need to act.
- A care plan or estimate they can review and discuss.

TERMS DEFINED

Benefits: How the features of a product or service can improve a situation for the client. Benefits answer the question: "So what?" This needs to answer the client or pet's need.

Closed-Ended Inquiry: Questions that have a restricted range of answers, such as yes or no.

Features: The characteristics of products, services, or programs you offer. Features answer the question: "What does it do?"

Nonverbal Communication: Aspects of communication, such as gestures and facial expressions or body postures, that do not involve verbal communication; this may include aspects of speech (accent, tone of voice, speed of speaking, etc.).

Open-Ended Inquiry: Questions that cannot be answered with a yes or no but require a developed answer.



ISSUES AND OPTIONS

How do we achieve clear client recommendations? It is important to let the framework or system help guide the process, which typically has five components (see Figure 5-4-1).

1. IDENTIFY THE CLIENT

Client identification will be based on various program criteria (e.g., age, animal breed, program, etc.) or reminders set from prior visits. It could be a program targeting new clients. Suppose a potential client calls the practice. The customer service representative asks questions about the pet – age, breed, and needs. The customer service representative integrates information in the conversation about their new client program and wellness programs, sets up the appointment, and sends an email appointment reminder to the prospect ("We are looking forward to meeting you and Fluffy …"). This can also direct them to your website and, if possible, a tour of your facility in person or in a video.

2. UNDERSTAND THE NEEDS OF THE CLIENT AND THEIR PET

To understand the needs of the client and their pet, you use a questioning funnel, moving from open-ended to closed-ended questions (see 5.7 – Posing Client Questions Effectively (Open-Ended Inquiry)). For example, when the client enters the practice, the customer service representative has reviewed the client information, and, in conversation, asks about family activities with the pet, etc. A technician takes the client through a needs assessment of the pet (see 4.9 – Lifelong Excellence in Healthcare). Then, the client could be asked questions about diet, favorite foods, exercise, health, history, behavior, grooming, fleas, boarding, etc. The doctor would continue the questioning to further clarify client concerns and identify health issues to address as well as the agenda of the visit.

3. SOLVE THEIR PROBLEM

You have questioned, listened, and identified concerns and needs of the client and their pet. Now it is time to make the recommendation. A recommendation has two parts: a feature and a benefit. A feature (the care) is a characteristic of a product, program, or service you offer (in-house testing, heartworm testing, radiographs, etc.). The benefit (value added) is how these characteristics (or features) can improve a situation for the client (for example, provide peace of mind). A benefit always answers the question: "So what?" For example:

- In-house heartworm testing (feature) – So what?→Decreased waiting (feature) – So what?→Instant peace of mind (benefit).
- Radiograph (feature) – So what?→Noninvasive picture of the pet's insides (feature) – So what?→Correct diagnosis that is visible (feature) – So what?→Peace of mind that the client can see an answer (benefit).
- Therapeutic dry food diet for cats (feature)– So what?→Pet maintains healthy body weight (feature) – So what?→Risk of developing diabetes significantly reduced (feature) – So what?→Cost of annual treatment for diabetes (medicine, supplies, special diet, medical monitoring) approximately $1,400 annually versus $100/year cost for preventative plan.
- Parasite preventive (feature) – So what?→Pet protected from intestinal parasites (feature) – So what?→Family members protected from parasites, especially if pet sleeps with family (benefit).

Use an exam room report card to list your recommendations. Type it. Show it. Pictures are worth a thousand words so never tell what you can show on a whiteboard, or with a book, radiograph, computer, or tablet. People remember less than 10% of what they hear, but 90% of what they see, hear, and do themselves. Some visuals to use with your recommendations would include pamphlets, atlases, books, pictures or videos on an iPad or computer, resources from websites, as well as the pets themselves.

Client testimonials from pets with similar disease or illness can also help. Word pictures can also be used to help the client see how treatment would improve the pet's quality of life or provide the pet owner with peace of mind. Word pictures tell what the pet owner will feel, see, hear, and watch their pet do as a result of treatment.

Make a diagnosis and give your recommendations with a time line. Timelines, mental pictures or real pictures, models, care plans (estimates), discharge instructions, or recheck appointments all go with consistent recommendations. What can they expect? What will you do

5.4. MAKING CLEAR CLIENT RECOMMENDATIONS

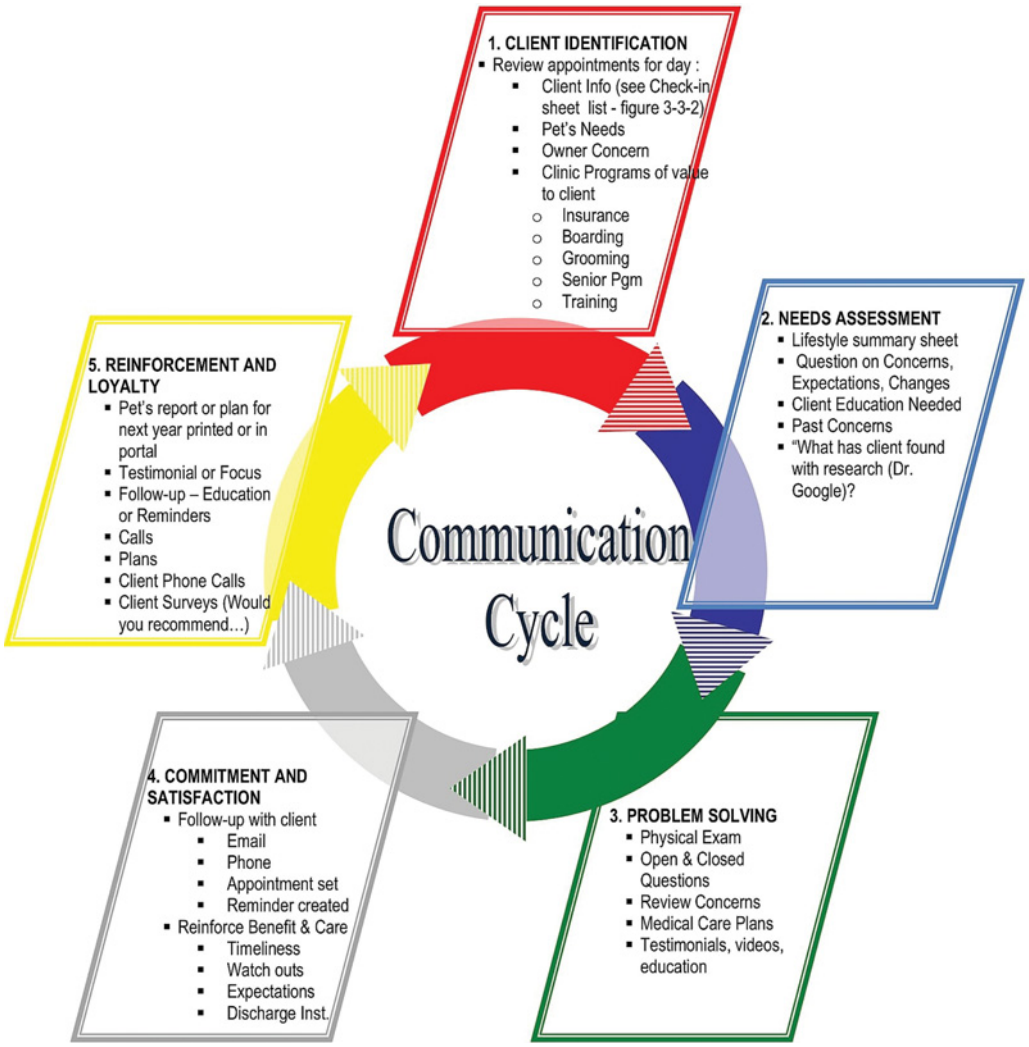


Figure 5-4-1.

The communication cycle for making clear client recommendations.

to follow-up with them? How long might it take? Who do they call if a problem arises?

Addressing Concerns

As you present your recommendation, it is probable that your client will have concerns. Welcome these comments! If a client does not voice their concerns, you cannot resolve them or earn their trust. Generally, all client concerns fall into one of two categories:

- The client does not have enough information to make the decision.
- The client does not see the need (or value) for a particular product, program, or service that you are offering.

As concerns are presented, use this five-step process to listen to and address the clients' issues with respect and understanding. Remember, the concern is theirs. No judgment or guilt is needed – just actively listen.

- **Step 1. Acknowledge:** This step is simply active listening with empathy – the "I see," "I understand," or "I hear what you are saying." It is important in this step to simply accept what the client is saying. This does not mean you have to agree. You want the client to open up and express the real need that your hospital can fulfill or where they are concerned or need more information.
- **Step 2. Clarify:** In this step you use the client's words to rephrase or restate their concern (see 5.8 – Reflective Listening). This indicates to the client that you are actively listening and attempting to meet their needs. For example, "You are interested in knowing an indoor dog's risk for heartworm disease if no heartworm preventive is used – correct?"
- **Step 3. Answer:** You show how the benefits of your hospital and treatment suggestions far outweigh the pet owner's concern, or you answer their concerns for more information. Answer or match the client's need with a product or service benefit of your hospital. They need to be engaged, and the proper concern must be identified, or you could answer the wrong question. This answer to the client can be supported with visuals (radiograph, models, and pictures), articles, reference books, materials and websites.
- **Step 4. Verify:** Summarize. If the client is satisfied, understands the benefits, and is capable of making an informed decision, then you have achieved your goal. For example, "Are you clear now on the risks for an indoor dog's risk of heartworm in this region?"If the client has more concerns, return to the second step and reclarify.
- **Step 5. Close:** End the visit. Ask the client to make the commitment and take an action to protect the pet's wellness, and give the client peace of mind. If questions are still present, keep clarifying, or decide

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Information to have populated on Check-In Sheet or Check In Screen

Time Room _____
Time Tech _____
Time Doctor _____
Time Check-Out _____

- Patient's Name
  - Age
  - Last Weight
  - Breed
  - Medical Alerts
  - Dental Grade
  - Pain Score
  - Previous Sx
  - Previous Diagnosis
  - Body Condition Score
- If new patient, have records from prior doctor No / Yes. If NO, records requested by (initials)
- Microchipped? No/Yes/Unknown Microchip Number in Record Yes/No
- Vaccinations Due
- Date of Last Parasite Exam
- Date of Last Heartworm Test
- Date of Last Diagnositic Blood Work
- Date of Last Urinalysis
- On Parasite / Heartworm prevention No/Yes/Unknown
  - When was last dose given?
  - How is medicine being given?
- Current Diet
  - If prescription, need more?
- Current Medications
  - Refills needed soon?
- Aside from vaccinations, upcoming / overdue reminders
  - Do the other pets in the family have any overdue reminders? No / Yes
  - If yes, which pet (s) and for what are they due?
    - Owner alerted by (initials)
  - Do they have Cats?
- Surgical patients
  - Vaccines up to date? No/Yes/Unknown
  - Is patient due for blood work prior to procedure? No / Yes
- Does this patient need breed specific packet or back page?

Figure 5-4-2.

Information to have populated for check-in sheet or check-in screen.

to send a reminder or follow up in some way to continue the education and trust-developing process for the pet and its owner.

In summary, all recommendations need these key elements to be successful:

- Explain the benefit to the pet and the client personalized to their need.
- Provide a third-party reference or a visual or model or picture.
- Create a timeline for action with reminders.
- Provide a care plan or estimate.

4. GAIN COMMITMENT AND SATISFACTION

The fourth component is commitment and satisfaction. The staff reinforce the veterinarian's recommendation and provide further information and support so the client feels assured in the decision. When the client commits to the recommendation, it is written down or printed from the electronic medical record, prioritized, and the client is taught how to perform the treatment plan needed.

5. MAINTAIN CLIENT LOYALTY AND TRUST

Reinforcement is the final component. For example, a medical update is emailed to the client or the client receives a folder with Fluffy's healthcare notes in it. The folder has the practice name on the cover and has other pertinent information: emergency numbers, medical information, product coupons, etc. The customer service representative makes the next appointment for re-evaluations, vaccinations, dentistry, laboratory, etc. A summary of the finding is then sent to the client with

a personalized thank you included. One to three days later, the client is called to see if they have any questions or concerns.



EXAMPLES

Example of a check-in sheet is shown in Figure 5-4-2.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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5.5. TRANSLATING MEDICALESE



BASICS

OVERVIEW

A veterinarian learns thousands of discipline-specific words during training and a language that requires a high level of literacy significantly above that which is possessed by the average client. In many instances, the client is unfamiliar with this medical jargon (medicalese) and the literacy level at which health information is presented.

- According to the Agency for Healthcare Research and Quality, only 12% of adults have proficient health literacy. In other words, nearly 9 out of 10 adults lack skills to manage health and prevent disease.[1]
- Studies have shown that even people who are college educated and who can understand complicated words prefer to have health information presented simply.[2]
- Health information needs to be communicated to clients in plain language, and in a manner that is relevant to the client's capacity and background and sensitive to their culture.
- In American populations of those 65 and older, inner-city minorities, immigrants, the poor, and those with chronic physical or mental health conditions, almost two out of five read below fifth-grade level.[3]
- Clients with low literacy skills often rely primarily on listening skills to learn and often have limited vocabularies.[4]
- There are numerous areas in veterinary practice where the ability of the client to communicate and understand health information messages are important to successful health outcomes, such as:
  - Navigating the system: locating an appropriate veterinary service
  - Completing forms: client–patient intake and contact forms
  - Understanding mail correspondence: responding to reminders sent in the mail for preventive and/or follow-up care
  - Providing informed consent: reading and understanding the informed consent document
  - Communicating with the veterinarian: possessing appropriate language and communication skills
  - Providing accurate information for assessment and diagnosis: verbal and observation skills and recall needed for clients to articulate their concerns about the animal
  - Understanding directions: ability to read and comprehend verbal and/or written instructions
  - Following regimens (adherence): personal commitment to implementing the veterinarian's recommendations.
- The advantages of a client-centered communication approach in translating medicalese include:
  - greater likelihood that the client will make use of preventive and routine care practices,
  - presentation in earlier stages of disease,
  - greater understanding of condition and treatment,
  - higher adherence rates to medical regimens,
  - greater client and veterinarian satisfaction,
  - improved diagnostic accuracy,
  - promotion, maintenance, and enhancement of veterinarian's credibility,
  - reduced client complaints,
  - improved health outcomes,
  - more efficient client–patient care,
  - more likelihood of responding to veterinary reminder notices for preventive or follow-up care.

TERMS DEFINED

Client-Centered Communication: An interaction with a focus on the client's needs, concerns, ideas, expectations, and preferences for the purpose of achieving a shared understanding between veterinarian and client.

Functionally Illiterate: Lacking basic reading and writing skills.

Health Education Methods and Strategies: Various ways for delivering health education to clients, such as providing written information sheets, showing educational videos in the waiting room, providing verbal information during the visit, and so forth.

Health Literacy: Level of understanding that is required by the client to access, utilize, and follow through on recommendations to maintain the health of an animal in their care.

Literacy Sensitive: Providing health information in a manner that considers the health literacy level of the client.

Marginally Literate: Possesses the most basic of reading and writing skills.

Medicalese: Terminology used within the profession that may not be familiar to the client.

Normalizing: Providing a verbal message to the client that indicates the acceptance and normalcy of their preferences, thoughts, feelings, ideas, concerns, behaviors, and/or responses. For instance, "A lot of clients have trouble reading and remembering these materials. How can I help you?"



ISSUES AND OPTIONS

ATTITUDES, VALUES, AND SKILLS

To facilitate a client-centered approach, the veterinarian should do the following:

- Create an environment conducive to the normalization and acceptance of clients' literacy needs.
- Be aware of possible client cues that suggest challenges to literacy, for example:
  - Excuses given for not reading the material (i.e., client states they forgot reading glasses, are too tired, or suggests they read it later)
  - Vague and/or unresponsive to questions
  - Limited vocabulary
  - Nonverbal cues of confusion, disinterest, and frustration
  - Holding materials in incorrect position
  - Resistance to requests for summarization or evidence of understanding
  - Repeated failure to adhere.
- Assess client needs and preferences for delivery of health education (i.e., verbal, written, or video):
  - Normalize: Inform the client that there is a range of ways that the veterinarian can provide health education.
  - Assess the client's preference and/or needs: Ask the client what health education modality would be most effective for them to understand the relevant information they need.
- Translate the language of the world of animal health into the language of the client:
  - Listen carefully to the language of the client and use the client's language as often as possible.
  - Use clear and simple language.
  - Where technical language must be used, define terms in a manner that is understandable to the client.
  - Speak slowly, and adjust the pace of your speech.
  - Tailor preprinted health education materials.
- Provide health information in manageable amounts:
  - Break down complex instructions into concrete and specific tasks.
  - Use multiple health education modalities such as verbal, written, or video.
  - Use the resources of your healthcare team to reinforce health education messages.
  - Use repetition to reinforce messages.
- Allow adequate time to accommodate the clients' needs, preferences, and concerns.

• Emphasize and demonstrate the desired behavior rather than medical facts:
  ◦ If appropriate, allow the client an opportunity to practice and demonstrate the desired behavior.
  ◦ Use praise and reward to reinforce client performance.
• Provide additional resources to enhance learning and accommodate learning styles.

Ask–Tell–Ask

Ask–tell–ask is a communication model that emphasizes a discussion between the veterinarian and client, instead of the veterinarian sharing information with the client in a one-sided manner. It is based on the belief that client education is not successful until the client has an understanding of what the problem or issue is and learning has taken place. Thus, it is important to assess the client's understanding of the problem, diagnosis, treatment discussion, etc.

"Ask–tell–ask" is a practice-friendly interactive tool that provides the veterinarian with the client's perspective before information is delivered, and checks for understanding in a more thoughtful and complete manner. Starting the conversation in an open-ended way and listening to the response can help you to tailor the information you provide to align with what they have told you.

• **ASK:** Begin by asking open-ended questions about the client's understanding of their pet's health condition.

> *"Before we start, I'd like to ask you what your understanding is about Fluffy's kidney condition?"*

This will help to elicit the client's view of the situation in their own words. Listen carefully to the client's response.

• **TELL:** First acknowledge what the client shared. Then, share the critical information in simple, non-medical language.

> *"You are correct that this is a common condition seen in our senior cats like Fluffy. Fluffy had been responding well to her treatments and you've been so committed to her care. From the results of our most recent blood tests, unfortunately it seems that Fluffy's kidneys are starting to fail. This means that her kidneys are not getting rid of extra fluid and waste in her blood as they should. As a result, there are dangerous fluids and waste levels in her body. I'm sorry to say that the treatments may no longer be helpful for Fluffy."*

• **ASK:** Assess the patient's understanding of the new information by asking them to share what they understand based on the conversation. Use statements such as:

> *" I know this is upsetting news. (Pause). I imagine you will be sharing his with your husband, Jeff when you go home. It would be helpful for me to hear what you will be sharing with him just to be sure I covered what is most important?"*

This will allow the client to explain in their own words what their understanding is and it will allow you to provide clarification as needed.

In addition, it is useful to assess whether the client understands the importance to act upon, and what needs to be done to address the problem.

• Provide opportunity for questions and clarification.
• Ask if the client has asked all the questions they want to. Give permission to ask:

> *"We've talked about a few things now. I'm wondering what questions you have for me."*

• Rather than ask "Do you understand?" instead ask, "What will you tell your wife (husband, partner, roommate), about this when you get home?"

TIPS FOR CLEAR COMMUNICATION

Use visuals and models when possible. This is particularly helpful to emphasize key points.

• Provide literacy-sensitive forms and written materials:
  ◦ Prepare written materials at no higher than the fifth-grade reading level
  ◦ Prepare written materials in the appropriate languages
  ◦ Advocate for the creation of proprietary written materials in multiple languages (i.e., speaking with vendors)
  ◦ Simplify forms (intake, consent, etc.) to the extent feasible.
• Verify client adherence and understanding by using follow-up phone calls to the client from the veterinarian or designated healthcare team member.
• Use consistent terms to avoid unnecessary confusion.
• Use concrete examples.
• Keep the pace slow to allow time for the client to absorb the information. Provide the information in manageable chunks.



EXAMPLES

EXAMPLE 1: NORMALIZATION AND ACCEPTANCE

When creating an environment conducive to the normalization and acceptance of clients' literacy needs, it is important to keep in mind that it is not always clear which clients have difficulties with health literacy and translation of medicalese. The fact is that many clients with low literacy are embarrassed and often will not reveal their deficit to even their significant other.[5] Clients with low literacy are unlikely to raise the issue. Therefore, it makes sense to create an atmosphere where no assumptions are made (creation of a shame-free, safe environment, for example).

For instance, how often have you handed some literature to a client to read about a condition, or have given written instructions to take medications without clear oral instructions? We know that oftentimes for the sake of efficiency practitioners rely on written information or present health education with their client without considering whether the client is able to adequately understand the information. Because varying levels of health literacy are quite common, it is advised that veterinarians ask the client, in a normalizing fashion:

> *"A lot of people I see have trouble reading or remembering these materials about heartworm medication. How can I help you with them?"*

> *"Many of my clients have a hard time understanding how their cat can look well and yet suffer with a serious illness. What might be helpful for you to better understand Chloe's condition?"*

EXAMPLE 2: ASSESS CLIENT NEEDS

Assess client needs and preferences for delivery of health education. Effective communication between a client and a veterinarian is essential for positive health outcomes as well as client and veterinarian satisfaction. Communication depends on successful transfer (sending, receiving, and processing) of information. Studies have shown that individuals differ in how they prefer to receive and process information. An opportunity to improve communication arises if the veterinarian recognizes that clients receive and process information differently.

Assessment within a limited time frame consists of three components: (1) familiarity with the variety of learning styles (visual, auditory, kinesthetic, and tactile); (2) possession of the accompanying resources to accommodate those learning styles; and (3) an inquiry regarding the client's needs and preferences.

5.5. Translating Medicalese

Use visuals and models whenever possible to emphasize key points in health education with clients. Ideally, the practice examination rooms should have access to pictures or models to complement your verbal discussion. In addition, educational videos can help clients absorb any new information or reinforce important instructions, and are especially useful when used to complement the verbal and written components of your message:

"In our practice, we appreciate that clients have a variety of ways of understanding health information about their animals. Some clients prefer written material, others prefer graphic illustrations, whereas others learn best with a hands-on demonstration – and some prefer a combination of the three styles. What might be most helpful for you in understanding Jake's problem with diabetes and the care he will require?"

"The test results have come back and, as we expected, Jake's problem with diabetes has progressed and he will require additional care. In helping you understand Jake's healthcare needs, would it be helpful if I provided you with written material, some visual materials and explanation, or time spent teaching you how to effectively provide additional care?"

EXAMPLE 3: TRANSLATE INTO THE CLIENT'S LANGUAGE

The task of providing health education to clients includes discussion of clinical and biomedical issues, oftentimes presenting a challenge to the veterinarian. A veterinarian learns thousands of discipline-specific words during training. This training requires a literacy level that is significantly above that which is possessed by most clients. In many instances, the client is unfamiliar with this medicalese and the literacy level at which health information is presented. Given that the client is responsible for the health and welfare of the animal, it is imperative that the client has a clear understanding of the precise healthcare needs of the animal.

To facilitate the client's understanding, the veterinarian must possess the ability to convey complicated explanations and instructions in a language appropriate to the client's capacity to assimilate. Regardless of the client's capacity, it is recommended that instructions be conveyed in the simplest possible, nontechnical language:

"The blood tests we conducted show that Kirby has a condition called hypothyroidism, which I believe is responsible for his weight gain and the other problems you've noticed. It's a very common condition in giant schnauzers, and it is something that is very treatable. As in humans, the thyroid gland, a small sac that is located in the throat area, makes a chemical that helps the body change food into energy. In Kirby's case, his thyroid is not working as it should, and so the food he eats is not being changed into energy. Instead, he gains weight that could lead him to develop other problems if we do not treat him."

It is also recommended that, in translating medicalese, the veterinarian use every opportunity to incorporate the client's words or phrases into their explanations. For instance, this veterinarian attempts to explain and prepare the client by using a phrase that the client uses ("do his business"):

"One of the things that we need to talk about is the possibility that Rusty may become incontinent. What this means is that he will lose his ability to control his bladder and bowel. He will no longer be able to let you know when he needs to go out to 'do his business.' This can be a very difficult situation; one that will require a great deal of patience and special care."

From a practical point of view, it is also helpful to discuss, or even demonstrate when feasible, what the desired treatment behavior is rather than just giving the medical facts. For instance, instead of saying: "Give the medication in the morning," say:

"When getting Buddy's food ready in the morning, take the powder and mix a teaspoon into his food." (Demonstrate with a teaspoon in the exam room.)

EXAMPLE 4: USE "TEACH-BACK" OR "SHOW-ME"

Ask the client to relate understanding using the "teach-back" or "show-me" method. It is not unusual for the veterinarian to spend a fair amount of time conveying relevant information to clients but then neglects to check with the clients to assess whether they understand what has been discussed. A specific protocol can be used in conveying the health information, which should also include asking clients to share their understanding:

"I've gone over quite a bit of information with you. It's often difficult to take it all in at once. Before I continue, I'm wondering if you could share what your understanding is of what we've discussed so far?"

In addition, the veterinarian needs to understand what the client already knows and expects. There may be no need to educate if they already know a great deal about a certain illness or treatment. For instance:

"What is your understanding of Jesse's hip dysplasia?"

Open-ended inquiry needs to take place to assess client understanding (see 5.7 – Posing Client Questions Effectively: Open-Ended Inquiry). It is not sufficient to ask, "Do you understand?" One effective technique is to ask clients to report what they will tell their significant others (if applicable). It is important to inquire several times if there are any more questions and to say that you are available to answer questions.

"I'm wondering if you'd like to go over what you'll tell your husband about Simon's treatment for Lyme disease. By going over it together, I can help you understand it better."

"What questions do you have for me?"

"I'm glad we are taking the time to go over this so you feel more comfortable with your decision about having the surgery done for Ruben. What other concerns do you have?"

EXAMPLE 5: PROVIDE LITERACY-SENSITIVE WRITTEN MATERIALS

It is imperative that the forms are written with minimum literacy levels (no higher than third- to fifth-grade reading levels). Likewise, written materials should also be available in appropriate languages to the client population served. Whenever possible, you should advocate for the creation of proprietary written materials in multiple languages (and speak with vendors who supply written preprinted materials, for example). Simplify forms, such as the intake or consent forms, to the extent feasible.

Preprinted materials should also be provided as one form of health education in conjunction with verbal education during the medical visit. Review the practice's preprinted written materials to assess whether the language is understandable to clients with the most basic literacy levels.

"We have written information and pamphlets that explain and show how people care for dogs with diabetes. I can get those pamphlets for you to read or I'd be happy to have one of our healthcare staff review it with you."

There are many written forms that veterinary practices use in providing high-quality veterinary care. Some practices ask all new clients to complete an intake form, which may include contact information, pertinent health information about the animal brought in for care, and other relevant information. In addition, if clients are

bringing in their animal for surgery or other treatment that requires informed consent, oftentimes a written consent form is read, reviewed, and signed. Providing options to clients for assistance in completion of these forms is advisable given the uncertainty about literacy levels and comfort in revealing literacy deficits:

"Our technician, Carla, is available to assist you in completing this intake form."

"This consent form is a written explanation of how we are going to treat Jasper's ___ (condition). It includes details about the treatment and its possible problems and benefits. So, it is very important for you to have a clear understanding of everything on this form before it is signed to ensure that you and I both have the same understanding. Can we go over this together?"



CAUTIONS

- Providing effective health education to clients includes awareness and sensitivity to their diverse literacy needs and preferences.
- Client literacy needs and preferences are not often revealed to the veterinarian.
- Veterinarians can create an atmosphere where the client's needs and preferences will more likely be acknowledged, supported, and addressed with multiple educational delivery strategies.
- Regardless of the client's literacy capacity, it is recommended that instructions be conveyed in the simplest form possible, using nontechnical language.
- Effective health education requires time, commitment, and effective communication skills on the part of the veterinarian and healthcare team.



MISCELLANEOUS

ABBREVIATIONS

N/A

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Recommended Reading

Institute for Healthcare Communication. www.healthcarecomm.org

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5.6. SHARED DECISION-MAKING



BASICS

OVERVIEW

- Shared decision-making involves a process of interaction with clients who wish to be involved with their veterinarians in screening, evaluation, or treatment decisions.
- Given the complexities of veterinary care and the progress in medical technology, it is not unusual for clients to experience difficulty making decisions about healthcare for their animal. This difficulty is referred to as "decisional conflict."[1]
- There are communication strategies and techniques that the veterinarian can use to facilitate this component of the interaction and assist clients who are in decisional conflict.
- The goal of the effective interaction with clients who are in decisional conflict is not to persuade but rather to encourage shared discourse and deliberation about the decision at hand by helping the client to:
  - comprehend relevant clinical information about their animal,
  - clarify and communicate his or her own personal values,
  - engage with the veterinarian in arriving at a decision that is consistent with the client's personal values and preferences.
- Decisional conflict may occur in the following situations:
  - When an option can lead to risky, uncertain outcome (e.g., extensive and specialized surgery).
  - When a value judgment is inherent in the decision (e.g., agreeing to costly and time-consuming treatment for an animal).
  - When there is anticipated regret (e.g., euthanasia decision).
- Clients will manifest the decisional conflict in a number of ways including:
  - talking excessively about uncertainty and concern about potential outcomes,
  - wavering between options, resulting in delay in making the decision,
  - demonstrating signs and symptoms of distress such as tension or panic,
  - failing to come in for scheduled appointment to discuss the decision.
- The likelihood of treatment-related decisional conflict rests partly on whether the treatment under consideration falls into one of the three following categories:
  - **Standard of care:** This is where there is strong evidence for the effectiveness of the treatment and strong agreement among clients that these are valued interventions (e.g., insulin for type 1 diabetes, antibiotics for ear infection, etc.).
  - **Guidelines:** This is where there is strong evidence for the effectiveness but less agreement among clients about the value of the possible outcome. (e.g., Lyme disease vaccine, etc.).
  - **Options:** Both the evidence about the effectiveness in terms of achieving or avoiding particular outcomes in unclear and the agreement on values is highly variable. (e.g., experimental treatment for canine lymphoma, etc.).
- As a consequence, different treatment or screening decisions tend to fall at different points on an "uncertainty continuum." Those situations in which there is inherently more uncertainty are more likely to generate decisional conflict in clients.
- In addition to the inherent difficulties of the situation, there may be client factors that can create or generate additional decisional conflict:
  - Lack of knowledge or unrealistic expectations about the treatment and potential outcomes.
  - Inaccurate assumptions about what others have done in similar situations.
  - Lack of support or pressure from others to decide in one way over another.
  - Lack of self-confidence or ability to engage in the decision.
  - Lack of resources (e.g., financial, time at home for after care, etc.) needed to put the decided action in place.
- There are communication techniques or skills related to decision support that the veterinarian can engage in to assist the client who are experiencing decisional conflict.
  - Assess client's decision needs.
  - Provide individualized decision support.
  - Evaluate the effectiveness of the support.

TERMS DEFINED

Decisional Conflict: An experience whereby a client has ambivalent thoughts and feelings, which tend to both accept and reject a given course of action.[2]

Decisional Support: Skills and behaviors of the veterinarian to assist clients who are in decisional conflict.

Goals of Care: Discussions about goals of care are often framed when considering a veterinary treatment. For some clients, the primary goals may not necessarily be focused on medical issues and instead on personal goals such as how they want their pet to live or if they are enjoying life as fully as they can considering their health status. When client's goals of care are identified, this allows for a more intentional discussion for considering treatment options that can meet the needs which are most important to the client in making healthcare decisions for their pet.

Shared Decision-Making: Shared decision-making addresses the ethical need to fully inform clients about the risks and benefits of treatments, as well as the need to ensure that clients' values and preferences play a prominent role.[3]



ISSUES AND OPTIONS

When decision-making is indicated, there are multiple opinions that can contribute valuable data to inform the decision. This occurs through shared decision-making involving the following three elements:[2]

- **The veterinary medicine evidence:** During each step of the decision process, clients rely on their veterinarians to communicate information based on the most up-to-date veterinary research evidence.
- **The veterinarian's expertise:** The clinical experience and training offered by the veterinarian certainly informs the decision-making, which is amplified by the level of trust, rapport, and confidence the client has in the veterinarian.
- **The client's goals and concerns:** Veterinarians rely on clients to share their own experiences, goals and concerns so that together they can reach a "shared mind" about the course of action

Many advocacy groups and consumer health organizations encourage consumers to initiate the process with their clinicians by asking a few key questions such as:[4]

- *What are my options for my pet's care?*
- *What are the possible benefits and harms of those options?*
- *How likely are each of those benefits and harms to happen to my pet? Including "What will happen if I do nothing?"*

When clients come into the visit with such questions, this naturally carries the conversation through important elements of the shared decision-making process. Yet, **shared decision-making requires veterinarians to be prepared to guide the conversation using understandable language, eliciting the clients' feelings, thoughts and preferences and checking for understanding.**

GOALS OF CARE

Initiating a discussion about the client's goals for care for their animal is beneficial for you as the veterinarian and for the client. The client may not have considered this more general question about "goals of care" when their pet is newly diagnosed or experiencing a change in

their health condition requiring a treatment decision. In addition, **knowing what is important to the client specific to goals of care helps the veterinarian and the care team to validate and support the client** in realizing those goals as decisions are made together.

Discussions about goals of care are often framed when considering or reevaluating a veterinary treatment. For some clients, the primary goals may not necessarily be focused on medical issues and instead on personal goals such as how they want to live with their pet. When the client has an accurate understanding of their pet's health condition, he or she may be ready to have a conversation about options for treatment. It is important to start by **first identifying the client's goals of care prior to making any recommendations or presenting the options** for treatment. When client's goals of care are identified, this allows for an intentional discussion about treatment options that can meet the needs that are most important to the patient.

Useful phrases include:[5]

"Given what you know about Oscar's illness, what's most important to you?"

"As you think about Oscar's future health, what concerns you?"

In addition, it can be useful to ask the client to consider situations that would be perceived as unacceptable. It might sound like this:[4]

"As you think about the future, are there situations or things that you want to make sure we avoid?"

It is equally important to reflect and summarize what you have heard to the client. This will serve to assure that you have heard accurately and provide the client with the opportunity to correct or clarify. For example[5]

"It sounds like quality of life for Oscar is the most important issue for you right now. Did I get that right?"

"I understand that you want to make sure to avoid the following things …."

Keep in mind that it may require more than one conversation to clarify goals of care, so the client has time to reflect and perhaps talk with family or those closest to him or her. In addition, goals of care may change over time depending on the health condition, progression, and client preferences through the pet's illness trajectory; checking in with the client to revisit is recommended to clarify treatment options.



EXAMPLES

"Now that we've gone over the extent of Zack's injuries, I'm wondering if you'd like to discuss the options we have?"

In this example, the veterinarian focuses on the client's readiness to engage in further discussion.

Client: *"It just seems so serious. I just don't know if there's anything that you can do other than put him to sleep? I hate the thought of watching him continue to be in such pain."*

Veterinarian: *"I understand. You and Zack have been through so much these last couple of days. It's been extremely hard to watch him suffer. We can certainly talk about the option of euthanasia which would be a humane and compassionate decision at this point."*

In this example, the topic of euthanasia is introduced by the client with the veterinarian providing assurance through the use of reflective listening and empathy that the client's suggestions are accepted without judgment.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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5.7. POSING CLIENT QUESTIONS EFFECTIVELY: OPEN-ENDED INQUIRY



BASICS

OVERVIEW

How can we increase a client's perception and understanding of our medical expertise and services during a typical hectic day? The answer lies in understanding the needs of the client and their pet. Let us examine for a minute why we purchase a product, program, or service. Would you buy season tickets to the symphony if you did not enjoy or understand music? It is not likely. Would you invest in a trip around the world where each night was a fascinating new place if you loved to fish in a quiet mountain stream? That, too, would be unlikely. Clients, just like each of us, do things for their reasons – not ours. The challenge lies in gaining a shared vision of the pet's health with clients. The skill that opens this vision to the veterinarian is the ability to use questions.

TERMS DEFINED

Closed-Ended Question: Questions that have a restricted range of answers.

Nonverbal Communication: Aspects of communication, such as gestures and facial expressions or body postures that do not involve verbal communication; this may include aspects of speech (accent, tone of voice, speed of speaking, etc.).

Open-Ended Question: A question that cannot be answered with a yes or no but requires a developed answer. These questions help identify opinions, attitudes, and beliefs.



ISSUES AND OPTIONS

To determine your client's needs and wants, ask questions. How does your client care for their pet? What activities do they do together? What is the pet's lifestyle: indoor, outdoor, hunting, or community service? Questions can assist and guide the owner to see and understand the medical concerns. Through understanding the medical concerns, the client can better value the comfort and quality added to their pet's life delivered by the treatment. By asking questions and listening to the client, a team earns the client's trust and commitment. Then the visit and the treatment become "the client's idea" and vision for a healthy pet, and the team is the partner that assists them.

There are two types of questions that help us gain trust and valuable information, so we may know our client's expectations and encourage compliance: open-ended and closed.

OPEN-ENDED QUESTIONS

The question process is like a funnel. The beginning of the process is very open and broad. It is here that we use questions beginning with How? What? Where? These are called open-ended questions. They are designed to identify the client's perspective: Ideas and beliefs, concerns and feelings, expectations, the effect on life, and the relationship of the pet and owner.

Let us look at examples of open-ended questions about dentistry for Marty (the cat) and Ms. Vickers (his owner). They progress from general to more specific.

"What concerns you about Marty today?"

"How would you describe Marty's chewing and general grooming?"

"What changes have you noticed to Marty's movie-star smile?"

"How are you currently caring for Marty's teeth?" or "Tell me how you care for Marty's teeth."

From asking open-ended questions you tap a client's insights into the health of their pet. This allows the veterinarian to see gaps in the client's understanding of a disease process, such as dental disease, and the pet's current health status. Or stated another way, where does the client see their pet's health versus where do you, the veterinarian, see the pet's health? By carefully listening to our clients we can give them information and ask questions that close gaps in healthcare understanding (see Figure 5-7-1).

Questions, and gaining concerns early in the exam, saves time and builds engagement. One study found that the chance of a concern surfacing during the end of an appointment were four times as great when the appointment did not begin with a veterinarian asking for issues and concerns at the start.[1] Additionally, agreement of client and physician on the nature of the problem will improve the chances of a satisfactory result.2

CLOSED-ENDED QUESTIONS

How do we close these gaps? There are closed-ended questions. These are yes or no questions that determine facts and specific information. They can also direct or limit a conversation. Here are some examples of closed questions on dentistry for Marty and Ms. Vickers:

"Have you noticed the brown discoloration on Marty's teeth?"

"Does Marty sleep with you? Does he have a different odor?"

"There is a chatter of pain when I touch this tooth. Have you seen this while he is eating?"

"Has anyone ever talked with you about cleaning Marty's teeth?"

5.7. POSING CLIENT QUESTIONS EFFECTIVELY: OPEN-ENDED INQUIRY

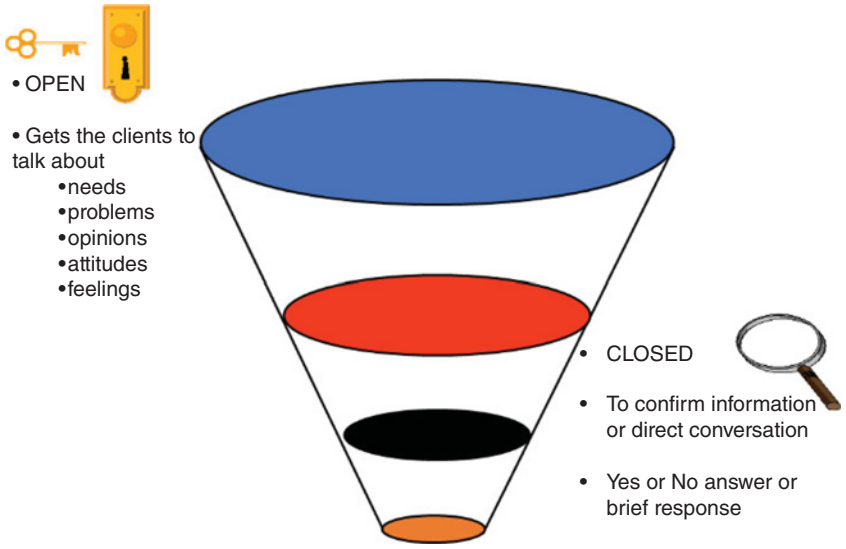


Figure 5-7-1.

Questioning funnel.

Closed-ended questions following open-ended questions allow the owner to track with the doctor step by step through the disease process. Some short explanations with the questions are helpful; however, explanations are best understood if accompanied by a visual (such as a cat dental model or a picture of the cat's mouth before and after cleaning). The goal is a shared understanding of the disease with the client as well as a shared vision of their pet disease-free if treated. How much should the veterinarian be talking versus the pet owner? The rule of thumb is that 70% of the time the client is talking and sharing. The remaining 30% of time is yours to question, explain, and reinforce the healthcare vision and strengthen the client trust.

POSING CLIENT QUESTIONS EFFECTIVELY AS A TEAM

As the team asks questions and collects data to assist in the development of a diagnosis, it is important to step back for a moment and review the information that the client has already supplied. People do not feel heard if they have to tell the same story several times. Build on what they have already provided. Before entering the exam room, take a minute to review the electronic medical record, note the client's concerns as well as your top-three items to investigate.

Before you ask the first question, take a moment to set the stage and establish rapport with the client. Introduce yourself, welcome the client, and greet the patient. Transition to the questioning funnel by indicating you have reviewed the patient's chart. For example, "I understand that you are here today because Fluffy has been vomiting. Please tell me more about when this started and what you are seeing and hearing with Fluffy's illness."

EFFECTIVE QUESTIONING AND LISTENING

When the client responds to your questions, it is critical that you listen to their words and to their nonverbal cues. Effective listening is an active process. The goal is to "listen for understanding." The process is crucial for building the relationship that will grow the client's confidence to trust and follow your recommendations for their pet.

When you listen for understanding rather than listening reactively, you will gain a greater understanding of the client's needs. Your active listening may encourage the client to "open up" and provide more complete information. Also, your willingness to take the time to listen and respond often results in improved client listening and ultimately in compliance.

5.7. Posing Client Questions Effectively: Open-Ended Inquiry

What does empathetic listening look like in the questioning process? The listener is focused on the words, inflection, facial expressions and body postures of the client. The listener gives verbal and nonverbal feedback to communicate understanding, clarify information, or to encourage the client to continue.

Effective listening is challenging (see 5.8 – Reflective Listening). There are many pitfalls poised to push you off track. Examples of obstacles to effective listening include the following:

- Distractions from thoughts outside the exam room. To listen effectively and completely, you must put aside the other business of the day and focus on the here and now.
- Preparing your response while the client is still talking. If you are busy formulating your answer or follow-up while the client is still talking, you are not fully listening.
- Preconceived judgments of the client.
- Noise and activity: Acknowledge the disturbance and, if possible, isolate your conversation from the commotion and invite the client to continue.



EXAMPLES

Mr. and Mrs. Jones are a recently married couple who live in a retirement community with their 18-year-old domestic shorthair (American shorthair), Samantha. Samantha has been a constant companion to Mr. Jones and has been an indoor/outdoor cat all her life. Over the years, Mr. Jones has generally been a good pet parent to Samantha, although he has often declined or missed vaccination appointments.

Today, Mrs. Jones and Samantha are in your hospital for a checkup. Samantha has been eating well, but she seems to be losing weight. The technician has just completed her history with Mrs. Jones. Samantha is now due for vaccinations, a fecal, and a deworming. Samantha has never been on heartworm preventative and has terrible teeth and an easily discerned heart murmur.

We started with open questions designed to get opinions, attitudes, and beliefs about the needs of the pet and the owners.

"I see that Samantha has lost weight since her last check up. Tell me about her eating habits. Have you noticed any changes?"

"Tell me about Samantha's activity level?"

"What concerns you the most about Samantha's changes?"

When the client was asked her concerns about Samantha she produced the weekend paper with a feature article on hyperthyroidism in cats. She feels Samantha has all the signs that are listed in the paper.

At this point it is simple to talk about your shared concerns and your appreciation of her taking action to assist her pet. You also know from her answer that the knowledge gap has been greatly decreased by her exposure to the article and the question she has asked. If Samantha's physical exam proves a positive confirmation of all of the symptoms described by Mrs. Jones, an appropriate laboratory profile with thyroid panel will be an accepted recommendation and need. Mrs. Jones will have felt heard and respected and Samantha will get the diagnosis and help she needs.

Open questions unlock the clients mind to see the pet's symptom and how your plan will create a positive change or clear diagnosis. They also break the diagnostic and therapeutic part of the visit into chunks the client can comprehend and take action toward.



CAUTIONS

Effective questioning is a skill and an art that solidifies and builds client relationships. Be aware of opportunities to build and improve this critical diagnostic tool in your exam room process.

5.7. Posing Client Questions Effectively: Open-Ended Inquiry



MISCELLANEOUS

ABBREVIATIONS

N/A

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5.8. Reflective Listening



BASICS

OVERVIEW

Elliot Mishler,[1] a sociolinguist who studied physician–patient communication, described two distinct voices in the clinical encounter: the voice of the clinician and the voice of the patient. These distinct voices are also found in the veterinarian–client interaction.

- The veterinarian voice is that of a professional who has unique expertise in pathophysiology and treatment modalities related to animal care – the "find it and fix it" voice (see 5.3 – Speaking as a Professional).
- The client voice is a voice that reflects their unique expertise with their animal based upon experience and continuous observation.
- In the clinical encounter, both voices are valid, and both need to be heard.
- The two distinct voices may approach the same situation differently:
  - The client wants to tell a story, a narrative. This is the voice of personal experience. It is related to the personal meaning of the animal's clinical signs or presenting problems. Consequently, this voice responds to open-ended questions or inquiry (see 5.7 – Posing Client Questions Effectively: Open-Ended Inquiry). In part, this voice reflects the human–animal bond (see 1.19 – Importance of the Human–Animal Bond).
  - The voice of the veterinarian is the voice of the professional. Typically, this voice is interested in obtaining a history of the situation as quickly as possible. In order to do so, it tends to focus on close-ended questions to get the facts of the situation. The goal is the development of an accurate differential diagnosis so that an appropriate care plan can be recommended.
- These voices must function in harmony. The veterinarian can help to bring these two voices into harmony by using at least two basic communication techniques:
  - Open-ended inquiry (see 5.7 – Posing Client Questions Effectively: Open-Ended Inquiry)
  - Reflective listening.

TERMS DEFINED

Open-Ended Inquiry: Asking questions that allow for a spontaneous, unstructured response. For instance: "Tell me what brings you in today" or "What are your concerns?"

Reflective Listening: Communication technique whereby the veterinarian demonstrates to the client that his or her interests and concerns have been heard. It focuses completely on what the client is saying and confirms understanding of the message content and the underlying emotions to ensure an accurate understanding.



ISSUES AND OPTIONS

The veterinarian–client interview can be thought of as funnel-shaped.[2] The veterinarian begins at the widest mouth of the funnel and invites the client to tell the story in the client's own words, inviting the narrative of the reason for the client's visit and what concerns there are. Listening to the voice of the client, the veterinarian hears the personal experience of the bond that exists between client and animal.

BEGIN WITH INQUIRY

Most clinicians communicate in ways that produce simple one-word or limited responses from clients which provide limited diagnostic value or insight into the client perspective. While closed-ended communication is viewed as a time saver, it reduces clarity and discourages clients from sharing information that may be valuable. It also fails to encourage relationship building and trust.

In contrast, open-ended questions invite the client to provide detail and to clarify, add or elaborate on or describe feelings, concerns, symptoms, impact, and attitudes. They convey to the client that the veterinarian is willing to listen and value what they have to offer to establish a two-way interaction.

Most clinicians have been traditionally trained to use closed-ended questions, which can limit the information that may be needed to understand a client's perspective or experience. Open-ended questions invite a narrative and send a message to the client that their perspective is valued and important to the conversation. In the context of veterinary clinical care, eliciting perspective and inviting the client to share their concerns and challenges is vital.

A guiding point is to learn to ask more than tell, so begin with an attitude of discovery and curiosity. Let us look at some ways to start the discussion by asking some questions that invite the client to provide important information.

- Framing questions in an open-ended manner invites the client to respond with more than "yes" or "no," providing a more useful description of his or her perspective. Open-ended questions beginning with "what," "how," or "tell me" are particularly useful to gain essential insights.
- As the veterinarian listens, he or she must notice what values and priorities are being voiced. Listening and learning also means being alert to body language and letting the person talk until finished. It is important not to interrupt unless it is to acknowledge what is said (see 5.7 – Posing Client Questions Effectively: Open-Ended Inquiry). The goal is to understand the experience of the client and the meaning that the client attributes to that experience.

5.8. Reflective Listening

• There are two concerns that many veterinarians share when using open-ended inquiry. The first is that they will miss something if they do not use the traditional closed-ended inquiry protocols. The second is that the client will ramble. Neither concern is justified. Inquiry protocols using the closed-ended inquiry can still be used to fill in the blanks after the client has told their story. It is only the rare client who rambles incessantly.
• When the narrative is complete, the veterinarian can then ask specific close-ended questions that are more narrow and focused on specific information that they pick up during the narrative. This is the narrow part of the funnel-shaped interview.
• Open-ended and close-ended questions both have merit. Open-ended questions encourage patients to provide essential narrative information and closed-ended questions elicit further details to fill in any informational gaps.
• Reflective listening is a valuable skill for responding to the client's experience. The veterinarian tries to clarify and restate what the client is saying. The client not only hears what he or she said, but also hears it through the reflecting statements of the veterinarian. In response to the veterinarian's reflections, the client knows they have been heard. Furthermore, the client can confirm the accuracy of the reflections and elaborate on the story with additional information.
• Reflective listening is essential in all communication in which we are trying to understand another person. We can move beyond this understanding of the situation that the client experiences and move into an appreciation of what the experience was like for the client.
• Reflecting back means that the veterinarian acknowledges that he or she has heard and understood the client. It demonstrates deep listening and provides an opportunity for the client to continue with more information and/or to clarify what he or she is saying.
• Although reflective listening has its roots in the field of counseling and psychotherapy, this is not to suggest that the veterinarian should become a therapist. Rather, this one therapeutic skill can be very useful in many everyday practice situations.
• To listen reflectively, one has to first think reflectively. Be curious, wonder, explore. Drop assumptions and seek to clarify and understand.

REFLECTIVE LISTENING SKILLS

There are several ways to use reflective listening with clients.
• **Prompting or cueing:** This includes telling the client that you want them to continue speaking, to provide you with more information. This can be done with words (verbal prompts) or without words (nonverbal prompts).
  ◦ Verbal prompts: The use of such phrases such as "Really?" "Go on," "Like what?" "Can you tell me more?" and "That's interesting." The purpose is to keep the client engaged and involved in providing necessary information regarding their animal and the caretaking involved. The words used in a verbal prompt and the tone should be congruent, reflective of a genuine desire to hear the client's story.
  ◦ Nonverbal prompts: These can be tremendously motivating and especially useful to a client to elicit important information and facilitate rapport (see 5. – Nonverbal Communication). They can include a smile, raised eyebrow, head nod, body tilted toward the client, an appropriate laugh, and/or a facial expression that matches the message of the client, such as concern.
• **Repetition:** Repeating what the client has said, oftentimes in his or her own words can be useful. For example: Client: "Rusty is acting very different." Veterinarian: "Different?"
• **Short Summaries:** It can work to provide short mini-summaries of what you have heard and understood the client to be saying. For example: Client: "I got a little nervous when my young niece was visiting and Mollie growled a few times." Veterinarian: "So, you're concerned about Mollie's behavior around children."
• **Explore unspoken meaning:** This is a way of using reflective listening that requires practice. Attempt to reflect the deeper meaning of what the client is trying to convey. For example, in the previous example of the client who shared the concern about the dog's behavior around children, the veterinarian could say, "So, when Mollie growled at your niece, you really got scared, especially now that you are expecting your own child."

5.8. Reflective Listening



EXAMPLES

EXAMPLE 1: PROMPTING OR CUEING

The use of verbal and nonverbal prompts indicates that the veterinarian is attentive and interested in what the client is saying. This can be accomplished with minimal use of words or no words at all. What may seem like a simple communication technique is actually a powerful engagement tool that affirms the value of the client's communication. For example:

Client: *"I really have been so worried about Jasper."*

Veterinarian: *"Really?"*

Client: *"I don't think getting this kitten was a good idea."*

Veterinarian: *"Hmm, I see. How so?"*

Client: *"Peanut really hasn't been herself lately."*

Veterinarian: *"Tell me more."*

In each of these examples, the veterinarian sends a signal (verbal and nonverbal) to the client that he or she is interested and wants the client to continue.

EXAMPLE 2: REPETITION

Another way of demonstrating reflective listening is to repeat the words that the client has used. Often, the veterinarian can repeat the words while raising his or her voice tone at the end of the statement, turning it into a question form.

Client: *"He is just not eating."*

Veterinarian: *"Not eating?"*

Client: *"She threw up twice last night."*

Veterinarian: *"Threw up twice?"*

EXAMPLE 3: SUMMARIZE

The third form of reflective listening provides a short summary of what the client said. This may include a change in the words that the client uses so the veterinarian is sure that she or he truly understands what is being said:

Client: *"In the last few days, Zack seems to be eating less, and I'm also not sure if he is as active."*

Veterinarian: *"So you've noticed some changes in Zack, particularly in his eating habits lately."*

Client: *"I'm not sure if I can work this into my budget right now."*

Veterinarian: *"It sounds like you are interested in talking about the costs of this surgery."*

In each of these examples, the veterinarian reports to the client, in their own words, a summation of what they heard from the client. The client then has the opportunity to confirm to the veterinarian that the summary is accurate, provide further information, or refine to more accurately reflect the intended message.

EXAMPLE 4: TESTING A HYPOTHESIS

In the fourth kind of reflective listening, the veterinarian is testing a hypothesis. This means that he or she is reflecting back something that the client may not have said outright, but something that the veterinarian suspects the client may be thinking or feeling:

Client: *"The last time I had a cat who threw up was with Snowball, who died from cancer."*

Veterinarian: *"Given your recent experience with Snowball, I'm wondering if that's what you're worried about with Friskie?"*

Client: *"I can't imagine having to give Tiny three different pills four times a day, and work and take care of my kids too."*

Veterinarian: *"It sounds to me like you're feeling very overwhelmed right now."*

Client: *"I don't remember being told that the lab work was not included in the cost of the surgery."*

Veterinarian: *"It sounds like you're angry about what happened."*

In each of these examples, the veterinarian makes his or her wondering transparent, which then allows the client to confirm, modify, or reject the hypothesis.

5.8. Reflective Listening



CAUTIONS

- Reflective listening is a core communication skill that belongs with every client interaction and through every veterinary encounter.
- Veterinarians bypass many opportunities to demonstrate reflective listening with clients. This is often because they hear the first couple of cues from a client of what might be wrong with the animal; they quickly adapt to the role of technical expert and move into the diagnostic and treatment mode.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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5.9. NONVERBAL COMMUNICATION



BASICS

OVERVIEW

It has been estimated that as much as 80% of all communication between individuals is nonverbal and is generally involuntary.[1] Twenty percent is verbal and voluntary, and represents only a small proportion over which we have conscious control.

Any problems a client is having with their animal's care will be signaled in the nonverbal channel. Similarly, any problems the veterinarian is having with the client will be signaled nonverbally as well.[1] It is important to be aware of nonverbal clues manifested by the client, which may indicate confusion, anxiety, or other emotions. These clues may be apparent in client facial expressions, shifts in eye contact, or overt body mannerisms. The veterinarian's own nonverbal cues, including eye contact, posture, tone, and volume of voice, can enhance or inhibit the interaction with their clients. General categories of nonverbal communication are:

- Kinesics
- Proxemics
- Paralanguage
- Autonomic shifts.

One of the goals in working with clients and patients is to help them feel safe, trusting, and confident of the veterinary care being provided for their animal. This requires careful attention to the verbal and nonverbal messages that are sent to and received from the client.

TERMS DEFINED[1]

Autonomic Shifts: Physiological manifestations that reflect individual response, emotion, and reaction (for example, flushing, blanching, tearing, sweating, piloerection, changes in breathing and pupil size, swallowing, and dry mouth).
Kinesics: Individual communication through facial expressions, body tension, gestures, use of touch, body position, posture, and angulation.
Nonverbal Communication: Behaviors, mostly involuntary, that indicate how a particular interaction is proceeding, within context.
Paralanguage: Range of voice tone, rhythm, volume of speech, degree of emphasis, and rate of speech.
Proxemics: Spatial relationships or distance between individuals when communicating, including barriers that may inhibit the communication process.
Shaping Space: Arranging the physical space and nonverbal content of the veterinary encounter for enhancing the quality of care for the client and patient.



ISSUES AND OPTIONS

- A basic human need is to feel safe. This translates into veterinary care through the client's need for safety in the veterinary interaction to expose real concerns, fears, and vulnerabilities related to the care of the animal.
- Nonverbal communication is often the primary mode that clients use to communicate their feelings. Observing clients in the four nonverbal categories, the veterinarian can quickly read overall patterns of behavior to determine the degree to which the client feels safe.
- A client who feels safe often will present with their body engaged, relaxed, and usually in an open stance. There is more variety to both the gestures and the voice, as the sense of safety gives rise to freer expression.
- A client who feels unsafe will present with a defensive, rigid posture of disengagement and withdrawal. Specific manifestations often include forward stance, jutting jaw, clenched fists, squinting, tense mouth, facial flushing, flared nostrils, increased voice volume, deeper breathing, crossed arms and legs, averting eyes, or turning the head away.
- There are specific skills and techniques that the veterinarian can employ to enhance the quality of the nonverbal interaction with their clients:
  - **Improving sensory acuity:** Appreciation of the importance of nonverbal communication will increase attentiveness and perceptibility to self and clients' nonverbal messages.
  - **Addressing mixed messages:** Inconsistencies between verbal and nonverbal communication sent to the client can serve as obstacles to the promotion of trust, credibility, client adherence, and patient outcomes, and increase client uncertainty and anxiety.
  - **Shaping the space of the encounter:** The arrangement of spatial relationships in the office environment frequently reflects one's views about interpersonal relationships in the form of client–veterinarian proximity, vertical height differences (such as standing, leaning against the examination table, sitting with the client, or sitting on the floor with the animal), presence of physical barriers (such as charts, exam tables, computers), and angles of facing one another (full face, shoulder-to-shoulder, angles in between).



EXAMPLES

EXAMPLE 1: ADDRESSING MIXED MESSAGES

A mixed message on the part of the client may indicate his or her fear in communicating honestly with the veterinarian, especially in instances of disagreement with diagnostic and/or treatment recommendations. In instances of incongruency, the nonverbal message more accurately reflects the person's feelings and will predict his or her behavior in response to the situation at hand. A nonverbal "no" message from a client may be observed through his or her furrowed brow, slight shaking of the head, a strained voice, breath holding, slightly increased pallor of the face, or tensing of the muscles. This nonverbal "no" message, even if the client has agreed verbally, indicates that the veterinarian's communication responsibility is not finished. If mixed messages are left unaddressed, client adherence to treatment recommendations will be either inconsistent or diminished.

The first step is to take notice. Noticing helps the veterinarian be even more respectful of what clients may be experiencing in the care of their animals. Further, it can guide the veterinarian in providing empathy and enlistment of the client as a partner in the care of the animal. The two strategies described here are actually verbal.

Acknowledge the Discrepancy

> *"Mr. Jones, although you say you agree with the recommendation about starting the medication to control Simon's diabetes, I sense you have some hesitation, which is not at all uncommon."*

In this example, the veterinarian provides Mr. Jones with an open invitation to speak about his concern. If, instead, Mr. Jones nonverbally withdraws or turns away, the next strategy may be more useful.

Use the Language of the Third Person[2]

This avoids direct reflection to the client through linguistic distancing, to increase the feeling of safety or "saving face."

> *"I had someone in the office earlier in a similar situation to yours who was also concerned about starting this kind of medication. They found it helpful to discuss their hesitation."*

Here the veterinarian observes the client closely to see if the nonverbal parameters of agreement are present, such as head nodding, deeper breathing, return of facial color, or muscle relaxation. Most clients

would feel a definite strong invitation to bring up their concerns at this point.

EXAMPLE 2: SHAPING THE SPACE OF THE ENCOUNTER

Veterinary practices are constantly sending communication messages, through the arrangement of physical space, about their quality of care, including the degree to which it is client-centered. In addition, the nonverbal and verbal messages sent by the veterinarian and the healthcare team can reinforce, negate, or enhance the client-centered message of the practice. There are five important components to keep in mind:

- **Setting the stage:** This relates to messages in the practice environment that invite, welcome, and are sensitive to the client. (For example, providing an alternative exit through the back or side door following euthanasia to avoid the waiting room and maintain privacy.)
- **Vertical height difference:** At the start of an encounter, many clients are already feeling vulnerable and at a disadvantage relative to the veterinarian. This feeling can be reduced by being willing to be at the same level or below the client whenever possible. For example, make use of seating for veterinarian and client(s) during distressful or difficult conversations.
- **Interpersonal (or horizontal) distance:** If the veterinarian is too close during an interview, the client will feel that his or her space has been encroached upon. In that case, he or she is likely to behave in ways intended to restore the proper distance, such as looking or turning away, crossing arms and legs to put up a "frontal barrier," or flushing. Being too far away, on the other hand, discourages true engagement and may convey a sense of disinterest to the client. However, cultural preferences should be considered as well.
- **Physical barriers:** These can be crossed arms and legs, a desk, a chart, an exam table, a cage or crate, computer monitor in examination room, restraints/retainers, or the animal itself. (For example, place a computer monitor in a location that does not obstruct eye contact with client.)
- **Angles of facing:** When veterinarian and client disagree and are facing directly opposite each other, their physical position can cause them to experience the difference as more of a confrontation than is actually intended. A verbal cue in this instance is the client saying "Yes, but …." Once the veterinarian is aware that such a situation exists, he or she can begin to defuse it by slowly changing the angles at which they are facing. Just a slight angulation can begin to ease the tension. If the veterinarian moves even further into a side-by-side position with the client, the configuration will more clearly support a collaborative effort between them in spite of the disagreement. The animal's position in between the two humans during the encounter can modulate this experience. Its presence will diminish the confrontative aspect by serving as a barrier to the direct, frontal experience of another person. In addition, if both humans are touching the animal, there is another message sent of connection and "touching" between the persons through the medium of the animal.



CAUTIONS

- It is important to read the overall pattern of nonverbal responses rather than to rely on any one sign. Clients will sometimes cross their arms and legs because it is cold, or because there are no arms to the chair, or as a convention of etiquette, yet their body may be relaxed and engaged and their voice melodious, indicating an overall sense of safety in the encounter.
- Nonverbal behavior varies from culture to culture; however, there are two basic distinctions that are important to keep in mind, particularly as a helping professional:
  - Cultural differences are often expressed through varieties of gestures, eye gaze, interpersonal distance, and touch.
  - Issues of safety tend to be cross-cultural and are expressed through body tension, autonomic responses, and universal facial expressions of joy, anger, fear, grief, surprise, and disgust.[3]



MISCELLANEOUS

ABBREVIATIONS

N/A

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5.10. EMPATHY



BASICS

OVERVIEW

Although empathy might be considered a right brain activity, it is far from being a touchy-feely topic. At its core, empathy is the oil that keeps relationships running smoothly. The fact that empathy is an important component of effective relationships has been well documented. Medical patients who had damage to part of the brain associated with empathy showed significant deficits in relationship skills, even though their reasoning and learning abilities remained intact.[1]

As in human healthcare, in the veterinary sphere the doctor–client relationship is central to the practice of excellent veterinary patient care and is essential for the delivery of high-quality healthcare and the diagnosis and treatment of disease.

Most of us have a concept of what constitutes a "caring" veterinarian (and his or her practice team) who has an empathetic and gentle bedside manner somewhat akin to the characters of James Herriot and his staff. Did this type of veterinarian ever really exist except in fantasy, and if they did, could they function now in this much more modern and totally different society?

More important: How important is this type of veterinarian and this model of veterinary communication to the modern client? Many veterinarians (and staff) are now accused of having no or little (apparent) empathy and concern for the patient (or for the client). The "old family doctor" analogy is considered one of a bygone era.

Consider the following questions:

- Does building empathy and rapport with the client really matter to the modern client?
- Is this an innate skill or a learned one?
- If it is a learned skill, then why is there not more emphasis placed on this skill at a veterinary student level or at a new-hire level?
- Does not showing empathy affect practice profitability?
- Does not showing empathy affect patient outcomes (does better rapport lead the client to choose a different level of care for their pet)?
- Does lack of empathy create a situation where a practitioner is more likely to have a (legal) complaint raised against them?
- Can a less empathetic veterinarian be overridden by overtly highly caring nonveterinary staff?

TERMS DEFINED

Empathy: The ability to understand and share the feelings of another.
Sympathy: Feelings of sorrow for someone else's misfortune.



ISSUES AND OPTIONS

Empathy forms an important fundamental component of what is commonly called bedside manner, and it is critically important in client communication and satisfaction.

A good bedside manner is typically one that reassures and comforts the client while remaining honest about the various diagnosis and treatment options. Vocal tones, body language, openness, presence, and concealment of attitude are all part of bedside manner. Poor bedside manner leaves the client feeling unsatisfied, worried, frightened or alone. Bedside manner becomes difficult when a veterinarian must explain an unfavorable diagnosis while keeping the client from being alarmed. Since between 60% and 90% of all communication is nonverbal, everyone's communication will be improved when they learn body language communication skills (see 5.9 – Nonverbal Communication). This one simple skill set can significantly improve someone's perceived empathy.

The terms "empathy" and "bedside manner" will be used (to some degree) interchangeably here. Sympathy is a related term in which a hardship is acknowledged and supported, but does not necessarily have the emotional aspect of putting yourself in someone else's shoes (so to speak).

There have only been a very small number of studies into empathy in the veterinary industry. Because of this, much of what we know about empathy in veterinary medicine has been transposed from allied healthcare industries or comes by implication, insinuation, or cross-contextualization. This may make us wonder whether what we think we know about empathy in the veterinary industry is true and valid.

Is there a difference (to the client) between the importance of a professional approach and professional rapport and an empathetic approach and a good bedside manner? Some veterinarians and some team members are naturally more empathetic, others less so. Yet these are skills that are transferrable and can be learned. There is actually no excuse or reason why every staff member cannot be trained to have at least an acceptable level of skill in this area. Many veterinary colleges now include at least some training on empathy, rapport, and effective communication in their curriculum. Similar training now also occurs in nursing, technician, and receptionist training programs. We also need to consider the following:

- The increasingly fast pace and depersonalization of society has resulted in a fracturing and weakening of personal one-on-one relations in all areas, including business among staff members and between staff members and clients.
- The rapid increase in the importance of social media supports the premise that we are social creatures. Why then do so many veterinary practices ignore the importance of theses soft skills in day-to-day client interactions when simple solutions are available?
- Soft skills are critically important in the healthcare sector, including our relationships with our doctors, dentists, and veterinarians.
- Many consumers believe that they are being treated as a number (i.e., impersonally) by many of the businesses that they frequent (this includes veterinary care).
- Many practitioners believe that a high level of skill is all that clients look (or should look) for in a veterinarian and that empathy and bedside manner do not factor significantly into the client's choice of veterinarian. This is, in fact, wrong, and many clients actually rank empathy and good bedside manner far higher than knowledge, skills, equipment levels, or price when researching or looking for a veterinarian.
- The huge increase of various veterinary practices promoting bedside manner and one-to-one care on the Internet suggests that at least some veterinarians are aware of the importance of empathy and bedside manner in gaining and retaining clients.
- The quality of the doctor–client relationship is important to both parties and the pet patient. The better the relationship in terms of mutual respect, knowledge, trust, shared values, and perspectives on pet care, the better will be the amount and quality and understanding about the pet's disease and the best possible treatment.
- Empathy seems to be a more common and natural trait in older practitioners – substantiating the notion that it is just as much a learned skill as a natural one.
- Considering the importance of empathy/bedside manner, are the veterinary colleges and other training organizations devoting enough time to this topic in the current curriculum?

ABOVE AND BEYOND

From a previous position of total, almost detached professionalism, 25 years and more ago, veterinarians have evolved into the caring and empathetic pet-doctor that the modern client is seeking today. An improved level of empathy on the part of the doctor contributes to:[2]

- Improved veterinary, client, and patient outcomes
- Client adherence

- Patient health
- Client and veterinary satisfaction
- Long-term veterinary–client–patient relationships
- Fewer complaints.



EXAMPLES

Empathy is an emotional and thinking muscle that becomes stronger the more we use it. Try some of these practical tips and suggestions to help you show empathy and watch the reactions of those you work with.

- Listen – truly listen to people. Listen with your ears, eyes and heart. Pay attention to others' body language, to their tone of voice, to the hidden emotions behind what they are saying to you, as well as to the context.
- Don't interrupt people, don't dismiss their concerns offhand, don't rush to give advice, don't change the subject; allow people their moment.
- Tune in to nonverbal communication (body language). Much of communication occurs through body language.
- Practice the "93 percent rule." When communicating about feelings and attitudes, words account for only 7% of the total message that people receive. The other 93% of the message is contained in our tone of voice and body language.[3] It is important, then, to spend some time to understand how we come across when we communicate with others about our feelings and attitudes. It is also important to learn body language skills.
- Use people's names. Also remember the names of people's pet(s), spouse, and children so that you can refer to them by name.
- Be fully present when you are with people. Do not check your email, look at your watch, take phone calls, or interrupt the appointment when an employee comes to talk to you. Put yourself in their shoes. How would you feel if someone did that to you?
- Smile at people.
- Encourage employees, especially the quiet ones, when they speak up in meetings. A simple thing like an attentive nod can boost people's confidence.
- Give genuine recognition and praise. Pay attention to what people are doing and catch them doing the right things. When you give praise, spend a little effort to make your genuine words memorable: "You are an asset to this team because …"; "This was pure genius"; "I would have missed this if you hadn't picked it up."
- Take a personal interest in people. Show people that you care and have genuine curiosity about their lives. Ask them questions about their hobbies, their challenges, their families, and their aspirations.



CAUTIONS

- There is a fine distinction between demonstrating and having empathy for the client and/or the pet and actually getting caught up in the emotion oneself. This latter scenario is all too commonly seen in many healthcare providers, including veterinary staff.
- Some veterinarian and team member care providers find it more stressful than others to deal with their work conditions and feel worn out inside, as if they were burning up from within. This is what is commonly referred to as compassion fatigue or burnout (see 2.8 – Compassion Fatigue and Burnout). It strips people of their vital energy, leaving them feeling empty within their own bodies.
- Because compassion fatigue may not be recognized or managed effectively, many of those affected will leave our industry. With appropriate training and recognition, this attrition is something that could be better managed, ensuring that valued and valuable people are retained within the industry.



MISCELLANEOUS

ABBREVIATIONS

N/A

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5.11. HARNESSING THE POWER OF NEGATIVITY



BASICS

OVERVIEW

• Being told "yes" can make for a less angst-filled immediate life, but long term it can sabotage your chances for success.
• Being told "no" can weaken your self-confidence. Saying no to oneself is even more detrimental.
• The anxiety that no/failure can engender is one of the most potent methods of bringing clarity and focus to your life.
• It is not that we do not have the ability to succeed, it is that we do not believe we can and that stops us.
• "A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty" (Winston Churchill).
• When told no – take a breath, say thank you, be curious, learn, listen, ask, move on. Harness the power of no.



ISSUES AND OPTIONS

THE CHALLENGE OF NO

We are wired to avoid pain, to focus on the positives of life and cajole ourselves into believing that it will all work out. But this is not reality and "no" happens to the best of us often at the worst of times. How we deal with no/failure is an accurate indicator of how we will handle success.
• No is a fear-based statement.
• Why do we say no to ourselves so often? We often doubt our competency or worthiness. We need to not fear no. Conquering no and success are more closely related to confidence than intelligence.
• Being told no and failing helps to build confidence. We need to view no's as challenges and learn to value the growth that comes from failure.
• The person saying no to you who has the greatest impact on you is you.
• "Psychologists have found that over time we usually regret the chances we missed, not the chances we took."[1]
• If you never hear no, you are not testing the boundaries and risking enough.
• No is not the problem. It is how we view the situation and our reaction to the setback.
• No has negative connotations. The immediate response can be disappointment, complacency, and the emotions of shame, envy and anger. Do not try to justify these feelings. Understand them. Look at the big picture.
• No forces us to manage expectations. What we want, what we deserve and what we need are not always what we get. You need to realize you will be OK. The only variable you can control is you.
• People in the early years of their careers may be unaccustomed to being told no. Their lives may have been one success after another and are accustomed to being bathed in the accolades of family and teachers assuring them that they were exceptional and they could have/do anything they wanted.
  ◦ Artificially elevated self-esteem can cause a crash of confidence when no is encountered. Cautiously internalize the praise of others.
  ◦ Be self-confident not arrogant.
  ◦ Fear of no, especially in early salary negotiations, can cost millions over a career. Do not be afraid to ask for what you are worth and what you need. All they can say is no.
• Say no to the effort trap. Do not gauge your worth or productiveness by the level of exhaustion. Prioritize what you say yes and no to. Work smarter not harder.
• No enables options that may not have been appreciated previously. "Every new beginning comes from some other beginning's end" (Seneca).

THE POSITIVE FORCE OF ANXIETY

Embrace no and the uncomfortable – don't fear it, process it. Do not be a victim of the negatives that occur in your life, rather take responsibility for your own actions. Understand that failure allows you to consider options that you could not have imagined without it.
• Attempting to only focus on the positive is a quick fix to happiness. Telling yourself that everything will work out is great until it doesn't.
• When you consider the worst-case scenario you can determine how to avoid it and develop better life strategies.
• The Ancient Greek Stoics taught the philosophy of "premeditation of evil." By focusing on the negative, you prepare yourself for failure, decreasing the anxiety when/if it occurs and increasing the gratitude for what you have at the moment.
• If you prepare for failure, you are ready for success.
• Recognize what you decide to focus on and the meaning you apply to it. This is self-awareness.
• Appreciate negative thoughts but also know when to let them go. By letting go and subsequently ignoring the feelings that arise from no/failure, you are disassociating yourself from the situation.
• People tend to ruminate on failures, especially women. Learn from no's. Focus on solutions.
• No is a better teacher of success than yes. The best lessons are garnered from constructive criticism.
• Feedback can sting. Lessen the effect by gauging how you respond to it (see 5.19 – Giving and Receiving Feedback).
• No's/obstacles need to be seen as challenges.
• The most successful people are those with a keen sense of self-awareness and able to make the proverbial lemonade out of lemons. Life needs to be journeyed with a sense of wonder and a healthy dose of the "what ifs."

THE JOY OF FAILURE

Believe that you can learn from failure. Recognizing that you don't know it all and you need help is not a sign of weakness but one of strength.
• Understand that by needing help, others need it also and this facilitates you helping others more. In the long run, this helps you.
• Failure puts a spotlight on weaknesses and strengths. The hyper focus that failure puts on strengths allows one to see more opportunities in which use can use them.
• Failure makes you more open and less defensive.
• Cognition of your weaknesses enables you to have more tolerance and empathy for others. It also changes the way in which you view yourself as one who matters.
• Fear of negative outcomes leads to hesitation which can lead to failure by failing to try. When in doubt, act.
• Build up your tolerance of failure by starting with small failures – fail fast and move on.
• More is learned from colossal failures than successes because we dissect and analyze them more.
• Here is a team-building exercise for a proposed project. Inform the team that the project has failed even before it has launched. Scrutinize all the ways it could have failed and address them, so when the project is ready, all the potential faults have been corrected.
• Conduct weekly morbidity and mortality rounds. Determine what went wrong and develop ways to keep them from happening again.
• Life is a series of yin and yang events with positives tending to emphasize the future. If you appreciate the positive side of no, you will find your current successes are more highly cherished. Things could always be worse. Anyone can bask in the pleasure of positivity but it takes courage and self-confidence to take a negative and see opportunity.

5.11. HARNESSING THE POWER OF NEGATIVITY



EXAMPLES

• An optimist is often defined as a person who tends to be hopeful and confident about the future or the success of something. On the surface, it sounds better than being a pessimist, that is, one who tends to stress the negative or unfavorable or to take the gloomiest possible view. Your chances of avoiding failure and achieving success depends on having a healthy balance of both.
• Failure can be psychologically and financially difficult. Obsessing on what went wrong, not using the situation as a time of introspection and growth is a missed opportunity.
• Winston Churchill twice failed to be accepted to the Royal Military Academy and was defeated in his first attempt to get elected to Parliament. His view on failure was "Never give in. Never, never, never, never – in nothing, great or small, large or petty – never give in, except to convictions of honour and good sense."



CAUTIONS

• Gain control in life by harnessing the power of no.
• Always succeeding, like perfection, is overrated and impossible to achieve.
• Learn how to say no. If you say yes to something that you wanted to decline it weakens you. You have a choice as to when and how to say no. Set your priorities. What is important to you? Although it may be more convenient and present less angst at the moment, the long-term effect on your self-assuredness will be weakened. Resentment toward those who asked, and toward yourself for agreeing, is to be expected.
• Saying no requires listening respectfully, and being honest with yourself. Periodically reassess your decisions. Allow yourself some time to think before responding.
• Saying no is not selfish. You need to take care of and respect self because if you don't, no one will.
• When told no it is not the end. Take a breath, say thank you. Learn from the situation. Listen. Be curious. Ask how did you come to that conclusion. Ask if not now – when? Get over it.
• Learning to live with no takes courage. You have the choice as to how you will respond. You have the power over no.



MISCELLANEOUS

ABBREVIATIONS

N/A

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5.12. DISCUSSING PET-SPECIFIC CARE



BASICS

OVERVIEW

Although each visit to the veterinary hospital occurs as a discrete encounter, it is actually part of a larger continuum of care that may extend from even before the birth of an individual animal (with preselection counseling, breeding evaluation of the parents, or genetic testing of the sire and dam) to the time of its demise, or even later.

- Each episode of veterinary care must therefore be considered as part of an overall strategy for pet-specific care rather than just an isolated event (see 4.8 – Pet-Specific Care).
- Very much like purchasing a car or a piece of equipment that comes with a maintenance schedule, creating a personalized schedule of care for individual animals reinforces the concept that there is a plan in place for a lifetime of care, and that it has been created specifically for the needs of a particular pet (see Figure 5-12-1, and 4.10 – Personalized Pet Profiles).

TERMS DEFINED

Adherence: The extent to which patients take medications prescribed, involving the pet owner in filling and refilling the prescription, administering the correct dose, timing and use and completing the prescribed course. Adherence is a term applied specifically to medications; it does not refer, for example, to recommendations for wellness checks, diagnostic screenings and so on.

Compliance: The extent to which pets receive a treatment, screening, or procedure in accordance with accepted veterinary healthcare practices. Compliance involves veterinary staff performing and/or recommending treatments, screenings, and procedures, and pet owner follow-through.

Dental Calculus (Tartar): Hardened dental plaque, often caused by the accumulation of minerals from saliva.

Dental Plaque: A biofilm consisting of bacteria, mucus, and food particles that adheres to the surface of teeth.

Epigenetics: The study of heritable changes in genetic expression caused by mechanisms other than those attributable to underlying DNA sequences.

Vaccination: Inoculation with a killed or attenuated microbe with the purpose of preventing disease caused by that microbe.

Zoonosis: Disease that is transmissible between animals and humans.



ISSUES AND OPTIONS

GENETIC RISK FACTORS

- All pets, whether purebred or not, may be predisposed to certain diseases, based on family history or certain genetic (or epigenetic) traits that they carry.
- There are now literally dozens of genetic tests that allow the genotypic determination of physical and disease traits in both dogs (von Willebrand disease, progressive rod-cone degeneration, narcolepsy, etc.) and cats (polycystic kidney disease, spinal muscular atrophy, hypertrophic cardiomyopathy, etc.)[1] (see 9.3 – Standards of Care and Care Pathways).
- Some of the genetic tests employ actual detection of the disease-causing variant (mutation) and therefore are very predictive of being at risk, whereas others detect genetic markers that may be associated with increased or decreased risk of disease. Superimposed on the actual genotype are a variety of environmental factors that impact disease or trait expression.
- There are many more conditions that rely on phenotypic testing, such as hip dysplasia, diabetes mellitus, and atopic dermatitis.
- The environment can also affect expression of traits, and certain environmental "shocks" can leave imprints on the genetic material in eggs and sperm, which can be passed on to future generations (so-called epigenetics). Epigenetic marks can switch genes on or off, affecting disease risk, and can be passed on to offspring.
- It is important that veterinarians embrace genetic testing and its opportunities related to preventive healthcare, or the profession might find itself lagging behind. Because most genetic testing can be performed with a cheek swab, testing is not restricted to veterinary professionals, and in many areas, the majority of genetic testing is being performed by nonveterinarians. Veterinarians have not been early adopters of genetic testing, and may be less informed on developments than some owners and breeders. This trend must be reversed if veterinarians want to remain in the vanguard of preventive care for dogs and cats. At the current time, there are over two hundred genetic tests currently available to identify conditions,[1] and yet most of that testing is being requested by nonveterinarians (see 9.3 – Standards of Care and Care Pathways).

LIFESTYLE MANAGEMENT

- Veterinarians must be cognizant of many factors that can affect pet health and educate pet owners as to how best to prevent problems.
- Some issues can be attributable to geography, including the prevalence of various conditions and toxins (e.g., blastomycosis, risk of rattlesnake bite, risk of heat stroke or frostbite, etc.).
- Pets can also be at increased risk based on exposure to other animals (such as at a boarding facility, groomer, or even within the veterinary hospital) or environments (e.g., drinking or swimming in ponds, walking in wooded areas, access to disease vectors, etc.), travel outside of the home area to another area in which a condition is enzootic, or through owner indiscretion (accidental ingestion of chocolate by pet, sand box not covered to prevent fecal contamination, yard debris not cleared, which serves as point of entry for ticks, etc.).
- It is important that veterinarians use a consistent risk assessment protocol to help determine risk factors that might not be evident on physical examination (See 4.9 – Lifelong Excellence in Healthcare).
- Veterinarians must counsel owners on both medical and lifestyle issues if the goal is to prevent healthcare issues from occurring, and make recommendations that are relevant for the needs of each pet and owner (see 4.10 – Personalized Pet Profiles).
- When it comes to medications to be administered for either prevention or management, it is important to consider compliance and adherence (see 4.11 – Compliance and Adherence) challenges and to favor routes of administration that make it convenient for clients to follow veterinary directions precisely.

LIFE STAGE MANAGEMENT

- Although pets need personalized and individualized care throughout their lives, breaking down requirements by life stages is often useful in discussions with owners.
- Because not all animals reach the same life stages by the same age, life stages may be designated on the basis of certain characteristics, albeit arbitrarily.
- Proposed life stage guidelines for dogs have been developed by the American Animal Hospital Association (AAHA) and include: puppy (period until reproductive maturity); junior (reproductively mature but not fully grown); adult (physically and socially mature); mature (from 50–75% of expected lifespan); senior (from 75–100% of life expectancy); and geriatric (at life expectancy and beyond).[2]
- Proposed life stage guidelines for cats have been developed by the American Association of Feline Practitioners (AAFP) and the American Animal Hospital Association (AAHA) and include: kitten (< 6 months of age); junior (7 months to 2 years of age); prime (3–6 years of age); mature (7–10 years of age); senior (11–14 years of age); and geriatric (15 + years of age).[3]

5.12. Discussing Pet-Specific Care

Personalized Pet Profile: Rocky Goodwin



Age(Dog)	*Human Age (Approx.)*	*Needs*
2-8 weeks		Fecal parasite testing; Parasite Control
8 weeks		Fecal parasite tesing; Start monthly parasite prevention
6-16 weeks		Initial vaccination series; inspection for juvenile cataracts, heart murmurs, umbilical hernia, luxating patellas, malocclusion
12 weeks		Genetic testing for von Willebrand disease, cardiomyopathy, narcolepsy, and malignant hyperthermia; genetic testing of proposed breeding animals for short tail
26 weeks	5 years	Neutering surgery; microchipping; dental evaluation; fecal parasite testing; inspection for persistent pupillary membranes, persistent primary vitreous, oligodontia, supernumerary teeth
1 year	10 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; baseline hemogram, biochemistry, thyroid screening, urinalysis, and electrocardiogram
1.5 years	15 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
2 years	20 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; Cardiac monitoring for dilated cardiomyopathy; radiographic evaluation for osteochondritis dissecans (stifle), hemivertebra, and cervical vertebral instability;
2.5 years	24 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
3 years	27 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; Cardiac monitoring for dilated cardiomyopathy; baseline hemogram, biochemical profile, thyroid screening, and urinalysis
3.5 years	30 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
4 years	33 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; Cardiac monitoring for dilated cardiomyopathy
4.5 years	36 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
5 years	40 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; Cardiac monitoring for dilated cardiomyopathy; baseline hemogram, biochemical profile, thyroid screening, and urinalysis
5.5 years	44 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
6 years	48 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; Cardiac monitoring for dilated cardiomyopathy; baseline hemogram, biochemical profile, thyroid screening, and urinalysis
6.5 years	52 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
7 years	56 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; Cardiac monitoring for dilated cardiomyopathy; senior hemogram, biochemical profile, thyroid screening, and urinalysis
7.5 years	60 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
8 years	64 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; Cardiac monitoring for dilated cardiomyopathy; senior hemogram, biochemical profile, thyroid screening, and urinalysis
8.5 years	68 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
9 years	72 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; Cardiac monitoring for dilated cardiomyopathy; senior hemogram, biochemical profile, thyroid screening, and urinalysis
9.5 years	75 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
10 years	78 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; Cardiac monitoring for dilated cardiomyopathy; senior hemogram, biochemical profile, thyroid screening, and urinalysis
10.5 years	81 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
11 years	84 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; Cardiac monitoring for dilated cardiomyopathy; senior hemogram, biochemical profile, thyroid screening, and urinalysis
11.5 years	87 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
12 years	90 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; Cardiac monitoring for dilated cardiomyopathy; geriatric hemogram, biochemical profile, thyroid screening, and urinalysis
12.5 years	93 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
13 years	96 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; geriatric hemogram, biochemical profile, thyroid screening, and urinalysis
13.5 years	99 years	Mid-year evaluation; dental evaluation, radiographs, cleaning as needed
14 years	102 years	Primary re-evaluation; vaccine boosters or titers as needed; parasite check; geriatric hemogram, biochemical profile, thyroid screening, and urinalysis

Figure 5-12-1.

Example of a personalized pet-care profile (life plan) for Rocky Goodwin (Doberman pinscher). Adapted from Ackerman, L. *The Genetic Connection*, AAHA Press, 2011. Image copyright: Eric Isselee/Shutterstock.

5.12. Discussing Pet-Specific Care

• Separate senior guidelines have been proposed for both dogs and cats.[4]
• Risk factors, environment, behavior, nutrition, parasite control, vaccination, dental care, zoonotic disease control, safety, and reproductive health should be addressed regularly with pet owners throughout a pet's life.

PARASITE CONTROL

• Parasite control is not only an important element in preventive care for pets, but it is also a critical public health issue with potential legal liability for underestimating its significance.
• Many common forms of fecal testing used in veterinary offices have relatively low sensitivity, especially when samples tested are not fresh, so standard fecal testing alone may not fully predict parasite burdens and thus may not ultimately protect the public from parasites spread in pet feces.
• Integrated parasite control should be considered, evaluating the best combination of products to provide control for both internal and external parasites.
• Because many parasite control products are available over the counter and without a prescription, veterinarians must be aware of all products being used in pets, whether prescribed or not.
• Control protocols should target local parasite prevalence and take into account individual lifestyle characteristics that might increase or decrease risk.
• The Companion Animal Parasite Council (www.capcvet.org) provides guidelines for parasite control in North America, and advice for mitigating risk of zoonotic transmission of disease. Recommendations include year-round control of internal and external parasites in dogs and cats, routine testing and deworming, and minimizing the risk of humans contacting animal feces and disease vectors.
• Public health is everyone's concern and clients should understand their role in protecting everyone in the community. Those clients that choose not to follow the hospital's recommendations for parasite control should be informed of their potential liability, and the hospital should consider the use of a signed waiver in these instances. Preventing the spread of such parasites within a community is everyone's responsibility.

VACCINATION

• Vaccinations have been important in controlling a variety of diseases in the dog and cat population, including fatal diseases such as rabies.
• There are many considerations to be made in creating a vaccination schedule for a hospital, including governmental mandates, local disease prevalence, safety of the vaccine, efficacy of the vaccine to prevent disease, duration of immunity, any risks posed by the vaccine itself, and any animal-specific issues to be considered (including age, state of health, concurrent problems, etc.).
• In general, vaccines are divided into core products that should be used on all animals serviced by the hospital and noncore vaccines that are used based on appropriate risk assessment (see 4.9 – Lifelong Excellence in Healthcare).
• In general, vaccines are to be avoided in animals less than six weeks of age, where interference with maternally-derived protection would be anticipated.
• Most vaccines are given as an initial series every 2–4 weeks as indicated on label recommendations and then periodically as needed. For some agents, a titer can be used to determine relative protection, whereas for others, there will be reliance on a sensible vaccination schedule.
• Guidelines have been developed for both canine vaccination[5] and feline vaccination[6] within North America, but both rely on veterinary judgment because not all generalizations can be supported by currently available scientific studies.

ORAL CARE

• Despite the fact that dental care is needed in dogs and cats as much as it is in humans, most pets do not receive the level of oral care required.
• Because preventive care is often not sufficient, dogs and cats commonly develop periodontal disease in which dental plaque adheres to the teeth, and bacteria within the plaque irritate the gum tissue and may even result in infection of the underlying bone. By three years of age, most dogs and cats have some evidence of periodontal disease (see 5.16 – Discussing Oral Health).
• Although owners are often most concerned with offensive breath odor, or with unsightly calculus (tartar), it is actually the progressive nature of periodontal disease that poses the most risk for pets.
• Periodic dental cleaning should be performed by veterinarians and general anesthesia is required. Scaling the teeth without anesthesia is not recommended by most dental professionals.
• In between dental prophylactic procedures in which cleaning and polishing are performed, home care is extremely important. This might include regular brushing with pet-specific toothbrushes and toothpastes (dentifrices), oral rinses with specially formulated antiseptics such as chlorhexidine, and diets and chews specifically created for this purpose.

DISCUSSION

• The goal of pet-specific care is to provide healthcare advice that is relevant for the individual pet, and the emphasis is to prevent problems whenever possible, to embrace early detection so problems can be dealt with when there are the most options available, and finally to provide treatment or intervention according to evidence-based principles.
• Pet-specific care cannot be delivered in a vacuum. It requires client engagement, and it is best to start that engagement during puppy and kitten visits when the veterinary hospital team can serve as advocates of pet care from the earliest possible opportunity.
• To accomplish pet-specific care, hospital teams need to be capable of soliciting information from the pet owner, either by standardized questionnaire, or direct inquiry, as a typical history collected during an office visit may not uncover all needed information on which to base recommendations. Pet owners also need to be aware of why compliance is so important to the care of their pets, and what will be expected of them in the personalized medicine process.
• The message needs to be conveyed to pet owners that the veterinary hospital team has the expertise to be a resource for quality of life issues for pets, and to attempt to guide the process of keeping the pet as healthy and happy as possible, for as long as possible.
• Early detection is an important part of pet-specific care, and pet owners need to understand the importance of such surveillance systems. Such early detection includes not only things like parasite testing and routine laboratory profiles, but potentially also genetic screening, orthopedic screening, geriatric screening, etc.
• While many pet owners have heard of the tremendous medical breakthroughs that have been made in genomic medicine, and that there are many genetic tests available for use in dogs and cats, it is important to convey that genetic testing is an important aspect of pet-specific care, but not sufficient on its own to answer all questions about risk, so a more balanced approach of genetic and nongenetic screening is indicated.
• In many hospitals, it is the veterinary team (especially nurses and client service representatives) that drives pet-specific care programs, including initiating questionnaires, discussions with pet owners, collecting samples, and maintaining contact to ensure compliance. Accordingly, it is imperative that staff be appropriately trained to accomplish these tasks.
• In conversations with pet owners, it is also important to communicate that such pet-specific care may front-load some expenses, even though prevention tends to save money over treatment

in the long run. Such conversations should take place during puppy and kitten visits, so it is possible there will need to be some financial discussions as well. This is important so the clients can be fully aware of when such care should be initiated, and how much it is likely to cost. This is also the ideal time for pet owners to consider whether pet health insurance will help mitigate such risks and better allow them to follow hospital recommendations (see 8.11 – Pet Health Insurance).



EXAMPLES

Mrs. Green arrived at ABC Veterinary Hospital with her new eight-week-old coton de Tulear puppy, Pierre, and she was interested in commencing a lifetime of sensible healthcare for her new family member.

The doctors at the hospital did not have much familiarity with the breed (the receptionists and technicians had originally thought it was a bichon frise, havanese, or poodle), so before engaging the client in any healthcare discussions, they first did some research on the subject.[1]

In addition to their regular discussions of vaccination, nutrition, training, and parasite control, they informed the owner that the breed actually had a few health concerns, and that it would be worth performing genetic testing to determine any potential risk for canine multifocal retinopathy (I and II), neonatal cerebellar ataxia, primary hyperoxaluria-1, and von Willebrand disease.

Pierre had an uneventful physical examination, other than finding a mild umbilical hernia that would be repaired at time of neutering, and appeared to be in good health. The doctor laid out plans with the owner for how they were going to keep Pierre healthy over the breed's potentially long lifespan, in a step-by-step approach, starting with the immediate pediatric needs. The doctor assured Mrs. Green that even though it might seem a bit daunting initially, ABC Veterinary Hospital would be there every step of the way to help guide them through the process.



CAUTIONS

When discussing lifelong care with pet owners, it is impossible to anticipate all problems that might potentially occur, and the intention is also not to alarm the owner unnecessarily. Attention is typically focused on risks that pose the most concern and for which prevention or successful management might be attained.



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
AAFP: American Association of Feline Practitioners
DNA: Deoxyribonucleic acid

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5.13. Discussing Finances



BASICS

OVERVIEW

• Most veterinarians are uncomfortable discussing money-related issues, whether with clients, staff, or even their own accountants.
• Money is an emotionally charged topic, so discussions about it can tap into sensitive areas and produce unexpected results.
• Just as the veterinarian is uncomfortable discussing money, so is the listener uncomfortable hearing it, as financial issues often are accompanied by other bad news.
• Clients sometimes feel guilty that they do not have unlimited resources that allow the veterinarian to treat their animals without having to deal with money issues.
• Veterinarians often have to discuss finances at a time when the client or staff person is already emotionally fragile; that is, when a pet is ill or when other financial issues are looming.
• Avoiding or postponing discussions about money, which is always tempting, can actually aggravate a situation and make matters worse. No one likes to be surprised when money is involved.
• Understanding how to communicate financial matters can make the process easier for the veterinarian or practice team members, and also improve the listener's ability to understand and comprehend the information being provided.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

DISCUSSING FINANCES WITH CLIENTS — GENERAL INFORMATION

• When discussing finances, the fewer technical terms used, the better.
• Explain the situation in clear, concise language, avoiding both medical and financial jargon (see 5.5 – Translating Medicalese).
• Encourage your listener to be active; that is, to ask questions and to rephrase your message in his or her own words to confirm understanding.
• Much as we might wish it were otherwise, the animals we serve come with people associated with them, and your success as a veterinarian or a veterinary team member depends largely on your ability to deal with those people.
• Clients often feel vulnerable and at a disadvantage when discussing medical issues related to their animals, and that feeling carries over into discussions about the related finances.
• Whether the veterinarian or a practice team member is discussing finances, the same basic rules apply, so teach your staff how to communicate financial issues.
• Do not apologize for discussing finances. Unpleasant though it might seem for both parties, you have a right to be paid for your services and the client has a right to understand the cost and the choices concerning the medical and financial side of their animal's care (see 2.10 – Compromise Fatigue). Ignoring these issues only makes it worse for everyone.
• First, assess the owner's current emotional state. Is the person focused on the discussion, or is their attention directed elsewhere? If the client is distracted, use your compassion and empathy to draw them into the discussion by first addressing their emotional state (see 5.10 – Empathy).
• If the clients are distracted by their animal or by their children, take the time to acknowledge those distractions before beginning the discussion.
• If this is a long-time client, you may already know how he or she reacts to discussions about finances. If this is a new client, watch the person's body language for clues as to whether and how they are receiving your message (see 5.9 – Nonverbal Communication).
• Be direct. Know what you want to say, and then say it. But be sensitive to the client's responses, both verbal and nonverbal.
• Whenever possible, give the client financial information in writing.
• Be sure your clients have information about pet health insurance (see 8.11 – Pet Health Insurance), third-party payors (see 8.13 – Third-Party Financing), and similar payment options. Consider putting this information on your website, and then refer clients to that site in advance of their appointment.

USING ESTIMATES EFFECTIVELY

• Estimates should be used routinely for hospitalized patients, whether or not the client asks about fees. Many practices use estimates for non-routine outpatient services as well.
• The purpose of an estimate is to ensure that the client understands the work that will be done and the approximate cost of those services. By giving the client this information, both the practice and the client have the opportunity to raise questions, increase or decrease the amount of services, and reach general agreement on these issues.
• Do not make choices for the client about the level of service their animal can receive. Your responsibility is to explain all the various options and then let the client make the choice.
• Estimates also provide the opportunity to discuss payment terms. If consistent with hospital policy, a deposit can be collected as well.
• Be sure all team members understand the practice's medical policies and take those into account in providing estimates. For example, does the practice require pre-anesthetic blood work or is that done at the option of the client?
• Hospitals with computer systems frequently generate an estimate using a template built into the system. Doing so minimizes the chance of math errors as well as reduces the likelihood of forgetting part of a bundled package of services.
• Estimates given in advance should show a range of possible fees, not a single figure. Giving clients more detail helps them understand the uncertainties the practice faces up front, because neither you nor the client knows what you might discover as the result of the work you are being asked to do.
• Recognize that clients automatically hear and focus on the lower end whenever you give a range of possible fees. That is especially true if you only give verbal estimates.
• Give the client the opportunity to ask questions and to express any concerns by asking specifically if he or she has any questions.
• Asking the client to sign the estimate is a good way to ensure that he or she actually understands your explanation. Be sure the client gets a copy of the estimate.
• Keep the practice's copy with the travel sheet or as part of the patient's file so that each team member knows what services the client has agreed to and what cost estimate the client has been given. The estimate should remain in the medical record even after the patient is discharged.
• Be sure the front desk staff confirms and documents how to reach the client on the day of the service if the patient is being dropped off.

MONITORING ACTUAL SERVICES AGAINST THE ESTIMATE

• Actual fees that exceed the estimate are a major source of client dissatisfaction. Knowing that, you should make every effort to give accurate estimates. Consider having an uncertainty factor built into the estimate; that is, an additional 5% or 10% of the total to cover some level of uncertainty. If the actual fee ends up being less than this estimate, the practice will seem efficient and the client will undoubtedly be pleased.

• At the start of the appointment and as the services are provided, train yourself and your staff to review the estimate given to the client. If the client has been quoted a fee that does not cover all the required services, you must deal with the issue quickly. Then, after the client has left, make a point to determine why the estimate was incorrect: a math error, a misunderstanding about the scope of the services, a failure to include the cost of bundled services? Improving the estimate process will help avoid such problems in the future and will do much to improve client trust and loyalty.
• At the first indication that an actual fee may exceed the estimate, discuss the situation with the client (outpatients) or contact the client by phone or email (inpatients), depending on the client's preferred communication method. Explain what you have discovered and why the actual fee will be higher than originally thought. Most clients will accept your explanation if it seems reasonable and is based on medically sound care.
• If you cannot reach the client by telephone, leave a message asking the client to call back as soon as possible, but reassure the client that their animal is not in danger. Consider giving the client the name of another team member who is also knowledgeable about the case and who can be called if the person leaving the message is likely to be in surgery or otherwise unavailable later in the day. Playing telephone tag is frustrating and time-consuming, both for the client and the practice's doctors and staff. Text messaging and email can provide more efficient communication if the client is comfortable with these methods.
• Be sure that any text message (SMS) or email sent to a client looks professional: no misspellings and minimal jargon (see 10.11 – Electronic Communication: Email and Texting). If your message needs to be lengthy, ask clients to call into the hospital instead.

PRESENTING THE INVOICE

• Presenting the invoice requires you to explain to the client what services or procedures were actually performed, as well as highlighting any differences from the estimate.
• Generally, clients respond better to more rather than less detail. Again, avoid jargon but be specific as to what was actually done, and why.
• Consider the words you use to describe a service on the invoice. For example, an "ear exam" to a non-medical person sounds like a quick look into an animal's ears. But an "otic cytology" indicates a more complicated procedure and one deserving of a higher fee.
• Do not be defensive if the client questions an estimate or a bill. The client has a right to understand what is being purchased. Asking questions is not the same as challenging your care, techniques, or fee schedule (even if it feels the same to you).
• Offer to have a technician/nurse or a doctor clarify issues you don't have first-hand knowledge about. If at all possible, do this before the client leaves the practice. Delaying such discussions ("I'll have the nurse call you this afternoon") only allows clients to focus on their concerns for an extended period of time.
• Know the options available for payment. Advise clients in advance, including all new clients, that payment is due when the services are provided. Any exceptions must be discussed in advance with the appropriate person (owner, hospital administrator, etc.)



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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5.14. Discussing Behavior



BASICS

OVERVIEW

It is essential that veterinary practitioners recognize when a pet's behavior deviates from normal because any change in behavior can have either a medical or psychological cause. Desirable behavior is also essential for maintaining a healthy human–animal bond (HAB). Undesirable behavior weakens the bond, leading to a decreased owner commitment to healthcare and an increased likelihood of relinquishment. If pets are fearful, anxious, stressed, or aggressive at the veterinary clinic this will greatly decrease the quality and frequency of veterinary care, the ability of the veterinarian to safely and fully evaluate the pet, the diagnostic findings including complete blood count (CBC), heart rate, respiratory rate, blood pressure, body temperature and blood glucose (in cats) as well as the owner's commitment to veterinary care (see 4.14 – Developing a Fear Free Hospital).

- Each year approximately a quarter million pets are euthanized at veterinary clinics for behavioral reasons alone.
- Up to 90% of dogs and over 60% of cats have behavioral problems that their owners would like to improve.
- Dog owners who report high overall satisfaction have dogs that tend to be friendly toward family members, other people, and other animals.
- Over 75% of dogs and cats demonstrate fear, anxiety, or stress at some point during the veterinary visit and 28% of cat owners and 22% of dog owners would visit more frequently if it was less stressful.[1] A coordinated team approach, utilizing a variety of resources, is the best way to educate the new pet owner.

TERMS DEFINED

Relinquishment: Giving up a pet for adoption or euthanasia.



ISSUES AND OPTIONS

WHY OFFER BEHAVIOR-COUNSELING SERVICES?

There are many reasons why it makes sense for a practice to offer behavior-counseling services:

- It addresses the needs of the pet and strengthens the human–animal bond.
- A healthy bond can lead to a greater commitment to pet healthcare (see 1.19 – Importance of the Human–Animal Bond).
- It encourages increased veterinary visits and clinic bonding.
- Practice image can be enhanced by offering and promoting these services and a new profit center established.
- The veterinary clinic should serve as the primary resource for both health and behavioral advice.
- It ensures early diagnosis of medical conditions by screening for behavioral signs.
- Because stress can have profound effects on both mental and physical health, veterinarians must integrate behavior into both their diagnostic and treatment protocols.
- It allows for more cost-effective delivery of services because staff members can provide many of the behavioral services.
- Staff members' sense of self-worth and job satisfaction can be enhanced with new opportunities to apply their skills.

BEHAVIOR SERVICES: ENHANCING PET CARE AND ADDING NEW SERVICES

Preselection Consultations

- Schedule a consultation to provide guidance on selecting an appropriate pet for the household and preparing for the new arrival (see 4.9 – Lifelong Excellence in Healthcare).
- Insufficient knowledge of the expectations of ownership is a major risk factor for relinquishment.
- Helping owners have realistic expectations of the behavior and learning abilities of their potential pet can help them accept normal behaviors and minimize dissatisfaction with their pets.

Many owners need advice about how to safely and successfully integrate a new pet into their household:

- **Breed selection:** Help guide the selection process to match the pet with the family and household based on physical and behavioral traits. (see 4.9 – Lifelong Excellence in Healthcare and 4.10 – Personalized Pet Profiles). Help owners understand that breed standards describe the typical and not the range of individual behavioral differences (temperament). Meeting adult animals of the desired breed may help in the selection process.
- **Age and sex:** Puppies and kittens can be most readily shaped and adapted to fit into the family home and lifestyle, provided the owners have the time and commitment required. Since the dog's sensitive period for socialization is up to 12 weeks of age, obtaining a puppy

before this age provides an opportunity to socialize and habituate to environmental stimuli. In fact, homing puppies at eight weeks of age may lower risk for aggression and avoidance.[2] An adult pet may be preferable for families that are unable to commit to the needs of a puppy or kitten; however, the behavior of adult pets may be more resistant to change. Discuss physical and behavioral differences between males and females and the potential effects of neutering.

- **Where to obtain:** Obtaining a puppy from a quality breeder provides an opportunity to assess the health and behavior of the parents, related animals, and view the environment in which the pet was reared.
- **Temperament testing:** For puppies, temperament testing is not predictive of adult behavior, except perhaps for signs of fear and reactivity. Predictability might increase as pets mature, although most testing protocols do not provide predictable results. For cats, assessment might help to determine if the cat is (1) sociable and easygoing; (2) timid, and unfriendly; (3) outgoing and aggressive.

Behavioral Advice for New Pet Owners

- Preventive behavior counseling at the first puppy visit reduces the risk of housesoiling, mounting, mouthing, begging for food and fear of unfamiliar people.[3] Preventive counseling at the first kitten visit can reduce the risk of climbing on furniture and curtains, vocalization, disturbing owners when resting and improve compliance with body handling.[4]
- Give advice on normal behavior and development; socialization; reward-based training; avoiding punishment; positive handling; meeting the pet's behavioral needs; environmental enrichment including social play, object play and working for food; structure and consistency; establishing a safe haven; housetraining and litter box training; and setting up the home for success. For cats, also discuss meeting needs for perching, climbing, scratching and outlets for predation and play.
- At each visit owners should be asked if they have any behavior concerns so that they can be diagnosed and dealt with promptly. For minor problems it may be sufficient to provide a few minutes of counseling within the visit and additional support using resource materials and recommendation for trainers. However, for problems that require more in-depth discussion and counseling such as housesoiling, play biting, and destructiveness, schedule a separate visit with a member of the behavioral team.
- Identify resource material that best meets your clients' needs and provide these as handouts and links on your website.

Puppy Classes, Kitty Kindergarten, and Training Classes

- Advising owners to keep their pets away from other animals until completion of vaccinations might be prudent to reduce illness; however, this is an age when socialization and habituation to new stimuli are critical (see avsab.org).
- Puppy and kitten classes should be recommended to provide early and positive socialization and habituation.
- Attending puppy classes prior to 12 weeks reduces the risk of fear and aggression to unfamiliar people and unfamiliar dogs, improves trainability, decreases relinquishment, and provides for early behavior problem intervention.
- Offering puppy and kitten classes in the hospital can ensure that pet owners receive accurate and appropriate advice on socialization, reward-based training, managing emerging problems, as well as positively conditioning the pet to the hospital environment, equipment, handling, and procedures.
- If it is impractical to offer these classes in your hospital, consider having an initial class and open house in your clinic, after which the pet should continue classes with a reinforcement-based trainer recommended by the clinic.

Behavior Management Products and Medication

- Having behavior products in the clinic for demonstration and sale provides an opportunity to discuss their use in the prevention, management and treatment of behavior issues.
- Consider feeding toys and object play enrichment; pheromones to help pets adapt to stress and encourage desirable scratching; odor control and cleaning products for house training; control devices such as head halters, front control harnesses, and cat harnesses; and products that might aid in managing problems including pressure wraps, head covers and muzzles.
- Drugs, natural supplements, pheromones and therapeutic diets should be recommended when indicated for the prevention and treatment of behavior problems.

Surgery

- Ovariohysterectomy eliminates estrus behavior.
- Castration reduces sexually dimorphic male behaviors such as urine marking, mounting, and roaming in most dogs, and roaming, marking, and fighting in most cats.[2]

Behavioral Screening

- Questioning the owner at each visit as to whether there is a change in behavior helps to ensure early detection and prompt intervention.

5.14. Discussing Behavior

• Because behavioral signs may be the primary or only signs of medical conditions including pain, sensory decline, and cognitive dysfunction, behavioral screening is a critical component of healthcare.

Behavior Problem Counseling

• Provide counseling or referrals to effectively address behavior problems.
• Problems arising from normal but undesirable behaviors might be managed with a short visit with a member of the behavioral team. However, pets with emotional disorders, refractory problems such as soiling or destructiveness, compulsive disorders, impulse dyscontrol, over-reactivity, aggression, and problems arising from fears, phobias, and anxiety, require a behavior consultation with the veterinarian. These generally require 1–2 hours for initial consultation followed by ongoing follow-up and support.
• For behavior problems that are beyond the practitioner's expertise, referral to a board-certified veterinary behaviorist is recommended. If the referral is to a behaviorist that is not a veterinarian, the practitioner must take an active role to diagnose and treat underlying medical issues, dispense any drugs that might be indicated, and ensure that the treatment advice is sound.

OFFERING BEHAVIOR CONSULTATIONS

• **Diagnosis:** Determine whether there are medical issues that might be causing or contributing to the behavior problem, and whether the pet's behavior is normal but undesirable or an emotional/mental health issue with history, examination, laboratory diagnostics, and recordings where available. Samples of history questionnaires can be found in the reference literature.[5]
• **Prognosis:** Owners will need to be given realistic expectations of what might be possible to achieve and what is impractical. With cases involving aggression, risk assessment is the first step to determine if safety can be ensured.

The treatment program has four components (4 M's):

• **Management:** Identify all triggers so that strategies can be implemented to prevent recurrence and ensure safety. Each recurrence is not only a safety issue, but also a welfare issue for the pet and a further learning experience in which the problem continues to intensify.
• **Modification:** Behavior should be modified with reward-based training together with management tools that can aid in getting immediate, focused, and calm outcomes to set the foundations for positive exposure to controlled levels of the stimulus (desensitization and counterconditioning).
• **Medication:** When indicated, medication should be dispensed to reduce fear and anxiety, improve focus and attention, and improve mental and emotional health.
• **Monitor:** Ongoing follow-up is needed to make modifications to the behavior program and medication based on outcomes.



EXAMPLES

• A veterinarian who offers behavior consultations wishes to expand the hospital's behavior services. A new multipurpose room is added in which puppy and kitten classes, cooperative care classes, training classes, and follow-up visits are offered. Open houses are scheduled to display the facility and services to clients and to the community.
• Using a behavioral technician/nurse as team leader, a Fear Free hospital environment is established, puppy and kitten classes and training services are offered, counseling services are added including pre-adoption counseling, counseling for emerging behavior issues, and follow-up counseling for behavioral visits.
• The client base increases as the range of behavioral services offered, and the training facility attract new pet owners and increase retention of existing clients.



CAUTIONS

• Ensure proper education and training of veterinarians and staff. Outdated or incorrect information can lead to inappropriate, inhumane, or counterproductive advice.
• For pets with aggression, safety and liability are a priority. Practitioners should only see cases for which they are comfortable in evaluating risk (see esvce.org) and offering guidance.
• When dispensing drugs, be familiar with any literature on indications, dosing, withdrawal, contraindications, and potential adverse effects. Also ensure informed owner consent for drugs that are not licensed for pets. A sample release can be found in the reference literature.[5]



MISCELLANEOUS

ABBREVIATIONS

N/A

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5.15. DISCUSSING DIET AND NUTRITION



BASICS

OVERVIEW

• Diet can profoundly impact health and disease. Therefore, nutrition plays a key role in the medical management of all pets, both in states of health and disease.
• Nutritional fads and diets for humans are commonly covered in the popular media and are marketed extensively to the public. It is a natural progression for clients to want to apply these ideas to the feeding strategies they use for their pet.
• The veterinarian should strive to serve as an informed source of unbiased nutritional guidance. Opportunities to assist the client's diet selection should not be limited to cases that require therapeutic diets, but should include all cases.
• Successful nutritional counseling can be implemented as a vital component of a preventative medicine program.
• Nutritional counseling should progress through four main components: diet history, diet assessment, client education, and diet plan and monitoring (see American Animal Hospital Association (AAHA) Nutritional Assessment Guidelines[1] (the source for the guidelines below) and World Small Animal Veterinary Association (WSAVA) Global Nutritional Guidelines[2] for additional guidance).

TERMS DEFINED

Bioavailability: The degree to which a nutrient is actually available to be absorbed into the body and is utilized.
Body Condition Score: System of assigning a number to indicate a pet's degree of adiposity based on visual and tactile cues.



ISSUES AND OPTIONS

The following nutritional assessment guidelines are based on those of the AAHA.

SCREENING EVALUATION

This is performed on every animal, and if healthy and no risk factors, then no additional nutritional assessment is needed. Diet history should be collected on all animals.

Risk Factors

• Altered gastrointestinal (GI) function
• Previous/ongoing medical conditions/disease
• Medications or dietary supplements used
• Unconventional diet fed
• Treats/human food > 10% total calories
• Inadequate information about or inappropriate feeding management or housing.

Physical Examination Findings

• Body condition score (BCS) < 4 or > 5 on 9-point scale (or any score except 3 on 5-point scale)
• Mild, moderate, or marked muscle wasting
• Unintended weight loss > 10%
• Oral or dental disease
• Poor skin or hair coat
• New medical conditions/disease.

EXTENDED EVALUATION

This is only performed when risk factors above are suspected or identified.
• Complete blood count: concerns anemia
• Urinalysis: concerns related to conditions/diseases that have nutritional management strategies such as proteinuria, glycosuria, crystalluria, urine specific gravity (very dilute or concentrated)
• Biochemistry profile: concerns electrolytes and albumin
• Special tests: such as plasma or whole blood taurine, plasma amino acids, thiamine (clinically relevant in cats but challenging to identify analytical laboratory), vitamin B12, iron; feces rarely but consistency may be a focus
• Many minerals, especially calcium and trace minerals, are difficult to assess with laboratory analysis; therefore, diet evaluation is often crucial to assess.

DIET

• Energy or caloric density mismatch (i.e., feeding a lower or higher energy density food to pet having trouble maintaining an ideal BCS)
• Other source of nutrients (e.g., treats including chew toys, table (aka human) food including food used for administering medication, and supplements)
• Condition that might indicate toxicity, spoilage, or contamination (e.g., mycotoxin, microbial infection); contact local government entity for guidance as well as for known recalls/issues.

Commercial Food Evaluation

• **Purchase information:** Specific type (enough detail to buy an exact match with only the information recorded), when and where purchased, and storage conditions used by client.
• **Data to collect:** Full label information, especially nutritional adequacy statement, guaranteed analysis, ingredient list, lot code and expiration date, and manufacturer contact information.
• **Purpose of nutritional adequacy statement:** Complete and balanced or "intermittent or supplemental use only," the latter may be acceptable for a therapeutic diet such as one intentionally deficient in phosphorus for renal disease or if instructions to add something to make complete & balanced; otherwise not appropriate for long-term feeding.
• **Correct species and life stage for pet:** Feeding trials versus formulated to a specific nutrient profile; latter is now much more common but raises concern regarding bioavailability; at same time per AAHA "the use of feeding trials does not guarantee the food provides adequate nutrition under all conditions."
• **Reputation and experience** with company and/or products; any objective data available.

Suggested questions for manufacturer include:
• Do you have a veterinary nutritionist or some equivalent on staff? May I speak with them?
• Who formulates your foods and what are their credentials?
• How do you determine the nutritional adequacy of your foods?
• How do you ensure food quality and safety?
• Where are your foods manufactured? Can the facility be visited?
• Can you provide a full nutrient analysis and any digestibility data for products?
• What is the caloric content of your product?
• Do you have any published data on your products, and is it peer-reviewed?

Homemade Food Evaluation

• Always evaluate unless from a Board Certified Veterinary Nutritionist.
• Contact Board Certified Veterinary Nutritionist service.
• Gather diet history including specific recipe, preparation instructions, storage conditions, recipe rotations, if any, as well as any ingredient substitutions used.

Feeding Management and Environmental Factors

• Identify primary feeder as well as method, location, and frequency.
• Assess issues with multiple pets leading to competition for food.
• Identify if other food providers or sources of calories as well as any environmental enrichment.
• Activity (type of exercise, amount, etc.) and energy level.

5.15. Discussing Diet and Nutrition

• Environmental stressors (e.g., recent changes including with household members, outdoor stimuli).

INTERPRETATION, ANALYSIS, AND ACTION

• Determine energy needs and compare to current intake; recognize variation can be as great as ± 50% from calculation based on body weight with best equations.
• Create a monitoring plan include teaching client BCS scoring and weighing and use to better match caloric intake to needs over time as needed.
• Adjust any supplements or get assistance with them, especially if used in homemade diet.
• A diet change may be needed; if changed, slowly transition over 7- to 10-day period.
• Per AAHA Guidelines, "Determine if current amount and type of food are appropriate, based on life stage, lifestyle/activity, disease, body condition, concurrent medications and/or medical procedures."
• If not appropriate, develop a new plan for food and treats that includes all food sources.
• Final recommended feeding plan should be specific with regard to food, treats, any table food, feeding method, frequency, and location. Client should be educated on rationale(s) and expectations to improve compliance.

Feeding Management and Environmental Factors

• Assess whether ad libitum (free feeding) or portion-controlled meals would be better for case.
• Confirm that measuring device (especially if volume used) is accurate for meal portion measurement.
• Consider feeding toys and methods to reduce food competition.
• Enhance environmental enrichment with play and exercise, and for cats play that specifically mimics different aspects of predatory behavior (e.g., stalk, chase, bite, etc.).

Plans for Hospitalized Patients

• Create monitoring plan (see below)
• Offer usual or preferred food; avoid introducing novel food that may need to be used long-term to avoid learned aversion
• Determine route for feeding:
  ◦ Voluntary oral feeding
  ◦ "Coax" feeding (warming food, moving to more secluded area, concurrent petting by owner, etc.)
  ◦ Forced feeding with syringe (generally should be avoided given stress, risk of aspiration and aversion)
  ◦ Assisted feeding, such as tube feeding (if inappetence greater than 3–5 days) or parenteral nutrition (in GI or neurological dysfunction preventing tube feeding).

Plans for At-Home Patients/Pets

• Create monitoring plan (see below)
• Clearly communicate with client to improve compliance; include rationales for any changes
• If active weight loss plan, specific amounts for all calorie sources and exercise plan should be included with scheduled follow-up for assessments and adjustments as needed to achieve weight loss at a rate of 1–2% of body weight per week
• Get specialist, especially Board Certified Veterinary Nutritionist, help where needed.

MONITORING PLAN

Healthy Pets

• Reassessed at every visit especially for changes in BCS or weight
• Certain life stages require more frequent reassessment, such as growth, reproduction/lactation, and senior
• Clients should watch food intake and appetite, BCS and body weight, GI signs (e.g., fecal consistency and volume; vomiting), and overall pet appearance and activity.

Hospitalized Patients

• Fluid balance, feeding orders effectiveness in delivering needed calories and nutrients.

At-Home Patients with Disease Conditions or Recommended Diet Changes

• Subject to extended evaluation more frequently
• BCS and muscle condition and body weight can be vital in assessing caloric intake appropriateness over longer periods
• Specific strategies that can affect blood count, biochemistry, and/or urinalysis and should be assessed by analysis and adjusted based on findings.

CLIENT EDUCATION AND COMMUNICATION

Rechecking pets/patients allows the veterinarian to address client concerns and/or patient issues that may be leading to poor compliance. The importance of including clients in decision-making and defining expectations cannot be overstated.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
BCS: Body condition score
GI: Gastrointestinal
WSAVA: World Small Animal Veterinary Association

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5.16. Discussing Oral Health



BASICS

OVERVIEW

Discussions about a pet's oral health should continue from the first puppy or kitten visits to comprehensive care during senior years. A complete dental program includes regular oral examinations, professional care, and home care with the pet owner, veterinarian, and staff all taking part. While many times we deal with advanced dental issues, oral care should be considered as part of a preventive or wellness program. Providing a lifetime of good oral care can make a significant difference in the quality of life, and likely the quantity of life as well, and can help preserve the human–animal bond.

The prevalence of oral and dental disease is extremely high in pets and is encountered daily in a small animal practice. While periodontal disease is certainly widespread, other issues such as broken teeth, tooth resorption in cats, and oral tumors require attention as well.

TERMS DEFINED

Periodontal Disease (PD): Disease of tissue surrounding the teeth – attached gingiva, alveolar bone, periodontal ligament and cementum of the root.

Tooth Resorption (TR): Any resorption of tooth substance, most commonly seen in cats (feline odontoclastic resorption lesion (FORL)). Type 2 odontoclastic or replacement resorption is seen radiographically as roots are resorbed with loss of the periodontal ligament and replaced by bone. Lesions in the crowns are often filled with hyperplastic gingiva and can be painful.



ISSUES AND OPTIONS

SMALL DOG DENTAL ISSUES

- When a pet owner brings in a small breed puppy, let them know that dental issues will be likely, from early issues with retained deciduous teeth and slow-to-erupt or unerupted teeth.
- Since there is a known increased incidence of periodontal disease in both small dogs and older dogs (and small dogs tend to have longer life spans than larger breeds), it is important to stress a lifetime of care (see 5.12 – Discussing Pet-Specific Care).
- Recommend first dental cleaning, examination, and intraoral radiographs by 1–2 years of age. Moderate to significant problems are not uncommon at this age, including bone loss, infection, and even unerupted or abnormally formed teeth.
- If no problems are encountered, then the preventive cycle has started, with annual dental cleaning and examinations, and, it is hoped, regular, effective home care.

PAIN AND INFECTION

- There are two words to which owners can relate – pain and infection – and these are often present with oral and dental disease.
- While antibiotics and pain medications may help, the underlying issues must be addressed, often with necessary extractions or oral surgery.
- Educate the owner about the peri-operative analgesia: pre-operative sedation and analgesia, intra-operative regional and local blocks, and post-operative medications.
- Beyond the potential of oral bacteria entering the bloodstream and causing a "metastatic infection," the systemic effect of a chronic inflammatory process likely has a greater impact on general health. It is not just the transient bacteremia, but also the ongoing influence of the inflammatory mediators that can result in distant organ stress and dysfunction ("metastatic inflammation").
- Many patients and owners will experience the positive outcomes of complete dental therapy – seeing that "he's like a new dog" at the two-week recheck, due to the removal of pain, infection, and inflammation both locally and systemically. It is best to prevent the disease from happening in the first place!

ANESTHESIA CONCERNS

- Concern about anesthesia will always be a major topic. With newer analgesia and anesthesia protocols and state-of-the-art monitoring, the risks of anesthesia can be minimized.
- Managed correctly, these risks are far outweighed by the benefits of complete dental care (see 5.18 – Discussing Anesthetic Risk). To help with their concerns and to communicate the potential benefits, let them hear "pet parent testimonials" from other clients who had similar concerns, but were amazed at how much better their pets felt after treatment.
- Good pre-operative analgesics and local/regional blocks can allow you to minimize general anesthesia.
- General anesthesia is necessary to use a cuffed endotracheal tube that will protect the patient's airway. It will also allow for a complete examination, periodontal probing, required intraoral radiography and treatment.
- For longer procedures, a good option is staging the procedure: cleaning and removing extremely loose teeth at the first visit, with more advanced oral surgery (advanced extractions) or periodontal surgery at a later date.
- Monitoring through the post-operative period is essential as well, particularly with smaller, older patients or brachycephalic ones.

CLIENT COMMUNICATION

- To help manage concerns and to keep the client well-informed, up to three phone calls may be made on the day of procedures:
  - The first call is at the time of the pre-anesthetic injection for analgesia and sedation. After time for the injection to take effect, then catheter placement, induction, and monitoring, the initial assessment with radiographs and charting will be done.
  - A second call will discuss the findings and any adjustments to the treatment plan or estimate. This call is critical because in most cases additional problems will be found in the oral cavity, and client permission to perform previously unknown treatment is essential.
  - A third call is placed when the animal is recovering, to give an update and to schedule the time for discharge.
- A two-week recheck visit is recommended to evaluate how the pet has responded to treatment. This is also a very good time to discuss home care.

A reminder system to set up recall reminders for oral exams based on the level of dental disease could comprise the following:

- Uncomplicated stage 1 periodontal disease (PD) patients get a 12-month reminder.
- Stage 2 patients will be encouraged to visit at nine months. If they have been doing a good job with home care, then next procedure could be delayed that extra three months.
- Stage 3 patients should be rechecked at six months, because if any advanced periodontal work was done to salvage teeth, more frequent maintenance or retreatment can be critical.
- Stage 4 patients in theory should be checked at 3–4 months, but considering that stage 4 teeth were likely extracted, the remaining teeth could be more stable. Efforts should be made to keep them so.

HOME CARE

- Successful home care can have a big impact. Brushing is still the gold standard but takes patience with the pet. The form of home care should be selected for the patient–client relationship/aptitude, doing as much as possible, but not overstepping boundaries that could injure the pet or client.
- Do a "taste-test" with the flavors of toothpaste you carry. You will be surprised at how many dogs have a preference. If there is no preference, let the owner decide. This is usually not effective in cats.

• For smaller dogs and cats, approach them from behind instead of from the front, which can be a dominant move. Scratching the chin or rubbing the face can precede any home care efforts, from introducing tooth paste or a dental wipe on a finger, to brushing.
• Encourage whatever home care you can but understand that compliance may not be the best. If home care is not possible, then more frequent dental exams and cleaning may be needed.
• Anything provided for dental chewing should pass the "thumb-nail" test: you should be able to indent the chew with your thumb-nail, and it should be flexible or compressible. Objects that are too hard (cow hooves, bones, antlers) can break teeth!
• The Veterinary Oral Health Council (www.VOHC.org) provides a website with products intended to help retard plaque and tartar on the teeth of animals.

SENIOR DENTAL CARE

• Many of our dental patients are older, and the cumulative effects of periodontal and oral disease result in an increased incidence of problems in this population, including oral tumors. There are added concerns of comorbidities and anesthesia, but the benefits of care outweigh the risks in the great majority of patients. Providing a reasonable quality of life includes good dental care.
• Use general senior care and dental care collaboratively:
  ◦ If a pet has just had a senior care profile and examination, that is a great time to consider dental cleaning and treatment, if the diagnostic parameters are stable.
  ◦ The need for dental care in an older patient can be a good reason to finally get the bloodwork, urinalysis, and even thoracic radiographs done for a patient that is overdue.

FELINE DENTISTRY

• Problems that can occur in cats' mouths may be a good reason to get them into your clinic if overall feline visits have declined.
• On oral exam, the mandibular third premolar should be examined, as that is the most common place for tooth resorptions (TR – formerly known as feline odontoclastic resorptive lesions (FORL)) to occur. If one is present, the entire mouth needs radiographs and one or more extractions may be necessary.
• The presence of plaque or calculus, often heaviest on the maxillary fourth premolar, should be pointed out to the owner. However, the "thumb-nail flick" to remove a large chunk of calculus does not constitute a dental cleaning! Follow up with a complete dental procedure, under anesthesia.
• Areas of intense inflammation or ulceration may alert you to the potential of stomatitis (feline chronic gingivostomatitis (FCGS)). With any painful cat, it may be difficult to examine the entire mouth, so a complete dental exam and cleaning under anesthesia is necessary. Evaluation of the caudal mouth is a critical step: presence of inflammation ulcerations in this area (caudal stomatitis, not faucitis) is a typical sign of type 2 FCGS, and most patients benefit from at least caudal mouth extractions.



EXAMPLES

HANDLING PET PARENT QUESTIONS

"I don't want any extractions/how will he eat without those teeth?"

• While we like to preserve any tooth we can, any persistent infection or pain is not worth keeping a diseased tooth in the mouth. Most patients eat better after the teeth are extracted – even with full mouth extractions.

"Can't you do dentistry without anesthesia?"

• No. Backed by position statements from several organizations, non-anesthesia dentistry (NAD) can never give the level of care the patient needs. A full anesthetic event protects the respiratory tract with an endotracheal tube, allows intraoral radiographs and full examination including dental probing, and provides immediate capability to handle disease that is often found.
• Despite assurances of NAD providers, "gentle" handling even with a calm patient is apt to cause anxiety and some level of discomfort, which could be considered a wellness concern for the patient.



CAUTIONS

BUILD THE VALUE OF WHAT YOU DO

• When it comes to "phone shoppers" – beware! If you are doing good-quality dental procedures with excellent anesthetic protocols and monitoring, dental radiographs, and complete subgingival evaluation and management, you will not be able to match a low-cost clinic.
• A dental estimate should not be given out over the phone, because even the initial alert exam will not be able to determine all the problems present. Encourage a dental exam, even make them complimentary, so you can show the client your initial assessment of the oral and dental problems. Give them a tour of your clinic and dental facility and point out the aspects of your practice to build the perception of value of what you provide.
• A photo album or electronic photo frame can walk a client through the myriad steps and procedures accomplished during a complete dental assessment, cleaning, polishing and radiographs, not simply a "prophy" or a "dental."

BE CAREFUL OF ESTIMATES

• The biggest surprise in dentistry is when there are no surprises – a straightforward dental cleaning with no hidden lesions!
• The alert oral exam can only begin to provide a preliminary estimate or treatment plan. It is not until the complete assessment with radiography is finished that all information is compiled and the treatment plan can be updated (that second call to the owner).
• While many owners will want some indication of financial expectations at the beginning of the procedure, good communication will help them understand that hidden problems are quite common.



MISCELLANEOUS

ABBREVIATIONS

FCGS: Feline chronic gingivostomatitis
FORL: Feline odontoclastic resorptive lesions
NAD: Non-anesthesia dentistry
PD: Periodontal disease
TR: Tooth resorption

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5.17. Discussing Pain Management



BASICS

OVERVIEW

• Treatment of pain and suffering in animals is probably the single most fundamental and essential requirement of veterinary practice.
• Human healthcare providers have invested significant time and money into researching and using methods, drugs, and techniques, both invasive and noninvasive, conventional and alternative/complementary, to treat and resolve pain as a pathologic entity. Pet owners relate to pain and do not want their pets experiencing it.
• As society has become increasingly aware of animal suffering and animal welfare in daily practice life, veterinarians have recognized that control of pain and suffering, though largely symptomatic and oftentimes palliative, is not only a major moral and ethical imperative, but is largely necessary to treat disease and heal the patient. It is also almost always economically feasible through some means, regardless of the client's economic status or the animal's physical condition.
• Pain management also makes business sense because our clients want to ensure that their pet is not suffering, nor in pain or disabled. Clients may not understand the specifics or scientific terms involved in many or most of the diagnostics and the treatments we provide; however, they can easily relate to hurt and the desire to not hurt. So simply assessing pain, and explaining consequences to the owner, often brings about consent to better treatment plans.
• In the past, many veterinarians believed that pain was a natural, inevitable, acceptable, and even a harmless consequence of disease, surgery, and trauma. There was even belief that animals did not experience pain – that they were incapable of feeling pain as we knew it. We now know that animals can and indeed do experience pain and suffering similar to our pain and suffering; they simply cannot verbalize or communicate what they feel. Suffice to say, pain scoring and recognition are critical in *all* medical and surgical patients.
• Unmitigated pain is not only a physiologic stressor, but it affects numerous aspects of emotional and physical health, from convalescence and healing through disease progression to behavioral consequences. Despite medical and surgical treatment of disease, pain often persists. Although this may seem to be a large problem, it also offers a unique opportunity for veterinarians to acknowledge, prevent, and treat a classically overlooked aspect of animal health.
• Pain treatment can be methodically addressed via validated acute or chronic pain scoring and quality of life assessment tools.
• Over the course of the last decade, diversion of both veterinary and medically prescribed opioids has resulted in their reduced intra- and extra-hospital use. This, however, has increased opportunities to treat pain using nonpharmacologic and nontraditional medications, techniques, and modalities, many of which have promoted a focus on provision of pain management and quality of life for companion animals. Training of staff in these areas, and offering of these services can offer opportunities for increasing client traffic and revenue.

TERMS DEFINED

Complementary Therapies: Therapies used to augment conventional medical and surgical remedies versus alternative therapies, those used *instead of* conventional medical and surgical remedies.
Diagnostic Local Blockade: The use of local and regional perineural block and peri/intraarticular techniques to confirm the presence of pain by the reduction of pain response once administered.
Integrative Medicine: The use of complementary and conventional diagnostics and therapies in health and disease.
Interventional Pain Management Techniques: The use of invasive interventions such as joint injections, epidural or spinal injections, perineural or local/regional blocks, infusion therapies usually preceded by or using advanced imaging techniques (computed tomography (CT), fluoroscopy, magnetic resonance imaging (MRI), ultrasound).
Myofascial Trigger Point Diagnosis and Therapy: The diagnosis and treatment of hyperirritable soft tissue (fascial, tendon, ligament, muscle) areas which are a source of pain, decreased healing, and altered function.
Pain Score: The application of an objective rating to a subjective acute physiologic, psychological hurtful experience.
Palliative Care: The use of multiple sociologic, psychologic, medical techniques to provide symptomatic relief, comfort, and pain management with or without cure. Hospice care utilizes the same when no known cure is available or intended.
Quality of Life Score: The objective rating of criteria that determine how well an animal lives and daily functions long term, usually with a chronic disease, impairment, or pain.
Regenerative Medicine: The process of creating and implanting living, functional tissues to repair or replace tissue or organ function lost due to age, disease, damage, or congenital defects.
Rehabilitation Modalities and Therapies: Techniques and tools used to enhance and restore functional ability and quality of life to those with physical impairments or disabilities via focus on connective and nervous tissues.
Spinal Manipulation: The use of high-velocity low-amplitude joint manipulations to treat neuromusculoskeletal pain and dysfunction in order to restore mobility within a particular musculoskeletal area.



ISSUES AND OPTIONS

ACUTE PAIN TREATMENT

• Acute pain treatment follows initial assessment and triage of almost every patient that enters a veterinary hospital. It may be the one vital parameter that most owners seek to address regardless of their animals' problems.
• Acute pain therapies tend to elevate the status of a general practice to more of an emergent center. They are one of the stabilizing therapies in triage, and they will evolve into a plan for daily care that owners truly recognize, and that which staff utilize to integrate "care" into the diagnostics/therapeutics of a medical/surgical problem list.

CHRONIC PAIN THERAPY

• Management of chronic pain is a means to improve client relations, involve nursing and technical staff in long-term patient care, address the "big picture" (not just the abscess, fracture, or the inflammatory bowel disease but the quality of life of the pet), practice higher quality medicine and surgery, and, via all these things, increase revenue.
• New(er) means of diagnosing via advanced imaging, and treating soft tissue and orthopedic pain such as regenerative medicine, interventional pain therapies, palliative and symptomatic treatments, supportive care of multi-problem cases, and rehabilitation are tools that enhance a practice's ability to care for their chronic need patients.
• If a practitioner seeks to increase office calls, rechecks, revenue, and business, simply using the words "pain," "suffering," "hurt," or "disabled" with the implication that we seek to "resolve" the issue is often enough to bring clients through the door repetitively.

BASIC PHYSIOLOGY AND RATIONALE FOR TREATMENT

• Pain is detected (transduced) in peripheral nociceptors, transmitted into the spinal cord by A and C nerve fibers, the signal modified in ganglion and spinal cord (dorsal horn interneurons), projected via specialized spinal cord tracts, and perceived (felt and processed) in many higher areas of the brain, including the thalamus, cortex, and amygdala. These A and C nerve fibers, if blocked or "treated" early

enough and proximal enough, are key building blocks of sound acute pain therapy, and a prudent means to prevent acute pain from becoming chronic pain. Examples of therapies that do this are locoregional blocks, which seek to pre-emptively treat surgical pain. Drug therapies that we associate most frequently with acute treatment of pain (opioids, dexmedetomidine, infusions) intervene by blocking this same continued transmission of pain at the level of the dorsal root ganglion and dorsal horn interneuron pool.

- Chronic pain therapies such as nonsteroidal anti-inflammatory drugs (NSAIDs), seizure medications, antidepressants, physical rehabilitative therapies, interventional blocks, and stimulation units, have their mode of action largely in the dorsal horn interneuron pool, ascending and descending pain pathways, and higher centers of pain processing.
- Because the pain pathway is complex, many chances for neuroplasticity occur. Neuroplasticity is a term that implies multiple parts of the pathway can be changed biochemically, depending on the intensity, duration, and frequency of initial and ongoing painful stimuli. It is responsible for acute pain enhancement and the establishment of chronic pain.
- Historically, chronic pain was perceived as pain that happened within a set time period of an obvious insult, trauma, or infliction. Time changes and it is now defined as that pain which can occur within hours or days of a perceived or actual insult, especially if the inflammatory "soup" in the spinal cord is already "boiling" (there is already inflammation or wind up present) or especially if the pain relief from the acute insult is insufficient (if we do not treat acute pain well enough).
- Some pathologic changes resulting from acute and chronic pain include: increased sympathetic output, increased thyroid and adrenal function, heightened pituitary output, hyperglycemia and insulin resistance, impaired neutrophil/overall immune system function, and abnormal protein catabolism. These are the fundamental physiologic and medical reasons why any pain should be (a) prevented to the best of our ability, (b) treated initially very aggressively, and (c) addressed regularly to be sure treatment is effective.
- Anything we can do to minimize, or better yet prevent, acute pain will reduce chronic pain, suffering, illness, disease, and disability. By treating pain, we improve our patient's chances of healing and health, regardless of what chief complaint, presentation, signalment, or medical/surgical issues we are dealing with.
- These premises describe why use of an opioid, NSAID, and/or alpha agonist in a "premed" for ovariohysterectomy or neutering surgery will not only prevent the pain of the surgery, it will also help prevent pain in the next few days following surgery. Most importantly, it will prevent ache, itch, irritation, cramping, discomfort, and abnormal posture weeks to months following the surgery.
- Treating acute pain allows a practice more efficient workflow, controlled schedule, less stress, and overall better patient-focused, versus goal-focused, care. Think of what one screaming animal and inefficient treatment of its stress, pain, and convalescence does to a day's schedule for surgery and appointments, let alone staff emotions and productivity.
- Treatment plans for chronic pain set precedence for follow-up appointments within minutes of its diagnosis. Once the owner is engaged that the veterinary team is "interested in assuring that no pain or suffering occur" for their family member, return visits seem reasonable, meaningful, and rational in light of the money spent on even somewhat academic diagnostics and even partially/possibly successful treatments.

HOW DO WE RECOGNIZE PAIN AND HOW WOULD A PRACTICE MAKE MONEY FROM THE DIAGNOSIS/TREATMENT OF PAIN?

Acute pain is usually obvious to the owner and the veterinary team. Once the terms "pain," "discomfort," and "suffering" have been stated/explained to the owner, the veterinarian's primary goal is to "score"/grade and then accordingly address the pain and suffering of the patient. Based on several different validated scales, scoring for acute pain is via:

- Heart rate
- Respiratory rate and character
- Gross behavioral signs of pain (vocalization, anxiety, protective movements, focusing, protectiveness, escape maneuvers)
- Mobilization or lack of mobilization (species dependent)
- Presence of abnormal posture.

Treatment of acute pain should/could commence before even most of the diagnostics become available and include a combination of:

- Opioids
- Alpha-2 agonists
- SPICE (stabilization, protection, ice, compression, and elevation) of wounds
- Emergent supportive therapies (fluids, temperature control, oxygenation, glucose, electrolytes)
- Locoregional blockade
- Continuous rate infusion(s)
- If patient is cardiorenal stable, injectable steroids or nonsteroidal anti-inflammatories
- Comfort (cage care, recumbency care, clip and clean, thermal support).

Each one of the options to treat acute pain may carry its own nominal charge (itself incorporating assessment and possible/absolute repeat within a set time period) or be incorporated into an initial "triage," "stabilization," or "admittance" charge. This charge can also be incorporated into "basic nursing," "intermediate care," or "intensive/critical care" charges, or alternatively, a "daily pain management" fee can be charged which includes any and all of above.

Chronic pain may not be as obvious to the owner or the veterinary team, but still is evident as "something awry in the daily life of the pet." Frequently, this can best be addressed and scored best during routine visits with quality of life questionnaires.

- Quality of life assessments have become useful tools in evaluating the presence or absence of chronic pain/suffering in our patients, the effectiveness of treatment (whether palliative or therapeutic), and the need for altered care (see 5.22 – Discussing Quality of Life and End of Life Issues). If these issues are addressed with every patient, they lead to a plan for symptomatic or complaint-based quality care that easily generates not only solid medical care, but also income, as well as recheck parameters/appointments which incorporate the owner's chief concern – the need to make sure the animal is comfortable.
- Essentials of chronic pain or quality of life scoring include: evaluation of the animal's emotional state, appetite, mobility, hygiene, ability to interact with people and other pets in the animal's life, sleeping habits, cognizance, intestinal issues, and dermatologic issues. Regardless of the problem or chief complaint, the owner/guardian/caretaker should be questioned as to how they feel the disease process has affected the animal's overall "normal functioning" with respect to each of these issues. All these answers coalesce to form a template that helps the clinician not only address the patient's primary problem, but also the owner's interests, both of which are ultimately linked to sound medicine, transaction fees, and return visits.
- Treating chronic pain involves the ability to always offer the owner alternatives to euthanasia. In fact, hospice care is treatment of chronic pain through illness or toward a natural, not enforced death (euthanasia) (see 1.24 – Hospice and Palliative Care). This problem-based, symptomatic, or palliative philosophy can act as a major marketing draw for alternative therapies such as acupuncture, chiropractic, injection therapies, infusion therapies, and even advanced imaging and interventional therapies.
- Treatment of chronic pain is via a multimodal approach which often includes conventional anti-inflammatory and opioid medications,

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novel calcium-modifying agents, sodium and potassium channel agents, regenerative therapies such as mesenchymal stem cells and platelet-rich plasma, rehabilitative modalities and techniques, integrative therapies, appropriate diet and care techniques, interventional injection and infusion techniques, and palliative and hospice care.

TOOLS

• Scoring or gauging acute pain is important. These scores are usually performed by doctors, technicians or assistants in concert with owner's commentary. Validated scores for feline and canine patients (Glasgow, Colorado) exist.
• Chronic pain or quality of life scores for gauging chronic pain are usually performed through questionnaires via technical staff, reviewed by the doctor prior to entering the exam room, and then used as a tool to streamline care and rechecks for the multi-problematic but stable patient.[1,2]
• Activity monitors have become available as objective means to track multiple vital parameters, behaviors, motion, mobility, and intensity of activity. These monitors, along with means of gait analysis and advanced imaging changes, help to objectify chronic pain and its successful or unsuccessful treatment.

A variety of other tools can be very helpful in facilitating the management of pain in companion animals:
• Drugs: Narcotics/opioids, including more potent mu-opioid receptor agonists (e.g., fentanil, alfentanil, and oxycodone); alpha agonists (e.g., dexmedetomidine); NSAIDs; corticosteroids for acute injectable use and chronic use; local anesthetics (e.g., bupivacaine and lidocaine); ketamine; antidepressants, behavioral modification drugs; support products (e.g., fish oils and PSGAGs, vitamins, supplements); antiepileptic drugs; joint injectables (e.g., corticosteroids, hyaluronate, medical silicone, PSGAGs, sedatives, and tranquilizers).
• Digital radiology unit.
• Triage area and intermediate hospitalization area for more critical or intensive patients requriing acute pain stabilization.
• Nerve block needles, epidural needles, indwelling local and epidural catheters.
• Infusion and fluid pumps for continuous rate infusions.
• Neurostimulation locator, needles.
• Ultrasound with 7–12 MHz transducer for soft tissue/nerve diagnostics and location.
• Rehabilitative therapy equipment including ice and heat packs, cold circulation units, exercise balls, therapeutic ultrasound, laser therapy, underwater treadmill, variety of harnesses and lift devices, electrostimulation (TENS and NMES) units; water flotation and exercise poole, land treadmills, solid rubber exercise flooring.
• Simple casting materials for bracing and orthotic/prosthetic casting.
• Carts and mobility devices.
• Acupuncture needles, electrostimulation units.
• Extracorporeal shockwave unit.
• Ultrasound, thermography, fluoroscopy, magnetic resonance imaging, computed tomography.
• Overhead lift unit to mobilize larger downed patients.
• Use of a compounding pharmacy and good pharmacologic working knowledge.

FINANCIAL BENEFITS OF ANALGESIA

• Increases in indirect revenue streams stem from contented staff who take pride in better handling of cases, overall improved quality of acute and chronic care, relieving patient's pain, and better client satisfaction.
• Overall workflow improves as in-hospital patients get better quicker and more efficiently. Clients who recognize your commitment to relieve their animal's suffering are likely to return, and likely to refer.
• Direct revenue increases arise from charging for medications and service provision, as noted above. Some of the most profitable sources of pain management stem from NSAIDs and other drug options offered, advanced imaging necessary to diagnose sources of pain, alternative therapies such as acupuncture, myofascial techniques, interventional pain treatments, rehabilitation modalities home programs, supplements/nutraceuticals and food-based treatments, locoregional c blockade, and chronic care follow-up visits.



EXAMPLES

N/A



CAUTIONS

• You and your staff 's training in pain scoring, newer analgesic techniques and drug accounting requires time, repetitiveness, patience, and a certain amount of trial and error.
• Very little financial investment is required to assess, prevent, or treat pain or to improve upon this within our practices. Training is available through multiple online sources, websites, standards (AAFP, AAHA, WSAVA) and is rarely wasted.
• Rehabilitation workshops and certification courses may require initial investment in training and equipment but income is generated through packages often added onto hospitalization for critical cases or surgical post-op care.
• Human pain treatment centers provide multi-specialty care for human patients who are in pain, disabled, living with cancer or other chronic disease. Visiting one of these "centers" or "clinics" can open a veterinarian's eyes to what we regularly are not providing to our patients – but certainly could.
• Identifying whether pain is present in each of our patients is a must. Gauging that pain and treating it is a means of improving one's practice. This requires training and equipment, which are balanced by increases in revenue generation.



MISCELLANEOUS

ABBREVIATIONS

AAFP: American Association of Feline Practitioners
AAHA: American Animal Hospital Association
NSAID: Nonsteroidal anti-inflammatory drug
WSAVA: World Small Animal Veterinary Association

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5.18. Discussing Anesthetic Risk



BASICS

OVERVIEW

- No anesthesia is without risk.
- Anesthetic risks range from minor sequelae, such as nausea, to major complications, such as cardiopulmonary arrest.
- The primary anesthetic complications in veterinary medicine include intra-operative hypotension,[1–3] opioid-induced dysphoria,[4–6] cardiac dysrhythmias,[3] post-operative regurgitation and vomiting,[7] aspiration pneumonia,[8] cerebellar dysfunction,[9] blindness or deafness in cats,[10–12] and death.[13]
- The risk of anesthetic death in veterinary patients is greater than in people: healthy dogs and cats carry a risk of 0.05% and 0.11%, respectively, compared to 0.02–0.05% in human patients.[14–17]
- Many veterinary clients are fearful that their pet could die under anesthesia.[18]
- Fearful veterinary clients may be reluctant to pursue medical or surgical care that requires anesthesia.
- Fearful clients may require hand-holding by the veterinary team to reduce anxiety.
- Addressing client concerns is an important step toward transparency: clients need to fully understand the risks involved before adverse outcomes arise.
- If clients know what to expect and what precautions you will take, then they are more likely to trust the practice.

TERMS DEFINED

Anesthesia: A medically induced state that is characterized by the patient's loss of sensation and/or awareness.
General Anesthesia: Drug-induced loss of consciousness to conduct invasive medical or surgical procedures.
Local or Regional Anesthesia: Drug-induced loss of sensation that targets one or more body parts without rending the patient unconscious.
Sedation: Administration of one or more drugs to reduce anxiety and improve patient tolerance of a medical or diagnostic procedure.



ISSUES AND OPTIONS

ANESTHESIA IS ROUTINE FOR US, BUT NOT FOR OUR CLIENTS

- It is common to use anesthesia in veterinary medicine to perform diagnostic and surgical procedures.
- Because anesthesia is familiar to us, we may forget to consider our clients' concerns or reservations.
- These missteps lead to missed opportunities to engage in an open dialogue with clients about anesthesia: what it is, what it involves, and what can go wrong.
- Consider what your practice does before, during, and after anesthesia to reduce patient risk.
- Initiate conversation about anesthetic risk and what your team is doing to maximize patient safety.

HOW CONCERNED ARE CLIENTS ABOUT ANESTHESIA?

- A 2016 survey questionnaire by Englar et al. asked dog and cat owners to rank their level of concern with regards to their pet undergoing general anesthesia.[19]
- Pet owners that scored their level of concern as an eight or higher on a scale of 1–10 gave the following reasons:[19]
  - They considered their pet to be their child.
  - They were aware that their pet had one or more risk factors.
  - They were afraid of the unknown.
- Those that scored their level of concern as a three or lower explained that they had anesthetized their pet before with positive results, or they trusted the veterinary team implicitly.[19] That trust stemmed from an honest, open conversation about what could possibly go wrong and if that happened, how the veterinary team would intervene. Trust was in place bcause there was a plan.

HOW MUCH IS CONVEYED TO CLIENTS ABOUT ANESTHESIA?

- According to dog and cat owners, one-in-three veterinarians and one-in-two veterinary technicians do not mention anesthetic risk during pre-surgical consults.[19]

5.18. Discussing Anesthetic Risk

• Although the majority of dog and cat owners are required to sign paperwork that acknowledges the potential for anesthetic risk, many clients either do not understand what they are signing or do not take the time to read the form.[19]

WHAT DO MOST CLIENTS WANT TO KNOW ABOUT ANESTHESIA?

• Clients want to be informed.[19]
• Clients want to understand the "why" factor:
  ◦ Why is bloodwork needed before surgery?
  ◦ Why is the patient fasted prior to surgery?
• Clients want to know who will be administering the anesthesia to their pet.
• Clients want to know who will be monitoring the pet when it is under anesthesia.
• Clients want to know what precautions will be taken to maximize patient safety.
• Clients want to know if their pet will be in pain during the procedure.
• Clients want to know how long it will take after the procedure for the pet to recover, both from the anesthesia and from the procedure itself.



EXAMPLES

ELICIT YOUR CLIENT'S PERSPECTIVE BEFORE THE PET IS ANESTHETIZED

• Ask your client if he or she has ever experienced anesthesia before, either in him/herself or in a pet, including this one.
• If your client has experienced anesthesia before, ask him or her to share the experience with you.
• If you find that your client is particulary distressed about the prospect of the pet undergoing anesthesia, it may be that the fear is grounded in a previous negative experience.
• Use reflective listening to facilitate this discussion (see 5.8 – Reflective Listening): "It sounds like you are afraid that Darcy will have a bad reaction to anesthesia. Have you experienced something like that before?"
• Revealing the concerns that are hidden beneath emotion is time well spent: you need to understand what is weighing on the client's mind if you are to convince him or her that anesthesia is in the best interest of the patient. You also need to know what is bothering the client in order to effectively address it.

DISCUSS RISKS BEFORE THEY HAPPEN

• Acknowledge that anesthetic risks do occur, although they are rare.
• Identify what anesthetic risks are, including death. Although it is uncomfortable to mention this, particularly during pre-operative discussions for elective procedures, clients need to know in order to provide informed consent.
• Identify patient-specific risks. These may include:[20]
  ◦ Age
  ◦ Breed
  ◦ Temperament
  ◦ Abnormal vital parameters
  ◦ Abnormal physical exam findings
  ◦ Abnormal diagnostic test results
  ◦ Comorbidities
  ◦ Concurrent medications
  ◦ Prior anesthetic history
  ◦ Type of procedure
  ◦ Type of anesthesia.
• Be specific about which type of anesthesia you will be using (general, local/regional, or simply sedation). Explain how this choice may impact the patient.
• Determine the patient's American Society of Anesthesiologists (ASA) status (https://www.asahq.org/resources/clinical-information/asa-physical-status-classification-system) and discuss the implications of this with the client.
• Establish the level of detail that your client desires and gear the conversation toward that level of understanding. Keep in mind that not every client wants to know every means by which risk is reduced. However, these have been provided below as potential discussion points for the appropriate client.

5.18. Discussing Anesthetic Risk

- Explain how your practice reduces anesthetic risks:
  - Each patient undergoes pre-anesthetic evaluation.[20] This consultation includes a physical examination and diagnostic testing as determined to be appropriate by the veterinarian, client, and practice. The purpose of the consultation is to identify patient risk factors prior to the patient undergoing anesthesia so that the veterinary team can be prepared and take precautions.
  - The patient is stabilized, if necessary, prior to undergoing anesthesia.
  - The anesthetic plan is tailored to the patient based upon the patient's anesthetic risks.[20]
  - Those who are administering and monitoring anesthesia to the patient are experienced and well-trained.
  - The patient is monitored by means of one or more of the following anesthesia monitoring tools:[20]
    - Heart and respiratory rate
    - Temperature
    - Pulse oximeter (SpO_2)
    - Capnograph
    - Electrocardiogram
    - Blood pressure.
  - Patient monitoring does not end when the procedure is over. Patient monitoring continues through recovery.
- Determine the patient's cardiopulmonary resuscitation (CPR) code.



CAUTIONS

- Do not let medical jargon be the source of miscommunication: use easy-to-understand language to facilitate your discussion about anesthetic risk.
- Do not assume what the client does or does not know.
- Do not assume what the client wants or does not want to know.
- Do not downplay the risks.
- Do not use euphemisms about anesthesia that may be confusing such as "put to sleep." Be direct and clear.



MISCELLANEOUS

ABBREVIATIONS

ASA: American Society of Anesthesiologists
CPR: Cardiopulmonary resuscitation

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5.19. GIVING AND RECEIVING FEEDBACK



BASICS

OVERVIEW

There are two broad forms of feedback in veterinary practice:

- One-on-one feedback between work colleagues – accidental or deliberate, formal or informal; often taking the form of a performance review.
- Feedback from client to the practice. Either solicited or unsolicited, sometimes asked for, often not.

Feedback is a form of communication in which people provide specific information about each other's behaviors (actions and performance) and how this affects them.

One of the most valuable contributions anyone can make to another person's learning is constructive comments or feedback. Similarly, one of the greatest gifts (to help them change/improve) that a veterinary business can receive is feedback.

Feedback may be positive or negative in nature, or simply an observation made without any judgment intended. Whether as a student or as a teacher, each one of us has the capacity, and in fact the obligation, to provide information to others that will help them improve (personally or business-wise) as well as being willing to accept feedback for our own or our business' betterment.

In a veterinary practice, feedback commonly occurs

- between staff members (generally from someone in a more senior to someone in a more junior position),
- from bosses to employees or team members,
- from veterinarians to nonveterinary staff,
- from staff members to clients, and
- from clients to the practice owner or manager about the practice's staff or service.

GIVING AND RECEIVING FEEDBACK

One may typically receive feedback from superiors, coworkers, and clients. Learning how to effectively give and receive feedback is critical for personal growth, team growth, and success.

- The way that feedback is delivered may be supportive or destructive in nature. However, even negative feedback can be delivered in a productive and supportive way.
- Typically, feedback is not properly thought through and therefore is often unintentionally destructive in nature.
- As important as giving feedback appropriately, is receiving feedback and taking it in and then using it constructively – no matter how it was delivered or intended to be delivered.

TERMS DEFINED

Criticism: Negative feedback that is generally destructive in nature. Often focuses on the person rather than the behavior or the task. Delivered in this way, many recipients feel attacked, reject the feedback, and hence no behavioral change ensues.

Negative Feedback: Feedback pointing out what someone has done incorrectly so that they can change it. This form of feedback should still be framed positively; however, in many cases it is not and becomes criticism.

Performance Review: A formal individual performance appraisal and/or review process. Generally performed by a more senior staff member on or about a more junior employee.

Positive Feedback: Feedback that is supportive of what someone has done, and framed positively.



ISSUES AND OPTIONS

PRACTICE FEEDBACK

- Many practice owners and/or managers assume that clients will voice a concern or complaint if they have one. This is not generally the case and perhaps only one in every seven or eight client complaints will ever get voiced.
- Many clients will actually leave a practice for another without ever complaining. Because of this you should view every complaint as an opportunity to keep a client.
- Veterinary practices may solicit feedback from their clients with respect to any and all client-related matters, including: waiting time; service levels; preferred opening hours; satisfaction with staff performance; range of services offered; staff communication skills; levels of understanding of the patients' problems; areas for improvement; products and services required; and products and services not-required. This is, in effect, carrying out a very inexpensive and very targeted research campaign that when acted upon can be a very powerful tool for growing the practice. This last phrase, when acted upon, is very important.
- Unfortunately, many practices will carry out all manner of surveys and then fail to act on the results obtained. This inaction obviously fails to generate any benefit from the work, effort, time, and money invested in the project.
- More importantly, clients noting this lack of change and this inaction will be much less likely to provide feedback when asked for it in the future. They may even feel slighted and are thus more likely to start considering other practices.
- When change is implemented based on client feedback (especially if the change made is more covert than overt), clients (especially those who gave feedback relating to or inciting this change) should be notified via email, mail, blog, newsletter, and so on, advising them of the changes that have been made, spelling out specifically the benefits inherent in these changes for the clients themselves, and thanking all those who provided feedback that led to the changes.

PERSONAL FEEDBACK

Constructive feedback is a conscious distinction between the person and particular acts of specific work, which may be subject to critical comment. This distinction emphasizes that the person is not personified by that which he or she does.

There are many characteristics associated with good feedback:

- The most important is the manner in which it is given. The style, tone, and content should be consistent and provide a constant message: "I appreciate you and what you have done and whatever else I say should be taken in this context."
- Comments should be addressed toward matters on which the person can act. Generalizations are particularly unhelpful. Comments should be timed appropriately. The person giving feedback should describe their views, be consciously nonjudgmental (use "I feel … when you …" phrasing; say what you mean and say what you appreciate; be explicit).
- Contemporaneous (at the time the action is observed) feedback is the most effective – it is also the hardest to do.
- Feedback should be given in person (not written) and in private. Many people are embarrassed by both positive and negative feedback given in public.
- Specifics should be prepared.
- The person giving the feedback should receive feedback openly themselves. It is important to regard feedback as the gift that it truly is.

5.19. GIVING AND RECEIVING FEEDBACK



EXAMPLES

CLIENT SURVEYS

Simple client feedback surveys can be carried out in all manner of ways:
- A simple question at reception as the client is leaving; "Mrs. Smith, on a scale of one to ten with one being very poor and ten being excellent, could you please rate your experience today?" Be aware that many clients may not be forthright when not allowed to be anonymous in their responses. If the score received is less than a certain value – say 8 – then the receptionist could dig deeper with something along these lines; "Wow, thank you for that feedback. Can you share with me what we could have done to earn a ten?"
- Simple, short surveys that change on a weekly basis will allow a practice to very quickly assess (and hopefully address) client satisfaction with key client service areas from waiting time to car parking to satisfaction with their veterinary experience.
- Another way to carry out a verbal, informal-type survey is for a receptionist or paraprofessional to ask the questions previously detailed as part of the post-visit courtesy call follow-up process.
- More formal surveys can be carried out through the mechanism of online surveys using a free tool like Survey Monkey (www.surveymonkey.com) or through various paid sites. In general, getting a client to go to these sites in their own time to fill in a survey is challenging. Most clients are in fact too busy. Inducements of various types (lottery tickets, movie passes, contributions to pet charities, etc.) certainly do assist in increasing response rates. The key here is to ensure that the survey is kept short (5–6 questions) and that the client is told by the receptionist that the practice *wants* the client's opinion and will act on it. When the client receives a short email or text (SMS) contemporaneously after the visit (within an hour), survey completion rates will typically be around 50–60%.
- Sending the client home with a questionnaire or emailing them a survey form are other options. These are more likely to be completed by the client than is an online survey. Again, response rates will be improved if the client receives a small thank-you gift in return. If the client needs to return the survey to the clinic, ensure that a postage-paid, self-addressed return envelope is included for the client to use. Including the thank-you gift with the survey form, or including it in with the email, or in with the newsletter, etc. (in anticipation of completion and return of the survey), will result in higher response and return rates than the alternate scenario where the client is advised that they will receive something if they complete the survey.
- Consider electronic surveys that can be conducted while the client is still in the hospital, but that give the client the option of remaining anonymous if they so choose. This can be completed on a variety of smart devices.
- Even more formal "surveys" take the form of client focus or advisory groups or "boards." These groups allow the deeper exploration of various aspects of practice performance (see 6.21 – Client Focus Groups). In order to obtain the best benefits, they must be led by an experienced facilitator. They do take time and effort to implement, but when carried out properly they can provide huge benefits.

A key area on which the modern practice needs to focus is client reviews – Yelp, Google and Facebook being the main ones at the time of publication. The modern veterinary client pays as much credence to these reviews as to personal recommendation. Ensure that you ask every client to complete a review for you.

What is the best form of client survey? The best overall simply-obtained survey results will be from a focus group combined with short verbal customer feedback gathered at reception or at the courtesy call.

INDIVIDUAL PERFORMANCE REVIEWS

Individual performance reviews are mandatory to the continued improvement of all team members, but they are rarely carried out with consistency in veterinary practices. Reviews need to be conducted often enough so that they relate contemporaneously to the performance under review (see 3.19 – Staff Performance Evaluations). If they occur only at wage-review time, they lose much of their benefits.

Many reviewers assume that if/when they give an employee a poor review the person will know the needed action/behavior change required in order to improve. This is often not the case and it is therefore better that the desired behavior be specifically detailed (see 3.14 – Staff Development). Forms of reviews include:
- self-review,
- peer review,
- supervisor to employee,
- 360-degree review in which supervisors, peers, and subordinates all get to provide feedback,
- combination of some or all of the previous.

All forms have their advantages and disadvantages.



CAUTIONS

CLIENT SURVEYS

- Ensure that action is taken in response to client feedback, otherwise some form of client backlash (which may vary from never offering feedback again all the way through to switching to another practice) may occur.
- Ensure that all surveys are carried out on a representative sample of clients. If this is not done, then you may get a very unbalanced and nonrepresentative result. Any action and/or change that is pursued based on these results may not result in the practice improvement that was envisioned.

STAFF REVIEWS

- These need to be carried out regularly and consistently – every three months is a mandatory minimum, every month or two is more desirable but harder to do logistically.
- Ensure they are not just negative in nature but also focus on what specifically the person under review needs to achieve/do in order to receive a better next review.
- In order to get the best results, involve the reviewed person in the review process and show them the benefits that will ensue for them – either personally or professionally.
- Consider carefully before you link a review to a salary increase or other form of bonus.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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5.20. DELIVERING BAD NEWS



BASICS

OVERVIEW

Some of the most challenging conversations that veterinarians must have with clients involve sharing bad news. While sharing bad news is often quite distressful for the client and family, it can also be distressful for the veterinarian and care team. Many veterinarians do not feel competent or comfortable about delivering bad news.[1] While it will never be easy to be the bearer of distressing news, veterinarians can gain confidence and competence by mastering specific communication techniques for navigating these emotionally charged interactions.[2] Strong communication skills bolster the veterinarian–client relationship and foster collaboration.

Although veterinarians are often the primary deliverer of bad news with clients, other veterinary professionals such as nurses and technicians can contribute to how the discussion is perceived by the recipients of the news (client and/or family).

Consider that the news and information that you share will assist clients and families in moving forward with the best strategy or treatment plan for the care of their pet. The approach and manner in which you present the news has the potential to shape the experience for the client. Studies in medicine show that people repeatedly reflect on these conversations, for instance, the setting, the words that were used, the perceived emotional connection felt or not with the clinician(s) all being critical to how the person may adapt to the news and treatment or next steps.

In veterinary medicine, the degree of bad news perceived by clients is associated with the role that the animal has in the client's life. The human–animal bond varies along a continuum that ranges from strong emotional ties to one where the client feels little or no attachment to the animal (see 1.19 – Importance of the Human–Animal Bond).

As stated, delivering bad news is often distressful for the client, yet can also be distressful for the veterinarian who delivers the news (see 2.8 – Compassion Fatigue and Burnout). This is an important and routine part of the veterinarian's role, and most veterinarians practice the task of delivering bad news and performing euthanasia several times per week.

Forms of bad news in veterinary medicine include the following:

- Unexpected loss
- Euthanasia decision
- Chronic illness
- Terminal illness
- Treatment failure
- Disease recurrence.

There are many sources of hesitation and fears shared by clinicians regarding the discussion of bad news. You may have experienced some of these which often are increased in situations when we do not know the client or family. This is often the case if working in emergency care or inpatient settings.

Common clinician fears regarding delivering bad news include:

- Client reaction
- Fear of failing the client and patient
- Not knowing all the answers
- Showing emotion
- Destroying client's hopes
- Lack of confidence and/or skills in delivering the news
- Feeling unprepared
- Confusion over how much information to share
- Limited time to share the news and tend to emotions.

Similarly, we also know that clients and families also experience fears and challenges when receiving bad news including:

- Fear
- Anxiety
- Cultural differences and preferences
- Level of comfort
- Lack of understanding
- Helplessness, loss of control.

There are specific skills, competencies, and communication protocols that veterinarians and care team members can learn and integrate into the practice setting to increase the effective delivery of bad news.

TERMS DEFINED

Bad News: Any news that is likely to be perceived by the client as distressful, unwanted, or unexpected.



ISSUES AND OPTIONS

There are a number of core communication skills that facilitate the effective delivery of bad news. These skills require that the veterinarian follow a protocol for helping us to remember the principles and techniques for sharing bad news with clients. This protocol was first introduced as a six-step model by Dr. Robert Buckman and was reintroduced in 1998 using the S-P-I-K-E-S acronym to prompt easier retention for clinical practice:[3]

- S = Setting
- P = Perspective
- I = Invitation
- K = Knowledge
- E = Emotions
- S = Summarize and strategize.

SETTING

Setting includes a mental rehearsal and creation of the physical setting that makes it conducive to the effective sharing of bad news. This also involves reviewing the plan for informing the client and responding to the anticipated emotional reactions and questions.

Create a setting with no distractions that allows for a focused discussion. ensure privacy to the extent feasible. In the absence of a separate room, the most private space with seating in the practice or hospital should be utilized. Tissues and seating should be accessible.

Allow adequate time. The chances are, you will need more than the usual 15–20 minute visit slot to connect effectively, address emotions and assure understanding.

Decide who is to be present? In emergency or inpatient setting, having more than one member of the care team such as a technician present provides continuity when the veterinarian returns to emergency care. If notifying a client about a death, it is vital that a member of the team accompany the veterinarian. Using this team-based model, the medical information needs and emotional needs are addressed. The client should be encouraged to bring along someone involved in the pet's care (e.g., family member, friend, etc.). Check for their preference for including others in the discussion.

Make sure you limit distractions. Cell phones should be turned to vibrate and "no interruption" instructions relayed to the care team so the client realizes that he or she is considered of utmost importance.

PERSPECTIVE

Steps P and I of the SPIKES protocol are based on the premise of "Asking before telling." In this case, before discussing the bad news, pose open-ended questions to find out the client's perspective and knowledge of his or her pet's health situation – what it is and whether it is serious or not. Numerous studies inform us that patient confusion contributes significantly to the distress commonly felt after receiving bad news, often due to the clinician's use of technical words and jargon.

Asking before telling builds a strong case for establishing what the client and family may already know and understand about the condition and perceived seriousness. For example, if the family thinks

their 10-year-old dog's limp is probably arthritis and the veterinarian highly suspects osteosarcoma with a recommendation of amputation, this information is going to require full concentration and listening skills before sharing the serious news of osteosarcoma. It is unwise to begin sharing information without first having a sense about the client's current understanding.

Start where the client is. Use open-ended questions (see 5.7 – Posing Client Questions Effectively: Open-Ended Inquiry) to explore:

"Tell me what you have been thinking might be causing Jake's limp?"
"What is your understanding of Jake's limp?"

If referred or seen by another doctor:

"Tell me what you took away from what Dr. Johnston told you?"
"It would help me to know your understanding about Jake's limping problem."

Once this question is asked, pause for the client to process the answer. He or she may respond in various ways:

"I'm really not sure but my last dog had arthritis and we gave him pain medication which helped."
"I think it might be just age."

Pay particular attention to the person's vocabulary and specific words used to help you determine the level of understanding and literacy level important in communicating effectively.

Reflect back on the information that was shared. This is referred to as active or reflective listening (see 5.8 – Reflective Listening):

"So, at this point you are wondering if it's arthritis like your other dog."

INVITATION

As mentioned in the previous section, invitation also requires asking the client before telling. In any conversation about bad news, the most important issue is not whether the client wants to know but at what level he or she wants to know the information. This is true for delivery of bad news, such as serious new diagnoses and situations in which prognosis may be known.

It is important to check in with the client first. Assess how much or to what degree the information will be given. Take comfort in knowing that there is very little chance of doing any harm in asking the client for their preference. Omitting this step will leave you unsure of whether you are providing too much or too little information.

Although full disclosure of bad news may stir a host of negative emotional reactions in the short run, most individuals do adjust in the long run. Uncertainty is a major source of emotional distress for individuals and gaining relief from uncertainty can be therapeutic.

While this assessment step can seem awkward, it is particularly important:

"Are you the kind of person who would rather focus on the big picture, or who wants all the details?"
"There are different ways I can share these lab results with you. I can give you many of the details. Or, I can give you the basics and spend more time discussing next steps? What is your preference?"

Will the client retain the information? Once people have heard bad news, they tend to not retain much of the information they are told after that. If this is true, it certainly provides a sound rationale for providing less detail when sharing bad news. Yet, many clients may ask for the details. Keep in mind that sharing bad news must be accepted from the outset as a process and may require more than one visit. We know that after people leave that first visit of hearing the news, the reality will eventually set in accompanied by anxiety and stress. As a result, accurate retention of the information shared at the visit is compromised. Thus, providing less information, avoiding complex language and conveying more empathic connection may be quite useful approaches to consider.

KNOWLEDGE

Knowledge refers to the actual words and manner of sharing the bad news. Begin with a forewarning or cautionary statement to the client. It gives the person a chance to prepare themselves to receive the bad news:

"I have some difficult news to share with you about the results of Ruby's blood test."
"I am sorry that I have to share some bad news with you now, is it ok for me to go on?"
"Mrs. Ellison, I wish I had better news to share about Stella."

Use opening statements such as "I wish I had better news" or "I am sorry to have to tell you this."

Throughout, use language that is understandable to the client, and be as honest and straightforward as possible. Use consistent and definitive terms to avoid unnecessary confusion. Avoid euphemisms such as "tumor," "growth," or "illness." If the patient has cancer, then this word should be used:

"Mr. Stoler, I'm afraid the news is not good. The growth on Spencer's neck turned out to be cancer."
"The latest blood test shows that Quincy has developed diabetes."

Pause. Give some time for the client to absorb this information.

When people hear serious news, adrenaline floods their bloodstream and they often will respond with strong emotions and vulnerable or confused thoughts. Be aware that adrenaline may take a few minutes to dissipate. Pausing is necessary before moving to a careful explanation of the facts or a discussion of the future. Allow a bit of time until the other person is in the right emotional state to participate.

This is new information and most likely distressful at that. Less is more. Use phrases that are easy to understand, such as "an infection in the blood" rather than "sepsis" or "spread" instead of "metastasized," "sample of tissue" rather than "biopsy," etc. Check to be sure they are ready to move on for additional information. If the person starts to cry, stop and be sure that they are once again ready to move forward. Be prepared to react calmly to what may be a very emotional response.

Remember that less is more. Deliver the information in small digestible bites, as people may shut down and not remember much else after the initial statement of bad news.

EMOTIONS

Typically, bad news triggers a strong emotional response in the receiver of the news. They may be shocked and speechless, or very matter of fact and unconcerned. Listening allows you to learn about the concerns and emotional response from the client. They will often express what matters to them or what is bothering them or at least give clues. Even though you may consider a prognosis to be excellent, all the client can think about is a previous pet or someone else's pet who died unexpectedly from the same illness.

Provide time and space. Support silence and allow the client or family to process and express what may be a set of confusing and conflicting emotions. At times, emotions may not be clearly expressed, such as when the client is silent. Supporting silence may be extremely difficult. It can be painful to sit through. However, it is a signal that you are willing to be patient and be present with them.

"I can see that this news I've given you is very distressing."
"I so wish I had different news to report. I can imagine how upsetting this is for you."

Empathic communication is your most versatile skill in addressing these emotions (See 5.10 – Empathy). While you may often feel a sense of empathy with patients, do not assume that because you feel it, clients will recognize it. It is important to demonstrate or show it through words and through body language.

Until an emotion is acknowledged, it is difficult to go on to discuss other issues. Addressing the emotional response does not have to take inordinate amounts of time. There is evidence that even conveying

5.20. Delivering Bad News

empathy with only a few words can reap benefits beyond satisfaction and ease but also improving how much information is retained. Speaking at a lower tone can reduce the level of anxiety – yours and the clients.

The following are all expressions of empathy that provide a deeper connection with the client and/or family:

- Validating statements: "It's understandable for you to be shocked and upset."
- Naming (tentatively) the emotion the client is expressing: "I understand you're angry about this turn of events."
- Normalizing statements: "Many families have difficulty making these kinds of decisions for their pets."
- Gesturing: Offering a tissue, while saying "Please take your time."
- Conveying support: "We will be with you all the way. You will not have to face this on your own."

Asking the family what they need and offering to be helpful are additional strategies that convey both empathy and compassion.

Finally, check your own feelings to ensure you have sufficient emotional control and readiness to address the next client sensitively. Attending to feelings of the client as well as your own in the interaction can really help the client not only in the moment, and can also influence his or her feelings, beliefs and attitudes about the veterinary team and overall experience.

SUMMARIZE AND STRATEGIZE

We have come to the final portion of our SPIKES model – S is actually two SS's – strategy and summary.

Briefly summarize the conversation that just took place and articulate a plan for the future. As in all client encounters, it is important to check in to assess their level of understanding of what has been discussed thus far. This will serve to reinforce the information that is important for them to know, and provide you with assurance that the news was shared and absorbed effectively.

"Can you tell me the most important points of our discussion today?"

Hearing the client's understanding in their words also provides you with a chance to fill in any gaps and address any misinformation or concerns that may have been left unspoken.

Be alert for signs of distress and assess the client's resources for support. This is also the benefits of working closely with your care team for assistance in calling someone to provide support and needed resources.

It is important that the practice has resources in the healthcare system and community for clients to be referred to for emotional and other needed guidance and support.

"Your main concerns at the moment seem to be …. Have I left anything out?"
"Is there anything else you would like to discuss before we finish today."

Emphasize the importance of a follow-up visit once the information has settled in, if appropriate, and schedule it prior to leaving the office. We know that patients who have a clear plan for the future are less likely to feel anxious and uncertain. Provide the patient with needed instructions at the end of the visit.

"Janice will schedule a follow-up visit before you leave today."

Allow time and attention to process these feelings. Acknowledging this stress and taking active steps to cope, which may be as simple as taking a breather before and after difficult client conversations, can enhance your effectiveness and allow you to focus fully on the informational and emotional needs of the client during such conversations.

Finally, document the information and be concise on discussions and important decisions. The documentation should include who was present. Documenting will ensure that consistent information is available to all of the healthcare team.



EXAMPLES

EXAMPLE 1: SPIKES – P = PERSPECTIVE

Assessment of client perspective is necessary for determining level of knowledge and understanding about their animal's condition, perceived seriousness, and feelings. This includes finding out how much the client knows and starting from there:

Client: *"I don't think that test did very much for Buddy."*
Veterinarian: *"What is your understanding of the reasons for Buddy's biopsy?"*

In this example, the veterinarian can elicit information from the client and correct any misinformation while tailoring the news to what the client understands. It can also serve the purpose of ascertaining if the client has unrealistic expectations, wishful thinking about the animal's illness, or overlooking important but adverse details of the illness.

EXAMPLE 2: SPIKES – I = INFORMATION

This includes finding out how much the client wants to know:

"How would you like me to give the information about the lab results? I can give you all the details, or I can give you the basics and spend more time discussing what the treatments are for Jasper?"

In this example, the veterinarian makes no assumptions about the amount of information that the client wants regarding Jasper's laboratory results and diagnosis. In the event that a client did not want to know any details, the veterinarian can then offer to answer any questions they may have in the future or to talk to someone else that the client designates (i.e., a relative or friend).

EXAMPLE 3: SPIKES – K = KNOWLEDGE

Giving bad news is the one-way part of the veterinarian–client dialogue in which information and knowledge possessed by the veterinarian is shared clearly and compassionately. It is imperative to avoid medical jargon and euphemisms when breaking the news to the client (see 5.5 – Translating Medicalese). Instead, use clear and simple language, speak slowly, and offer the client some positive words and statements when at all possible:

"I have some difficult news to tell you about Skippy's lab results. And, I'd like you to keep in mind that regardless of what I tell you about his results, I want you to know that the situation is serious but not hopeless."

In this example, the veterinarian prepared the client in forecasting the difficult news while framing the information with a sincere yet reasonable degree of optimism.

EXAMPLE 4: SPIKES – E = EMPATHY

Responding to clients' emotions empathically can be one of the most difficult challenges of breaking bad news. Emotional reactions can vary from silence to disbelief, crying, hysteria, denial, or anger. At times, emotions may not be clearly expressed, such as when the client is silent:

"Can you tell me how you are feeling about hearing this news about Tiger?"

In this example, the veterinarian asks the client an exploratory statement before making an empathic response. The veterinarian can then offer support and solidarity to the client by making an empathic response.

Following the disclosure of bad news, the veterinarian can observe the client for nonverbal expressions of emotions and let the client

know that their feelings are acknowledged by making an empathic and connecting statement.

> Veterinarian: *"Martha, I'm really sorry to tell you that the x-rays we took show that Luke's radiation treatment is not working. His tumor continues to grow."*
> Client: *(tearful) "I had a feeling this was going to happen."*
> Veterinarian: *(Moves closer and offers a tissue) "I know that this was not what you wanted to hear. I really do wish the news were better."*

In this example, the veterinarian acknowledges that the news is unpleasant and distressing. Further, the veterinarian adds a message that reflects his or her own emotional response, while attending to the client nonverbally.



CAUTIONS

- Ineffective communication skills can result in the veterinarian feeling uncomfortable and unable to effectively give bad news to the client, leading to a major source of distress for both.
- Poor communication in the delivery of bad news can cause client confusion and dissatisfaction that may negatively influence adherence to treatment recommendations.
- The quality of the veterinarian–client interaction in the delivery of bad news can have profound effects on the overall veterinarian–client relationship and, ultimately, the client's opinion of the practice.



MISCELLANEOUS

ABBREVIATIONS

SPIKES: Setting, perspective, information, knowledge, empathy, summary and strategize

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5.21. DEALING WITH AN ANGRY CLIENT



BASICS

OVERVIEW

- Roughly 30% of interactions between human healthcare providers and patients are considered "difficult"and require the physician to step outside of his or her comfort zone.[1]
- There are no equivalent studies in veterinary medicine. However, if the average veterinarian participates in 100,000 consultations in a lifetime and up to 30% of these encounters are "difficult," then veterinary professionals weather a significant number of stormy encounters.[2]
- Most difficult interactions involve poor outcomes and unfulfilled or unrealistic expectations.[3]
- Emotions, such as anger, intensify difficult interactions.[4]
- When a client's anger is directed at the veterinary team, the veterinary team may react defensively or offensively.[5] Either reaction works against resolution of the situation.
- To effectively manage an angry client, the veterinary team needs to listen rather than react.
- It is essential that the veterinary team consider the client's perspective and create the opportunity for productive dialogue.[5]
- The mnemonic "ADOBE" provides clinicians with a step-by-step guide to diffusing anger.[6]

TERMS DEFINED

ADOBE: A mnemonic that was created by the Bayer Animal Health Communication Project to facilitate the management of an angry client. ADOBE stands for:[6] Acknowledgment of the issue; Discovery of meaning; Opportunity to demonstrate compassion; Boundary clarification; Extension of the relationship to include a neutral third-party.



ISSUES AND OPTIONS

WHAT TRIGGERS ANGER?

Anger is an emotional response to a circumstance or a situation. The following situations may trigger an angry response in a veterinary client:[4]

- Having unrealistic expectations about the outcome of a clinical case: for example, believing that a terminal patient can be cured.
- Hearing unexpected bad news about the health of the patient: for example, learning that a coughing dog has heartworm disease rather than a respiratory infection.
- Discovering that a medical error was made and has impacted the patient: for example, the patient was overdosed on a nonsteroidal anti-inflammatory drug and is now exhibiting renal dysfunction.
- Clients receiving estimates that exceed what they are expecting or what they can afford.
- Miscommunication that impacts patient care.
- Lack of flexibility with regards to scheduling. For example, the client may be unable to take off from work on a week day and may require weekend-only care; however, the clinic may not offer weekend services.
- The client not understanding the patient's diagnosis, prognosis, or treatment plan.
- The client not feeling welcome to contribute to decision-making with regards to patient care.
- Anticipatory grief: knowing that a beloved pet is dying and/or will be euthanized.

Nonveterinary situations may also trigger anger that then spills over into the veterinary clinic.[4] For example, on-the-job pressures or ongoing feuds with family may set the stage for a reactive client.

Anger may be an emotional substitute.[4] It may mask shock, guilt, shame, sadness, fear, confusion, and grief.

THE CONSEQUENCES OF ANGER: HOW IT IMPACTS THE CLIENT

The body reacts to anger as it would to stress: the autonomic nervous system is primed for a fight rather than a conversation.

- It may be difficult for the client to think straight and to articulate concerns.
- It may also be difficult for an angry client to distinguish reality from perception. What an angry client hears and what is said to the angry client may be very different.
- Misperceptions may corrode the veterinarian–client relationship and invite legal action.[1,6,7]

THE CONSEQUENCES OF ANGER: HOW IT IMPACTS THE VETERINARY TEAM

When a client is angry, he or she directs the emotion toward someone. Anger needs a target. When that target is the veterinary team, the veterinary team may struggle to defuse the situation. Being targeted is uncomfortable. In response to the discomfort of the situation, the veterinary team may respond by:

- Becoming silent and withdrawing from the conversation.
- Becoming reactive and sparking a fight.

Retreating from an angry client may be self-protective in the moment, but it does little to bring you and the client closer together. Reacting to anger with anger is equally ineffective: now there are two angry parties fighting to overpower the other.

ADDRESSING AN ANGRY CLIENT EFFECTIVELY

The ADOBE mnemonic outlines an effective strategy for managing an angry client:[6]

- Acknowledgment of the issue
- Discovery of meaning
- Opportunity to demonstrate compassion
- Boundary clarification
- Extension of the relationship to include a neutral third-party.

Addressing the elephant in the room is the first step: acknowledge that a problem exists. The following may be indicators that your interaction with the client is becoming difficult:[6]

- The conversation increases in volume or develops an edgy tone.
- Your client's nonverbal cues reflect a "closed off" posture.
- You start to talk over your client or vice versa.

If you pick up on one or more of these exchanges, then chances are that the client may be feeling the same way. Consider how the visit is progressing from the client's perspective. Ask yourself:

- Do the client's expectations align with your own?
- What is your client feeling and why?
- What can you do to help?

Use reflective listening to acknowledge the client's distress (see 5.8 – Reflective Listening):

"I can sense that this conversation is upsetting to you."

"From what you've shared, you had hoped for different news about your dog's condition."

Acknowledge that you are having difficulty with the interaction without casting the blame onto the client. Elicit the client's perspective:

"Please help me to understand what about your dog's condition is causing you the greatest concern."

"Please help me to understand how best I can help you."

Once the problem has been acknowledged, find common ground with the client. The majority of the time, that common ground is the patient. What you both want is what's best for the patient. Offer partnership to demonstrate your willingness to work together:

"I want to work with you so we can find a solution that is acceptable."

"I need your input so that together we can plan the next steps."

Express empathy. Envision yourself in someone else's shoes, understanding that no matter how hard you try, you will never fully know what it is like to be him/her (see 5.10 – Empathy). Empathy can begin with an apology, but goes beyond saying "I'm sorry." Empathy is deeper than sympathy. Sympathy is finding a way to say "I care about your suffering" whereas empathy is finding a way to say "I feel your suffering." Empathetic statements include:

"I can't begin to imagine how I would feel if I were in your position."

"I can appreciate that I would also be frustrated if that had happened to me."

Boundaries may need to be clarified or adjusted. Ask what the client expects of you and the practice. Ask what the client wants to accomplish with this visit. Be honest about what you and your team can and cannot provide, and explain why. Determine if the client is able to meet you halfway.

It is equally appropriate for you to convey your own expectations for the client. Just as clients have rights, they also have responsibilities. Although the veterinary profession is service-oriented, this does not give clients the right to treat us any way that they feel. Explain to clients what is expected of them with regards to their behavior, and be consistent. If a client is unwilling to abide by your rules, particularly if the client is verbally abusive or physically threatening, then it is within your right to ask him or her to leave.

Accept your limitations: recognize when you need additional support. You may need to refer the patient elsewhere. You may also need to look to the client's network for support. Ask the client if he or she has anyone else that you should reach out to. This could be a significant other, family member, neighbor, or friend.

Support may also come from outside of the client's network: for example, a pet loss support hotline or a community-based suicide prevention hotline. It is important to ask the client what resources are available to him or her and whether he or she has a plan to reach out to them. Ask the client if he or she needs assistance in finding these resources, and consider having a list of applicable resources in hand so that they are easy to access when needed.



EXAMPLES

- Diffuse anger by creating physical separation with space. Be cognizant of personal space and take care not to invade it.[8]
  - If the client is in the lobby, move the conversation into a private room.
  - Consider seating yourself in the examination room to reduce tension.
  - Invite the client to join you in being seated.
  - If the client does not join you, seat yourself anyway.
  - Lowering yourself may reduce the intensity of the conversation and lessen the anger.
- If the conversation continues to escalate, consider excusing yourself. This provides a natural break or pause, and gives you time to consider next steps.
- Use nonverbal cues to your advantage. Open your posture: avoid crossed arms. Engage in comfortable eye contact. Speak slowly and reduce your volume. Use a warm, inviting tone.
- Invite the client to share. Elicit his or her perspective. Find out what he or she is angry about and why.
- Speak less and pause more. Simply listen. An angry client wants to be heard.
- Use reflective listening to make sure that you heard the client correctly:

  "Am I correct to say that you would have wanted …"

  "What I heard you say is …"
- Take note of the words that the client uses to express his or her feelings and reflect those back to the client:

  "I can sense your frustration."

  "I hear that you're upset."
- Validate how the client is feeling:

  "It is normal to question if you did everything you could for your dog."

  "It is okay to be angry that your dog died."
- Apologize for how the client perceived the situation.



CAUTIONS

- Avoid defaulting to, "This isn't my fault," or "Don't blame me, I didn't do it!." Although these gut responses may be true, they only fuel the fire.
- Avoid "cold" terminology like "policy." Although it may be true that your office operates a certain way, the word "policy" sounds dismissive and mechanical.



MISCELLANEOUS

ABBREVIATIONS

ADOBE: Acknowledgment, discovery, opportunity, boundary, extension

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5.22. Discussing Quality of Life and End of Life Issues



BASICS

OVERVIEW

• Empathetic and nonjudgmental communication during quality of life (QOL) and end of life (EOL) discussions is a cornerstone of client support.
• The EOL period embodies the critical final stage in a pet's life, and it is often just as important and meaningful as the sum of all care provided during that pet's lifetime.
• Despite its importance, the current veterinary curriculum is limited in preparing students to skillfully engage in QOL and EOL discussions; adding to this, is the fact that EOL discussions are arguably some of the most challenging and emotionally difficult conversations to have with a family.
• Empathetic communication is a skill that can be both learned and improved upon, and there are many programs available for healthcare professionals (see Recommended Reading).

TERMS DEFINED

Quality of Life: The total wellbeing of an individual animal that considers the physical, social, and emotional aspects of its life.



ISSUES AND OPTIONS

COMMUNICATION SKILLS

• Frequent, empathetic communication is the hallmark of effective client support during the EOL phase.
• Client grief responses can range from emotionally charged to stoic and "shut down." It is most helpful for the client to be able to express their emotions to an empathetic and nonjudgmental listener (see 5.10 – Empathy).
• Asking open-ended questions is one of the best techniques for initiating QOL and EOL conversations with a client (see 5.7 – Positing Client Questions Effectively: Open-Ended Inquiry).
• Reflective listening techniques include acknowledging you heard what the client has said, followed by summarizing their comments, and are helpful for facilitating difficult discussion topics (see 5.8 – Reflective Listening).
• It is important to remember that what you do not say is just as meaningful as what you do say. Allowing a person to sit in reflective silence and be present in the moment is an incredibly powerful form of communication and support.

COMMUNICATION CONSIDERATIONS: QUALITY OF LIFE

It is helpful to start conversations with "What are your goals for you and Sam?" Beginning in this manner helps guide conversation and frame plans. Most importantly, it makes the conversation client-centric right from the start and is a way to show that you care most about their needs and what they want.

When helping a family to assess their pet's QOL, there are three major areas of discussion to help guide client communication:[1]

• **The pet's disease or ailments:** It is important to discuss what the disease process means in terms of how it will make their pet feel and how it will progress over time, including the anticipated clinical signs that may be observed by the family.
• **The pet's personality:** It is important to discuss with clients how their pet deals with situations such as pain, symptoms specific to disease, willingness to receive treatments or medications, and what brings them the most joy on a daily basis.
• **The client's abilities, beliefs, and wishes:** It is important to discuss with clients how their pet's disease and treatment will impact their QOL, and to understand "how far" a client wishes to go with regards to therapies.

One of the most common questions asked is, "How will I know it's time?" When communicating with clients, it is recommended that you avoid canned responses such as "You will just know." While sometimes "knowing" is clear, for many families it is never as straightforward as this, and many clients express angst when their veterinarian tells them that they will know "when he's ready" and to come back for euthanasia "when it's time." These phrases can place a heavy burden on families when, more often than not, they have no idea when their pet is at the right point for euthanasia. When clients don't know, but feel that they should know, they become burdened with feelings of guilt and that they are not doing right by their pet. An alternative expression could instead be:

> *"When you begin to feel that Sam is not experiencing joy or quality of life, let's talk more about what that may mean to both of you."*

The emphasis is now placed on noticing changes and revisiting family goals, not the overwhelming or sole burden of making a final determination about euthanasia without support.

Assessment tools are available to help evaluate QOL. There is no perfect tool for all situations, and it is helpful to provide families with all resources, letting them choose the ones that best meet their personal needs.

COMMUNICATION CONSIDERATIONS: END OF LIFE

When discussing euthanasia, it is OK to be the first to broach the topic as many clients fear they will be judged if they are the ones to do so. Clients can fear that they will be perceived as not caring or that they are giving up on their pet. Gently approaching the topic opens up space for discussion and gives the client permission to express their QOL and EOL concerns.

The following guidelines will help the veterinary team to engage in supportive and thorough EOL conversations:
• Discuss all euthanasia and natural-death options with the pet owner. Do not exclude or minimize any single option.
• Pet owners may rely on the veterinarian's recommendation for the best approach to their pet's end of life ("What would you do if this were your pet?"), while others prefer to take the primary decision-making role. Understand and meet your individual client's needs.
• Describe EOL options to pet owners in language they can understand.
• Describe EOL options in a factual and nonjudgmental manner, discussing pros and cons of each option.
• Avoid a biased sharing of information that may influence a client's EOL choices in the direction of personal preferences.
• Support, do not judge, the pet owner's EOL decisions for their pet, accepting that their values and beliefs may be different from those of the healthcare team.

COMMUNICATION CONSIDERATIONS: EUTHANASIA APPOINTMENT

Communication during the scheduling of a euthanasia appointment should be done with empathy and concern, and when the client and patient arrive, a staff member should greet them and lead them directly to the euthanasia room.

Although it is important to adequately communicate what to anticipate with the dying process and postmortem changes, be sure to do so simply, and with as much or as little detail as your client wishes.

Consider the use of language and recognize how subtle word differences can have an impact; instead of saying, "When you are ready," say "When you are as ready as you can be."

Many families will want their pet's collar or leash. It is recommended that you have on hand a soft, decorative bag in which you can place such items so families are not left carrying out a leash in hand with no pet. This gesture nonverbally communicates caring and respect.

5.22. Discussing Quality of Life and End of Life Issues

A call from the veterinary staff the day following euthanasia is a way to exceed client expectations and raise the bar on EOL communications. Extra efforts in this area help retain clients following the EOL event.

Staff should not be afraid to communicate feelings of emotion – families want to know you care, and showing emotion is not unprofessional in any way. It is OK to hug or offer a gentle touch to your clients – small gestures can communicate far greater empathy than words ever can.

COMMUNICATION CONSIDERATIONS: AFTERCARE

Options for aftercare should be discussed in a simple and succinct way. Owners are sometimes concerned about how their pet's body will be cared for. The veterinarian should engage in a candid but gentle discussion and ask if the client has any questions or concerns.

COMMUNICATION CONSIDERATIONS: FINANCES

Discussing finances and collecting payment is one of the most difficult parts of an EOL appointment. Set up the team for success by sharing with the client the cost of care in advance, offering payments in advance when a service is anticipated in the near future, and gathering necessary information regarding the patient and the needs of the client ahead of time.



EXAMPLES

When discussing QOL/EOL, the veterinary team should always include the name of the pet in addition to expressing empathy: "I'm so sorry you and Sam are going through this; I understand what a difficult this time is." Open-ended questions invite the client to share information: "Share with me what your biggest concerns are with Sam's diagnosis."

Use softer words in place of more emotionally charged words. For example, instead of saying, "What would you like to do with Sam's body," say, "Have you thought about how you would like to care for Sam following his passing?" When discussing euthanasia, instead of saying, "I'm going to give an injection" or "He won't feel any pain," try, "I'll be giving him medication under the skin" and "This is a very peaceful process."

The following are useful communication phrases for common postmortem occurrences:

- **Agonal breathing:** "This is just Sam's body "letting go"; it is a very normal part of the dying process and his mind (or spirit) has already disconnected from his body; he is not aware, and this letting go process is not painful or distressful for Sam in any way."
- **Twitching:** "The death of the body happens in phases and this is one of the last. Be assured that death has already happened for Sam; this is a normal and expected last change to his physical body."
- **Stretching or arching:** "This happens frequently to pets who die on their own at home; this tells me Sam's body was very ready to pass. Please know Sam is not aware that this is happening to his body, and that this is not distressful or painful to him in any way."

Note how the pet's name is used in each communication.



CAUTIONS

Do not pass judgment when communicating with your clients. Lack of support from the veterinary team can leave a family feeling guilt about their decision for years to come.



MISCELLANEOUS

ABBREVIATIONS

N/A

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5.23. DEALING WITH A GRIEVING CLIENT



BASICS

OVERVIEW

As veterinary professionals, we have devoted our lives to the care and protection of the human–animal bond. The relationship between a pet and the pet parent is often deep and substantial, and the death of a pet can be a very difficult time for the owner of that pet. The veterinary profession is looked to for help and guidance through this time, before, during, and after death, while the pet parent, our client, resumes their normal activities without their beloved animal.

- For some pet parents, we can be the only ones who honor the relationship they have with their pet. Perhaps their boss belittles their request for time off or misunderstands sub-par performance, acquaintances express the sentiment that "it's just a dog," or "you can get another cat," and sometimes even the person's own family does not comprehend the depth of this relationship.
- The pet-owning public expects the veterinary profession to be the expert and advisor in all matters pertaining to owning a pet, including the loss of that pet.
- The pet is often in our care when death occurs, whether it is due to illness, injury, or humane euthanasia. We are the ones providing the last care to that pet in life (see 5.22 – Discussing Quality of Life and End of Life Issues), so we are the first ones who should provide care to the human family members left behind.
- We have access to the portion of the population experiencing grief over pet loss.
- The death experience for a person and their beloved pet will create memories that will last a lifetime, that person's lifetime, and will affect their perception of the veterinary profession and our level of compassion for both animals and the people who own them.

TERMS DEFINED

Companioning: The act of helping someone through the process of grief, without having the education or designation of counselor or therapist.

Empathy: The ability to share another's emotions; can take place automatically or without express knowledge due to the presence of mirror neurons in the brain.

Five Stages of Grief: Created by Elisabeth Kubler-Ross, the five stages are known as denial, anger, bargaining, depression, and acceptance. They do not happen in sequence, and a person does not necessarily experience all of these stages.

Grief: The constellation of internal thoughts and feelings we have when someone we love dies.

Mourning: When you take the grief you have on the inside and express it outside of yourself; the outward expression of grief.

Sympathy: The act or ability to understand and relate to the feelings of another.



ISSUES AND OPTIONS

Kubler-Ross is credited with identifying the Five Stages of Grief: denial, anger, bargaining, depression, and acceptance. They are meant to describe the phases a person goes through leading up to their own impending death, and also the phases experienced by the survivors of the loved one. However, they do not always occur in this way: a person might never experience one or more of these phases, and they may experience feelings not encapsulated in the five stages. The stages may occur in no particular order or over any specific period of time, and we must remember that everyone's grief is individual to them; it is their own.

A person's grief can be affected by any or many of the following factors:

- **Nature of the relationship:** There are often unknown factors involved in the relationship between our clients and their pets. Oftentimes the pet once belonged to someone who is now deceased, or the pet remained by this client's side during difficulties in life such as illness, tragedy, divorce, etc.
- **Age of owner:** Older clients can have a more profound relationship with their pet because they may be isolated from other human contact. The pet may have been shared with someone who is now dead, so that the loss of the pet triggers feelings of past loss.
- **Mixed feelings:** There are times when pets are challenging, which can result in mixed feelings about the pet while he or she is alive. When the pet dies, this can complicate the client's grief because they may feel guilty for those moments of disharmony.
- **Circumstances of the death:** No matter what the circumstances, they are all difficult. If a pet has been suffering from a chronic or terminal illness, the client likely has already been experiencing anticipatory grief. Sudden death is shocking, and the client will struggle to make sense of the loss. Humane euthanasia for any reason is difficult, and often clients will feel guilt, blame, and/or shame as a result of making this last loving choice.
- **Personality of owner:** Just as clients have different personalities, they will mourn or grieve differently. Some clients may shut down and become withdrawn, whereas others will be expressive. This is when the stages of grief depend on the person, as one may slip into denial whereas another expresses anger, often misdirected at the veterinary professionals.
- **Support system:** Often the veterinary professional is the only one who understands the bond between the client and their pet; therefore the veterinary profession needs to be prepared to provide support and resources for these clients.
- **Other stressors:** The grief process will be affected by the presence of other life stressors. The loss could be the final straw, or could be pushed aside until later.

When we "companion" someone through their grief, our role includes:

- empathizing from our own experience of pet loss,
- separating our own emotions from the client's emotions,
- letting the pet owner experience their emotions,
- not pushing, diminishing, or putting aside this expression of mourning,
- supporting them as they move through their grief.

A compassionate practice includes calling the family after the loss, at intervals such as two days and two weeks. This demonstrates our compassion, and we can determine how well the family is coping and if we should refer to more of our resources such as referral to a mental health professional.



EXAMPLES

The veterinary profession needs to be the clearinghouse for all the various resources related to pet loss and grief. These resources include telephone hotlines, pet loss websites, books and literature on pet loss for the family including the children, various ideas for memorializing the life of that pet, and a referral to a mental health professional who can assist the family if needed.

It is helpful to gather and prepare these resources in a packet that is given to every client who experiences pet loss. We should provide this packet to our clients even if the loss of the pet did not occur in our practice. At the very least, we should reach out and ask them if they would appreciate having more resources.

5.23. DEALING WITH A GRIEVING CLIENT



CAUTIONS

We are not "counselors," as we do not have the education or experience appropriate to provide mental health assistance. However, the term "companioning" has been used to reflect our role when supporting a grieving client.

We cannot make a determination if a client does, or does not, need to seek a mental health professional. For this reason, it is important that we provide that referral to every one of our grieving clients, to allow them the opportunity to make that choice for themselves. Providing the information also helps to normalize the option of seeking professional help if/when necessary.

We must also be aware of the experience of loss as it relates to us as caregivers; it is our patient dying, not just the family's pet. Controlling our empathy in order to provide the medical care we are responsible for can be exhausting, and can lead to compassion fatigue. We must pay attention to this and address our own mental health as we assist these families through the loss. (see 2.8 – Compassion Fatigue and Burnout).

We must realize that our profession is unique in that we could need to be present for euthanasia of a pet we have known for years, and minutes later we must meet a new client with a puppy in the next exam room. Besides the effect on us personally, we must realize that although this is routine for us, the loss of a pet is not routine for the family who is now grieving. We need to be present for them, both emotionally and physically, by providing them time with us if they so desire.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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5.24. DEALING WITH A CRISIS



BASICS

OVERVIEW

A crisis is an emerging or sudden situation – often unexpected – that can affect (negatively or positively depending on its actions) the reputation of a business or institution. Crisis situations typically require an urgency of response that can long plague the affected party if not handled effectively. How a veterinary practice manages itself, looks out for its stakeholders and communicates during what can be a challenging time, can result in praise, potentially strengthening its reputation, or – if mishandled – can result in reputational damage beyond repair.

Of course, in a crisis situation, many factors are outside of a practice's – or any business' control. However, that does not mean that the entity is not in a position to *manage* and influence the outcome.

In view of the growing number of unpredictable events we are faced with these days, no veterinary practice should be without a plan for managing crisis situations. Such a plan helps the practice anticipate types of situations that could arise, as well as put in place protocols and procedures for handling every aspect of a crisis, from securing the premises to communication with stakeholders.

Crises can be internal or external. Internal crisis situations originate through the actions of someone or something within the practice. External crises are caused by outside factors often out of the practice's control. If handled promptly, some crisis situations can turn into opportunities for a practice. Read more about internal versus external crises under "Issues and Options."

TERMS DEFINED

Audiences/Stakeholders: Individuals that have the potential to be impacted by a crisis situation and that represent the front line of accountability for a business.

Communication Channels: The vehicles by which the above audiences/stakeholders can be reached.

Crisis: A situation, often unexpected, that has the potential to cause physical or reputational damage or harm to a facility, its personnel, and its constituents.

Crisis Management: A proactive approach to anticipating crisis situations and taking responsibility for how the situation is handled.

Crisis Plan: A written document that anticipates possible crisis situations and details how such situations will be managed from operational and communication perspectives.

External Crisis: A crisis that originates due to outside factors, in most cases, outside the practice's control.

Internal Crisis: A crisis that originates as a result of the actions of a practice employee or facility malfunction.

News Media: Any number of news and information outlets that might have an interest in covering a practice's crisis situation. Interest depends on the volume of news on a given day, proximity of the practice to news outlets, and nature/scope of the incident. Today, with cell phone cameras, anyone can be a news reporter and stories can quickly reach thousands via social media and even more via pick-up by major news outlets.



ISSUES AND OPTIONS

All practices will benefit from putting in place a crisis plan that anticipates the types of situations the practice might face, as well as how it will handle the immediate response required (see 12.10 – Emergency Preparedness for Veterinary Professionals). Such a plan should address the who, what, when, and where of a crisis by detailing who at the practice plays what roles, how communication will be handled, and how people and pets will be kept safe. Such a plan should include the following action steps:

- Anticipate
- Review
- Create protocols
- Define roles
- Identify stakeholders
- Determine channels
- Prepare.

The crisis plan becomes a living document that should be reviewed and updated regularly, addressed periodically with staff and shared with new personnel. A document on a shelf is no good if no one knows where it is or is reading it for the first time under duress of a crisis.

ANTICIPATE

As mentioned earlier, the source of crisis situations can be internal or external. Of course, possible crisis situations can vary greatly based on the following factors:

- Type/nature of the practice
- Location
- Workforce
- Facility.

Table 5-24-1 outlines possible crisis situations that could occur at any veterinary practice. Again, based on the particulars of a given practice, some of these may be more likely to occur than others. Each practice may have more situations to add to this list. In some cases, a practice may be directly involved and at the center or focal point of the crisis. In other situations, the practice may be drawn in due to past actions or simply due to location.

On the "External" side, practices may notice several scenarios to which they might think, "What does this have to do with us?" Again, even if the practice is not directly involved, it could be impacted by such incidents as tainted pet food or a local disease outbreak. A practice can be applauded for emerging as a champion and leader – or be criticized for standing by and doing nothing.

REVIEW

Given the types of situations that could occur, practices should conduct an audit to determine how well the facility would function in an emergency situation. This is the time to assess the functionality and adequacy of the following:

- Emergency exits/escape routes
- Lock-down areas
- Entry points and building access
- Pet evacuation and safety
- Access to utilities/shut-offs
- Data security (outside the scope of this content).

Practices should also review any past security breaches or threats and might consider hiring a security company to identify facility strengths

Table 5-24-1. Types of possible crisis situations.

Internal	*External*
Medical error/malpractice	On-premises vehicle accident
Pet harm or wrongful death	Fire
Owner /veterinary/staff wrongdoing	Client or pet injury
Owner/veterinary/staff misbehavior	Client medical emergency
Data breach	Natural disasters
Employee/client escalation	Random violence
Workplace violence	Client-related violence
Veterinarian or staff medical emergency or death	Client complaint or unflattering post
Facility malfunction (gas leak, power outage)	Tainted pet food
Current/past employee actions	Disease epidemic

and weaknesses. Search online under "threat and vulnerability assessment."

CREATE PROTOCOLS

If your practice has not already done so, develop procedures and protocols for managing the types of crisis situations it has identified. Make sure any existing protocols are current and up to date. Such protocols should contain instructions directed to veterinarians and staff for taking control of crisis situations and include the following:

- Securing the facility
- Contacting emergency personnel
- Ensuring the safety of clients and pets
- Administering emergency first aid
- Managing possible on-site news media (see more on this under "Identify Audiences" below)
- Communicating with clients
- Acting as spokesperson.

DEFINE ROLES

The next part of the crisis plan is to define responsibilities and who does what. Roles should be defined for critical protocols discussed above. Each role should have a primary person as well as a back-up in their absence or incapacitation. Each name should also include contact information.

IDENTIFY STAKEHOLDERS

Managing a crisis situation is all about managing information flow to ensure that stakeholders are kept informed. Key in a crisis is reaching all stakeholders before information trickles out to them through other sources, which often results in rumors and misinformation. Stakeholders should receive information as simultaneously as possible.

Prepare a list of your practice's stakeholders and make sure that contact information for each group is up to date (see more in "Determine Channels" below). Stakeholders include the following:

- Employees
- Clients
- Vendors
- Local influencers (politicians, law enforcement)
- Other practices
- Special groups (shelters, rescues)
- News media (include major news outlets).

When a crisis gains media attention, a practice's first responsibility is to its employees, clients, and pets, making sure that everyone is safe. A practice does *not* have to give media access to its facility which is private property or allow an invasion of clients' privacy. It *is* advisable to provide media with accurate information once you know the facts. Never speculate. Include basic media statements as part of how you "Prepare," discussed further down in this content.

DETERMINE CHANNELS

Channels are simply the methods of communication that you will have available for reaching out to stakeholders. Examine the channels the practice currently has in place that will enable quick, simultaneous and proactive communication. Identify any gaps in the practice's ability to communicate. Social media such as Facebook and Twitter will reach some constituents; however, keep in mind that not everyone is on social media or checking your practice's website. Also consider what to do if Internet connections are disrupted or phone lines are out.

PREPARE

In the event of a crisis, the practice will be called upon to provide information quickly and under stress. Prepare by assembling basic information that can later be incorporated into statements, alerts, announcements, and news releases. Be sure to check spellings for accuracy. Your crisis plan should contain:

- Name(s) of owner(s)
- Address/location
- Description of practice
- When opened
- Track record/performance
- Generic media statement (that can be tailored to the situation).



EXAMPLES

NEGATIVE REVIEW

You might think of this as no big deal – all practices get them – but if a review features a video of deceased pets in trash bags out in the back alley behind your practice, you have a crisis on your hands. (True scenario.)

KITTEN DIES; OWNER THREATENS LAWSUIT

At one practice, a kitten experienced post-operative complications and died as a result of the owner not following verbal instructions from the veterinarian. With a lack of documented post-operative instructions, the practice had no proof that instructions were provided, plus the owner did not take the verbal comments seriously. Crisis planning is also a good time to think about crisis *prevention*.

A CRISIS BECOMES AN OPPORTUNITY

One practice has a "Hot Scoop" email that goes out to alert clients of pet food recalls and local health issues, such as infectious disease scares. Each alert includes enough detail for pet owners to act on the information and also to find out more through the appropriate links.



CAUTIONS

For whatever reason, many veterinary practices lack a crisis plan. Perhaps they believe "it will never happen to them." Today, with social media and everyone under the proverbial microscope, a practice's actions are under even greater scrutiny. Avoid leaving crisis management to chance and risking your practice's reputation.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

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Section 6

Marketing Management

6.1. THE BIG PICTURE: MARKETING, ADVERTISING, PROMOTION, AND PUBLIC RELATIONS



BASICS

OVERVIEW

• The concept of advertising is easy to understand. You create a message, and then you come up with as much money as you can to get the message out. For the most part, you can say whatever you want and you have great leeway to talk about how great you are. Sometimes it works and sometimes it doesn't, based on your messages, the media, and your "offer."
• The American Marketing Association (AMA) defines marketing as: "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."
• Marketing deals with how clients or customers make decisions, assess products and services, and ultimately choose what they will purchase. Marketing techniques also help organizations refine their techniques in dealing with clients. Some of these techniques include enhancing services, redesigning products, and implementing programs that try to increase client/customer satisfaction.
• Public relations is a little harder to grasp. The Public Relations Society of America (PRSA) defines the practice of public relations as "a strategic communication process that builds mutually beneficial relationships between organizations and their publics."

TERMS DEFINED

Advertising: Creating and placing paid media messages.
Community Relations: Continuing, planned, and active participation with and within a community to maintain and enhance its environment to the benefit of both an organization and the community.
Counseling: Providing advice to the management of an organization concerning policies, relationships, and communications; in effect, "what to do."
Employee Relations: Responding to concerns and informing and motivating employees.
Marketing: Matching products and/or services to consumer need.
Marketing Communications: Combination of activities designed to sell a product, service, or idea, including advertising, collateral (printed) materials, publicity, promotion, packaging, point-of-sale display, trade shows, and special events.
Media Relations: Relating with news media in seeking publicity or responding to their interest in an organization.
Public Affairs: Developing effective involvement in public policy, and helping an organization adapt to public expectations; also a term used by military services and some government agencies to describe their public relations activities.
Public Relations: Building mutually beneficial associations with publics.
Publicity: Disseminating planned messages through selected media without payment to further an organization's interest.
Publics: Any group with some common characteristic with which an organization needs to communicate, including the media, government bodies, financial institutions, pressure groups, and so on, as well as customers and suppliers.
Research: Determining attitudes and behaviors of publics and their causes in order to plan, implement, and measure activities to influence or change the attitudes and behavior.
Special Events and Public Participation: Stimulating an interest in a person, product, or organization by means of a focused "happening"; also, activities designed to enable an organization to listen to and interact with publics.



ISSUES AND OPTIONS

There are entire bodies of knowledge for each of these three disciplines (advertising, marketing, and public relations), and the clear-cut distinctions are disappearing as efforts become integrated.
• A basic rule of thumb is that if the end result is to match goods or services to a customer need (a marketing function), advertising and public relations become tools for the marketing function.
• But if the desired objective is to advance the entire organization (a public relations function), marketing and advertising become public relations tools.

Working as part of an overall effort enhances each function, but here is a quick overview of the differences:

ADVERTISING

Advertising is absolutely the best avenue to use if you need to control message delivery (often because you have a totally sales-oriented message) or if you need quick results. Basically, if you have enough money you can buy the time or space to say whatever you want about yourself and your clinic (and sometimes even about your competition). Although you will build awareness, the downside is everyone knows you paid for the advertising, and if you're too boastful you may do as much harm as good (see 6.19 – Paid Advertising).

Even at its most effective, advertising can only induce your target audience to try you once. Make sure you are ready to deliver when the pet owners come calling.

MARKETING

The five basic components of marketing are: product/service attributes; marketing communications (this is where advertising, sales promotion, and publicity can support the marketing effort); market research; customer service; and sales management.

Marketing looks toward the future to determine which products or services should be aggressively promoted, which should be maintained, and which should be abandoned. It also helps businesses decide whether or not to acquire or sell, and establishes priorities for new product development.

In this process, you should analyze market share, segmentation (see 6.9 – Client and Patient Segmentation), product line extensions, pricing (see 7.12 – Pricing Strategies), distribution, cost efficiency, and so on. You should also spend time investigating your market for size, growth, competition, captive customers, and the opportunity to segment.

PUBLIC RELATIONS

Public relations paves the way for the sale of services and products. Internal motivation is also a vital factor that affects the bottom line by building morale, enhancing productivity, and creating team spirit. Effective public relations also helps recruit qualified employees and retain them.

Public relations provides an early warning system by avoiding disruptions that may occur when a single surprise issue or unplanned-for change arises.

Public relations can also help protect a long-developed reputation when an organization is under attack. For instance, Johnson & Johnson did not suffer declining sales, morale, or stock values during the Tylenol-tampering debacle in the 1980s, largely because of their expert public relations handling of the problem – communicating the company's position.

As public relations began to be recognized and employed by more organizations, definitions began to include, from the Public Relations Society of America (PRSA), the need for research prior to initiating

6.1. THE BIG PICTURE: MARKETING, ADVERTISING, PROMOTION, AND PUBLIC RELATIONS

actions; careful planning and thorough evaluation or measurement of results; a continuing, systematic process instead of a one-time or single activity; multiple audiences or publics; its role as an essential function of management; public participation, mediation, conciliation, arbitration, and accommodation as important tools; and the need, in most instances, for long-term commitment. The PRSA formally adopted a definition of public relations that has become most accepted and widely used: "Public relations helps an organization and its public adapt mutually to each other." In this definition, the essential functions of research, planning, communications, dialogue, and evaluation are implied.

SOCIAL RESPONSIBILITY

The phrase "double bottom line" was coined to explain the relationship between an organization and its social responsibility. It is now well understood and accepted that social responsibility does have a traceable effect on economic success for every type of organization. The leading role in "social accountancy" is usually played by the public relations staff in large organizations.



EXAMPLES

Not understanding the differences between advertising, marketing, and public relations keeps many veterinarians from using the best communications tool for maximum results.

There is an old joke that highlights the differences between the three: "Imagine you see a person you would like to get to know. Advertising is when you go up to the person and confidently talk about how you are the greatest person on earth and perfectly equipped to make every dream come true. Marketing is when you strike up a conversation and, while you are talking, you explain how he or she needs a friend and you are the right person for the job. Public relations is when he or she comes up to you and says admiringly, 'I've heard how wonderful you are and I'd really like to get to know you."'

Even from the early days, public relations has had to confront the problem of ethical practices. In the heyday of press agentry, practitioners could get away with almost anything. Many followed the dictum of circus promoter P.T. Barnum, who proclaimed: "Let the public be fooled." At the same time, businesses operated secretly and often fraudulently, and newspapers engaged in completely fictional writing, also known as muckraking or yellow journalism.

Public relations is about developing and maintaining beneficial, two-way relationships with the people who can influence your success – it is not just about writing press releases. Members of the media are a big influence, but so are customers, animal healthcare team members, industry leaders, community leaders, and others.

Public relations is hard to define, which is why it is probably the least understood tool of the three. As with any other form of communication, public relations objectives that support your clinic's overall strategy should be determined before plans are developed. But do not make the mistake of tying public relations objectives to sales. Take a longer term approach and use the tools of public relations to establish credibility, increase awareness, and build competitive distinction.

Always remember that if you are attempting to obtain publicity, you are at the mercy of the media outlet. You cannot control what is said about you, which makes the message more credible.

The best scenario is when all three of these disciplines are understood and used to support each other in an overall branding effort. Your clinic brand should convey the essence, character, and purpose of your clinic and your products or services. The powerful branding process affects all forms of communication and is the strategically thought-out declaration of who you are, what you believe, and why pet owners should put their faith in your services.

All of these efforts require time and commitment, but they build the intangible yet very valuable assets that can influence customer and employee preference, and ultimately strengthen your clinic's bottom line.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

AMA: American Marketing Association
PRSA: Public Relations Society of America

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N/A

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6.2. GIVING CLIENTS WHAT THEY WANT MOST



BASICS

OVERVIEW

• It might seem that clients are looking for high-quality medicine, and this is certainly a common enough sentiment in practice mission statements, but clients rarely know how to assess this in a practice, so they make decisions based on the information that is available to them. Accordingly, to keep clients satisfied and coming back for all their pet healthcare needs, it is important to give them what they want most.
• The value of a client is much more than the sum of any individual invoice. Their true value comes in the developed relationships that might span years and the lives of several pets. A loyal client base is the most valuable asset that a veterinary practice possesses. Without it, the level of medicine practiced in the facility is almost irrelevant. Therefore, veterinary practices must endeavor to keep their clients satisfied, and that means giving them what they want most.

TERMS DEFINED

Bedside Manner: Perception of how well a physician relates to a client or patient.
Client: An individual or group who engages in a professional working relationship with a veterinarian or veterinary practice for the delivery of veterinary services.
Customer: Someone who pays for goods or services.



ISSUES AND OPTIONS

THE SIX C's OF CLIENT RELATIONSHIP MANAGEMENT

Clients often have difficulty expressing what they are looking for in a veterinary practice, but assessment of successful practices suggests that those features are known, even if clients cannot enumerate them when asked. Dr. Lowell Ackerman coined the Six C's of Client Relationship Management for veterinary practices:[1]

• Consistency
• Compassion
• Client service
• Convenience
• Competence
• Cost.

CONSISTENCY

• Clients can appreciate that medical issues are not black and white and that there is room for medical debate, but they do not want to get mixed messages regarding the healthcare of their pets. They want the facility to meet their expectations of a hospital, they want the veterinarian to "be a doctor," and they want the staff to act informed and professional. By some accounts, at least 95% of all cognition by consumers occurs below the level of conscious awareness.[2] Therefore, meeting this unconscious image of the professional veterinary practice is infinitely more important to the consumer than marketing plans, customer discounts, or even the surgical acumen of the attending veterinarians.
• It is also divisive if clients receive different messages from different members of the healthcare team. Practice protocols should be standardized so that this inconsistency is minimized, as it is confusing for owners and detracts from the trust they place in the practice and its recommendations (see 9.3 – Standards of Care and Care Pathways).

COMPASSION

• Most clients have embraced the human–animal bond (see 1.19 – Importance of the Human–Animal Bond) with their pets, and are visiting the veterinarian as a reflection of this bond. It is critical that the practice reflects its love of animals in everything that it does, from its logo to its discharge instructions. Although owners want to know that their veterinarian is proficient in his or her trade, they want even more to know that their pets are being cared for by people who clearly understand how important those pets are as family members. For clients, this is reflected in the "bedside manner" of the veterinarian, often an overlooked aspect of veterinary training.
• There are many things that can be done in a veterinary practice to show that animals are the reason the hospital is in existence. Grooming pets before they are discharged, providing giveaways or chew treats, and taking a little extra time with an animal when patience is required (see 4.14 – Developing a Fear Free Hospital), all speak volumes to clients about the value placed on animals. Encourage clients to stop by with their pets any time they are in the area just for the purpose of getting a

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special treat, and keep a ready supply of highly palatable treats for this purpose. This helps the staff members to readily recognize animals on sight (and they should greet the pet enthusiastically), bonds the pet and client to the practice, and serves the very useful purpose of habituating the pet to the practice and staff to lessen any fearfulness associated with the facility. Having a pet that is highly motivated to go to a veterinary hospital is a winning combination for both client and practice.

• Assessing emotional motivators for your client base is a great way to connect with them and is also a key lever for business growth.[3] Compare the emotional motivators for your best clients (e.g., appreciative that pet is not afraid to come to clinic) with other tiers, and develop messaging that would leverage this appeal to your other clients.

CUSTOMER SERVICE

• Clients want to be loyal to veterinary practices and are often more loyal to us than to other retail businesses. However, they are also consumers and are used to being treated as valued customers by companies with which they do business. It is important for veterinarians to realize this, because minor lapses in client service can lead to costly losses for veterinary practices. Sometimes a rude receptionist or the failure to deal with an issue in a timely manner can be enough for a client to seek services elsewhere. This is often a silent loss for practices, because clients may not volunteer the reasons for their departure.

• Much of marketing by companies today is relationship-based, in which there is significant effort exerted to determine what customers prefer; the trick is then to shift customers toward relationships that advance the organization strategic goals as well.[4]

• Understanding the realities of customer service is critical for veterinary practices, because clients are the lifeblood of such practices. It has been estimated that it costs five times more to get a new client than to keep an existing one, and 16 times more to get a new client to the same level of profitability as an existing one. The statistics do not stop there. Although a satisfied client will tell two to three others about their positive experience, a dissatisfied customer is likely to tell eight to ten others. Fortunately, if problems are handled quickly and fairly, about 80% of unhappy clients will remain loyal to the practice.

CONVENIENCE

• Today's pet owners are busy individuals, and they routinely pay a premium for convenience. It is important that we make it easy for them to do business with us. Location is important for a veterinary practice, and clients should have easy access to it. Some practices have even installed drive-by windows to make it that much easier for clients to pick up needed supplies and prescriptions. Location, however, is only one aspect of convenience.

• Time is a critical factor for many pet owners, quite a few of whom have jobs that make visiting a veterinary hospital during regular business hours somewhat challenging. The ability to accept drop-offs, schedule appointments for early mornings, evenings, and weekends, and even offering pet transportation to/from the practice all speak volumes that the practice is there to serve the needs of its clients. If clients have a time crunch after work when they need to pick up their pet at the practice, perhaps it is possible to discuss discharge instructions by telephone earlier in the day, process the payment in advance, and make pickup that much more convenient for all concerned. Offering telehealth options may also signal to clients that the practice recognizes client convenience (see 4.24 – Telehealth).

• Clients also value payment options, but this does not mean that the practice needs to extend credit. If a practice accepts cash, checks, and major debit and credit cards, that is sufficient for most clients. Offering prepaid services to clients (see 8.10 – Getting Paid for Services Rendered and 8.12 – Payment Plans) who need to budget for their veterinary care can work well for practices and clients.

• Today, more than at any time in the past, it is also possible to offer convenience by allowing clients to interact with the practice 24 hours a day via online services. There are programs available that allow clients to research their pets' conditions online, book appointments, request prescription refills, and even review an online medical record. Anything that makes it easier for clients to do business with you is worth evaluating.

COMPETENCE

• Veterinarians may assume that their clients have good reason for realizing they are competent, but in reality, it is very difficult for clients to appreciate the level of skill of any physician. They make judgments based on what they know and feel, and most of this, as previously discussed, is a subconscious decision.

• Clients have so little information on which to judge competence that they become excited whenever clues are available to them. Use opportunities to highlight the accomplishments of all professionals and paraprofessionals, such as practice promotional materials, the website,

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standards of care, and newsletters. Prominently display licenses, certificates, diplomas, and continuing education accomplishments, and make sure they are professionally framed.

• Clients typically want results, not sympathy, so competence is also reflected in giving clients what they want in terms of interactions with hospital personnel. While clients might appreciate an empathetic employee, and empathy is certainly a desirable trait (see 5.10 – Empathy), research suggests that clients may be frustrated by the amount of conflicting information they find on the Internet, and may be dissatisfied with their prior interactions, and might actually prefer to deal with a so-called "controller" – one who seeks not to solicit more information from the client about what they might like to do, and instead tells them what should be done to get to the fastest and easiest resolution.[5]

• Competence can also be demonstrated by understanding limitations. Telling a client that their pet has a problem that warrants them seeking the opinion of a specialist is not a sign of weakness, but rather a signal that you care deeply about the pet, that you are a team player, and that you value a successful outcome for the client and patient above all else (see 4.23 – The Extended Hospital Team: Making Referrals Work).

COST

• Nobody wants to overpay for services, no matter how professional the practice seems. Clients are paying for professional services, but may be interested in buying needed products, or commodities, elsewhere. This is not a lack of loyalty; it is a realization by the client that some products are commodities and without intrinsic value as to where they are purchased, whereas the medical services are value-driven purchases. Veterinary practices should endeavor to learn the same lesson.

• Selling goods, including diets, shampoos, pharmaceuticals, and parasite-control products from a veterinary practice should be a matter of convenience for owners, not a measure of practice loyalty. It is important to be an advocate for clients and for practices to understand what they can sell at a premium – professional services.



EXAMPLES

Mrs. Clark visited XYZ Veterinary Hospital for an office visit, and learned that her pet had a urinary tract infection that would require an antibiotic. The cost of the antibiotic seemed considerable to Mrs. Clark, and she asked if it might be possible to get a prescription for it because she had seen advertisements on television for an online pet pharmacy. She was hoping that she might be able to save some money on the medication. Dr. Barnes became somewhat indignant at the suggestion and proceeded to explain to her that pharmaceutical sales help subsidize surgeries and other services at the hospital, and those prices would have to rise if clients started buying their pharmaceuticals elsewhere. Mrs. Clark thanked him, said she would think about it, and left.

Mrs. Clark was uncomfortable with the discussion, and although she had been a loyal client at XYZ Veterinary Hospital for many years, she decided that she might be more comfortable elsewhere. She visited ABC Veterinary Hospital and was warmly greeted. Dr. Smith reached the same conclusion about the urinary tract infection, but thought it would be worthwhile to get a urine culture before starting on an antibiotic. She then scheduled a clinical re-evaluation to make sure that the antibiotic did clear the infection as anticipated. Mrs. Clark cautiously asked about a prescription, but this time got a much different response. Dr. Smith told her that they could supply the antibiotic from the hospital, but that they also had access to a veterinary online pharmacy if that would be more convenient. In fact, she volunteered to have Nancy, a client service representative, determine the online price so that Mrs. Clark could make an informed decision on what she would prefer. Mrs. Clark became a loyal client of ABC Veterinary Hospital.

6.2. GIVING CLIENTS WHAT THEY WANT MOST



CAUTIONS

The old saying that the customer is always right is not fundamentally correct. The customer is entitled to courteous, professional, and respectful service; however, it is also true that not all clients are good matches for a practice and not all clients are profitable for a practice. Cultivate the clients who fit the practice's mission, but retention of all clients is not a realistic goal.



MISCELLANEOUS

Veterinary services will constantly be challenged by both veterinary and nonveterinary competitors until practices concentrate on delivering value-added activities rather than just the retail sale of goods and services. Deliver value to clients, and they will deliver loyalty back to the practice.

ABBREVIATIONS

N/A

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Note: Some material in this topic has been abstracted with permission from *Management Basics for Veterinarians* (see References).

6.3. BETTER MEETING THE NEEDS OF EXISTING CLIENTS (INTERNAL MARKETING)



BASICS

OVERVIEW

Internal marketing deals with promoting services to existing clients. Existing clients are already a well-defined population whose healthcare predilections are easily accessible. Compliance studies have shown that existing clients are rarely adhering to suggested standards of care (see 9.3 – Standards of Care and Care Pathways) for most veterinary hospitals, so marketing to existing clients is both medically necessary and cost effective.

TERMS DEFINED

Internal Marketing: Marketing efforts to employees as well as existing clients to support a positive brand experience.

Target Marketing: Selecting and developing offerings to meet the needs of a specific market segment.



ISSUES AND OPTIONS

THE NEED FOR INTERNAL MARKETING

• Organized veterinary medicine is failing the vast majority of clients who are already using veterinarians for their pets' healthcare needs. The failure is not one of medical incompetence, but of limited information sharing. Seeing veterinarians on a once-a-year or twice-a-year basis means that pet owners are getting information from other potentially less-informed sources the remainder of the time. This might be from staff in a pet supply outlet, from groomers, from workers in a boarding kennel, from friends and family, and often from the Internet. The solution involves different strategies than are currently being employed (see 1.1 – Models of Veterinary Practice), but for now, clients are getting most of their pet healthcare information from nonveterinarians, and this is cause for concern.

• Internal marketing is not about selling, it is about educating. Veterinarians need to inform clients about the proper ways of caring for their pets. The more complete the picture provided, the more likely there is to be compliance and good choices made by clients. Similarly, the more often clients hear the same message from different individuals, the more likely they are to act on it. For example, most people understand that they should see their dentists twice a year and, in between, should brush and floss regularly. Veterinarians over the years have created the expectation that pets should be vaccinated (on a basis that is currently not well defined), and that they should be seen once a year. For most animals, this is inadequate, and guarantees that unless an animal is sick or hurt, the veterinarian may not be at the center of all healthcare discussions.

• There is also somewhat of a misperception that we need to ramp up our messaging to clients, with the hope that more interaction will translate to improved client loyalty and more clinic visits. However, many consumers are distracted by the sheer volume of marketing messages that they receive on a daily basis, and there is little evidence that contact alone leads to engagement. Instead, it is likely better to concentrate on decision simplicity, in which we make it easy for the client to understand the information we provide, have confidence in the appropriateness of that information, and then act decisively and are most likely to follow through on the recommendations made.

DATABASE MANAGEMENT

• Effective internal marketing requires knowledge of the pets being served by the practice, contact information for owners, and some way to measure compliance. Whether the system is computerized or manual, if the information is not available in the records, then it is hard to use it productively for internal marketing efforts.

• For example, if a practice concedes that dental care is important for pets, then it is imperative that the clinician be able to track the progress of dental disease in all patients, and to track the compliance of making recommendations to clients about dental care. Every examination should include an evaluation of the teeth and gums, and notations about the stage of periodontal disease, gingivitis, and calculus accumulation (see 5.16 – Discussing Oral Health). However, this is not enough if nothing more is done with the information. The hospital needs to have a protocol in which there is agreement that when stage X is reached, a dental prophylaxis should be recommended, and when stage Y is reached, the dental procedure should be considered a medical priority. The client should receive a uniform message to this effect from the veterinarians, technicians, and receptionists, and also see that information on client handouts, the website, and elsewhere.

• Although veterinarians tend to believe that they regularly make such recommendations, it seems clear that from the client's perspective, the importance of such recommendations is often not perceived by pet owners and clear communication can improve compliance by as much as 40%.[2]

• The practice must be able to track this information and direct client educational materials to those owners who have been notified but have not yet acted. The information of what services are outstanding for any individual animals must be available as a central resource, not just buried in the medical records.

6.3. BETTER MEETING THE NEEDS OF EXISTING CLIENTS (INTERNAL MARKETING)

PET-SPECIFIC (PERSONALIZED) CARE

• As a profession, veterinarians have tended to make generalized rules for patient care, but in the age of the Internet, clients are expecting customized solutions and deserve such (see 4.10 – Personalized Pet Profiles). Is the medical care of a Labrador retriever really that similar to the needs of a shih tzu? Groomers certainly appreciate the differences, as do boarding facilities, but veterinarians for the most part still embrace a "one size fits all" healthcare philosophy. The profession is just coming to terms with the frequency of vaccine administration as a general ruling, but have yet to address similar concerns, such as should a Chihuahua receive the same vaccine dose as a Great Dane? Should a Doberman pinscher receive vaccinations at the same recommended intervals as a Shetland sheepdog? Are all pets considered senior at seven years of age?

• Pet-specific care requires more effort, but it is infinitely more responsive to the needs of clients and pets (see 4.8 – Pet-Specific Care). This is even more significant when it comes to disease screening. For example, in recognition of the relatively high incidence of von Willebrand disease (vWD) in Doberman pinschers, a practice may elect to recommend screening by DNA testing or by biochemical testing (von Willebrand factor) for all young Dobermans, especially those undergoing surgery. In many instances, this condition is only detected when bleeding is hard to control during and after the surgical procedure. However, simple testing in advance can inform clients if there is any risk of complications during the procedure, and special precautions can be taken if needed.

• Each breed has its own risk factors for diseases, and veterinarians would be well served to understand these differences when developing internal marketing efforts (see 4.9 – Lifelong Excellence in Healthcare).[1] Similarly, protocols should be established for monitoring patients on therapeutic or preventive regimens. Sometimes, delivering doses of heartworm prevention by injection, or on a monthly basis to owners is superior to selling them a year's supply if they are prone to missing doses. Animals on most medications should be monitored periodically for therapeutic benefits as well as for adverse effects. All animals require some form of periodic monitoring, even if they are otherwise healthy and just on preventive medicine regimens (see 9.3 – Standards of Care and Care Pathways).

REMINDER SYSTEMS

• Along with having systematic documentation of patient needs that are easily accessible, it is also important to have functional reminder systems (see 4.16 – Client Reminder Systems). At the end of every client visit, there should be a reminder generated for the next visit. Logically, pets should be seen at least twice a year, but even if the practice adheres to a once-yearly evaluation, a reminder should be generated in the system. For practices with robust web capabilities, this can be automatically generated as email or text (SMS) reminders. Give the client several options for reminders, and most clients who lead hectic lives will not consider this an intrusion. Some options include email, text (SMS) messaging, mail, and telephone calls. Because mailings are the most expensive and sometimes the most neglected forms of contact by recipients, having the other options available are convenient for both client and practice.

• If all reminders have been sent and the client has still not responded, the practice should send one final notification that it is assuming that the client is not interested in continued veterinary care at the practice, and that unless it hears otherwise, the patient's medical record will be removed from the active medical files (but maintained by the practice as required by law). If veterinary care is being provided elsewhere, then the practice offers to forward relevant medical information to that practice upon notification by the owner.

• Above all, the message should be that if the pet is not receiving care at the practice, it is the hope that the pet is receiving its needed care elsewhere. If clients do not respond to this message, there is no point in sending additional reminders.

• If the client does respond, the staff should schedule the needed appointment and then inquire as to the form of reminder notification preferred by the client.

TARGET MARKETING

• With a solid database of information on pets, target marketing is a very effective form of internal marketing (see 6.10 – Target Marketing and Targeted Client Outreach). Target marketing identifies pets or owners in the practice that have similar needs, and customizes an offering to meet those needs. A target market could be as general as all pet owners in a specific zip code or as specific as all Cavalier King Charles spaniels over five years of age that have not had cardiac evaluations.

6.3. Better Meeting the Needs of Existing Clients (Internal Marketing)

• The promotional piece can be written to specifically target the defined group, both because the need is similar and because this allows personalization of the message. Messages that are personalized and speak to a defined need are most likely to be regarded seriously and acted upon.

MARKETING TO STAFF

• It is important to realize that our staff are also consumers of our goods and services and are ambassadors of our hospital brand. Accordingly, everything possible should be done to ensure that they are educated on the value that is being delivered and experience excellence in customer service first hand (see 6.16 – Internal Team Marketing).
• Stronger links should be developed between the employee brand experience and that of the customer to ensure that the values of the hospital are clearly portrayed at every opportunity.



EXAMPLES

ABC Veterinary Hospital decided to review its internal marketing efforts. Even though the hospital maintains computerized medical records, it was soon evident that they could not access data important to their compliance needs, including dental stage information for all animals evaluated, recommendations for senior profiles, dietary recommendations made, and so forth. Accordingly, although they had always assumed that client compliance was high, published studies suggested this was perhaps not very likely, and they had no way to verify the statistics themselves.

The first step in the internal marketing process was to create computer codes/flags for all the recommendations they hoped to track. They would enter that information for all clients seen from that date, and staff would slowly enter information from past visits on an ongoing basis, with a timeline of three months to implementation. Surprising to the veterinarians was that the medical records, which they were very proud of, were incomplete with regard to much of the information sought. In a large percentage of cases, there were no periodontal stages even recorded in the record. Many others did not include weight, body condition scores, pain scores, recommendations verbally made for senior screening, and other such valuable information.

Apart from the value realized in improving their compliance, the doctors and staff took more care in their medical record-keeping, and practiced a higher level of medicine as a result.



CAUTIONS

• Internal marketing is about education and delivering value. In veterinary medicine, this can be accomplished at the same time as generating a reasonable professional profit. However, it is important to ensure that the reasons for the marketing have more to do with value creation than with revenue generation. If clients can understand the value in a process (pre-anesthetic screening, for example), then they appreciate the professionalism and care behind the recommendation. If they cannot understand the value in an offering (routine proctoscopic examinations of healthy pets, under anesthesia, at three years of age, for example), then it can have a negative impact on trust and compliance.

6.3. BETTER MEETING THE NEEDS OF EXISTING CLIENTS (INTERNAL MARKETING)



MISCELLANEOUS

Internal marketing should not involve selling clients services that lack intrinsic value. For most veterinary practices, internal marketing should focus on delivering those services, which the hospital team already believes are valuable but which are not currently being delivered in a reliable fashion. Consultants refer to this as "low-hanging fruit." Whereas veterinarians may be tempted to buy expensive equipment that can be marketed to clients, there are many routine services that are not being consistently delivered and that warrant increased attention by practices.

ABBREVIATIONS

vWD: von Willebrand disease

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6.4. ATTRACTING NEW CLIENTS (EXTERNAL MARKETING)



BASICS

OVERVIEW

To build and grow a veterinary practice, there must be a continual pipeline of new clients. Retaining clients and getting current clients to utilize more services is of equal or greater importance. But it all begins with prospecting – identifying those pet owners who you would like to welcome into the practice as new clients.

They are one of the key essentials to developing a healthy, sustainable business.

TERMS DEFINED

Prospect: An identified potential client that can be targeted for business.

Segmentation: A marketing term referring to the aggregating of prospective buyers into groups (segments) that have common needs and will respond similarly to a marketing action. Market segmentation enables businesses to target different categories of consumers who perceive the full value of certain products and services differently from one another.

Target Audience: A specific group of people within a target market at which a product or the marketing message of a product/service is aimed.



ISSUES AND OPTIONS

Most healthy practices have a natural attrition rate due to many factors. Therefore, it is critical to have a process in place to reach out to potential new clients on an ongoing basis. There are many reasons why a client may not return to a practice, such as:

- Relocation
- Price shopping for lower costs
- Pet dies
- Referred elsewhere by a friend
- Sees an advertisement for something their pet needs at the right time available at another practice
- Does not feel they or their pet was treated well
- Thought the practice was expensive (e.g., did not see value for the price)
- Saw too many negative reviews online for the practice
- Viewed or interacted with an advertisement on social media.

An influx of new clients is needed just to replace the ones lost to normal attrition. For practices that are not at the top of their game and occasionally or frequently provide service that is short of excellent, attrition rates will most certainly be higher.

In order to sustain or grow a practice, a steady stream of new clients who have never visited the practice before must be identified, reached out to, and motivated to make that first call.

There are many reasons why a pet owner would look to select a new veterinarian:

- Recently moved to the area
- Referred by a friend
- Acquired a new pet
- Found the practice online
- Saw an advertisement that appealed to them
- Met representatives of the practice at a community event
- Saw many positive reviews online.

TARGET AND SEGMENT YOUR OUTREACH FOR BEST RESULTS

The easiest and least expensive way to attract new clients is to reach out to a defined target audience. What this means is to identify what type of pet owner you want as a client. What characteristics do they possess that make them a model client? What services do you offer that would appeal to this segment of the pet-owning population? Do you offer low-cost high-volume services, a full spectrum of care from preventive to wellness services, grooming, and boarding, or perhaps you are a high-end, lower volume practice with advanced technology. Understanding who your ideal client is will help you determine where to find them and therefore be able to market the services you offer that will most likely appeal to them.

By segmenting your prospective clients into categories and creating marketing initiatives directed specifically to speak to them, you increase your chances of reaching them exponentially (see 6.10 – Target Marketing and Targeted Client Outreach). It is all about relevance – what is important to one audience may be less important to another. Some pet owners want convenience, some want comprehensive services (grooming, boarding, wellness/preventive care, fully-stocked pharmacy, etc.), others want low cost, or a high-end designed facility, or simply being made to feel welcome and that you know them by name.

THE BEST SOURCE OF NEW CLIENTS

Word-of-mouth marketing will always be the very best resource to acquire new clients. With the prevalence of digital connectivity today, word-of-mouth also applies to the online version. For some, seeking online resources is the norm rather than the exception. It is more important than ever to know what people are saying about you, and to consider whether it is what you want them to say.

Create awareness among your staff that you are always looking for new clients. Help them understand that part of their role is to be a brand champion, in essence, an ambassador for the practice. Develop referral programs that reward staff members and clients for referring others to the practice. Make these programs visible. For instance, among staff, thank team members openly at staff meetings for bringing a new client to the practice. There may even be a small reward for each new client. Include information on your referral program on your website, reminders, newsletters, e-blasts, brochures, advertisements, materials in exam rooms, etc.

People are much more likely to refer a friend when prompted. Do not forget to provide an extra business card or magnet for each client when checking out (if it is been a happy visit) and tell them the practice welcomes referrals and offer information on your referral program if you have one. This is the perfect opportunity to plant the seed and your front office personnel are typically the best equipped to have these types of conversations. It also demonstrates you are confident enough in your services to ask clients to recommend you to another pet owner. Encourage online reviews, at check out, in email communication, on your website, etc.

WHY IS WORD-OF-MOUTH THE BEST SOURCE FOR NEW CLIENTS?

- New clients who arrive through word-of-mouth come with an element of trust already built in because they have been referred by someone they know and trust.
- They likely fit a similar demographic and/or have similarities to the client that referred them, keeping them in the "most desired" category of prospective clients, which increases the likelihood you can satisfy their needs.
- They cost less. You have not had to spend a dime to acquire that client other than delivering a great experience for the client who referred them – which you should be doing for every client, every day.

6.4. ATTRACTING NEW CLIENTS (EXTERNAL MARKETING)



EXAMPLES

• **Convenience:** If you are located in a middle-class area where most households have two working adults, you may find it helpful to stay open late one or more evenings a week and one or more weekend days to accommodate the schedules of local pet owners.
• **A local member of the community:** Likewise, if there is a public school within walking distance of the practice, then it might make sense to advertise in a school sports program, newsletter, or even sponsor a team. You reach a local audience with a service that offers convenience from a fellow community member. People like to support their community, especially if they feel an affinity for them or are acquainted with them in some way.
• **Low-cost high-volume:** When located in a facility that may be a bit outdated, or in a high-density or urban area that has a mixed demographic, it can be a good idea to work with a local shelter whereby you are a recommended resource for newly adopted pets, even offering a free first exam if allowed by law. The shelter or rescue organization provides your practice with the exposure it desires to families acquiring a new animal.
• **High-end services:** Reaching a highly educated, white collar clientele that is in either a relatively new neighborhood or an older, established, well-maintained area calls for a modern, spaciously designed facility with good signage and exceptional service. This audience will find the practice's advanced imaging technologies, special skills or interests of the medical team, and comforts offered to patients of interest through home owner association newsletter advertisements or columns, support of the local arts community, visibility and participation in local charitable circles and even partnership with other ancillary business for services you may not offer (e.g., pet resort, boarding, grooming). Online, use targeted Facebook ads with specific criteria to reach this demographic based on location, income, hobbies, etc.
• **All inclusive:** If you have the space to accommodate ancillary services beyond wellness care, and have the time, resources, and personnel to operate these additional revenue centers, it may make sense to capitalize on your current wellness care clients and expand their usage of your practice by taking advantage by offering boarding, grooming, behavior training, and the like. Busy people, especially families, will find great value and convenience in multiple services at the same location. And they will feel a great sense of confidence because they "know" the people that will be caring for their pets in these other situations.



CAUTIONS

• Not every pet owner is an optimal client for your practice. And your practice cannot offer all things to all pet owners. It is necessary to determine the type of pet owner that makes a good client at your practice and specifically what is important to them in a veterinary practice (see 6.9 – Client and Patient Segmentation). Then you can reach out to this particular segment of the potential audience of pet owners in a way that is relevant and meaningful to them.
• Do not launch marketing initiatives to attract new clients without determining how to measure the results. With limited financial resources and a desire to receive a good return on your investment, always note how new clients heard about you. Track these results on a regular basis and see what type of outreach efforts are producing what results. Increase or continue those that are working well and eliminate or modify those that are not generating the results desired. The key is to track the sources of new clients over time and watch the trends (see 6.23 – Measuring Marketing Performance).



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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N/A

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6.5. DEFINING MARKETPLACE OPPORTUNITIES



BASICS

OVERVIEW

Planning marketing efforts when a practice fails to first identify opportunities that justify doing marketing in the first place just does not make sense. There is no reason to invest in marketing if a practice has not identified marketplace opportunities to drive marketing efforts.

Many practices implement what they consider to be marketing efforts for a variety of reasons that have nothing to do with marketing. Perhaps someone told them that they "need to do more marketing" or the practice wants to "get its name out there." Others incorrectly believe that marketing is simply posting to social media or sending out generic mass-produced newsletters. Without identifying the opportunity and setting goals around it, what practices are calling marketing could be a waste of time, effort, and money.

On the other hand, smart practices recognize that marketing starts with defining a space or gap in the marketplace that, for whatever reason, is not being filled. It might be because such a service does not exist yet, that pet owners are frustrated with the current level of service, or that a trend is creating a new need that did not previously exist. Whatever the reason, opportunities give marketing direction, purpose, and a rallying point around which to focus.

TERMS DEFINED

Define: Being able to pinpoint the scope, nature, and boundaries of what is being understood.

Market Segment: A piece or part of the overall market that shares similarities in its demographic traits, attitudes, or views that lead it to experience similar needs or desires.

Marketing: The process of understanding marketplace needs and creating/delivering products and services in a way that is preferred over that of the competition.

Marketing Goals: The ultimate measurable outcome – or series of outcomes – that a business desires to achieve based on marketing opportunities and the realities of the marketplace.

Marketplace: A collective term for the representation of numerous market segments that span a wide range of consumer demographic and lifestyle traits.

Marketplace Opportunity: An identified reason to pursue and reach out to a particular market segment as a result of unmet needs, dissatisfaction, inadequate delivery systems, or other weaknesses affecting the segment.



ISSUES AND OPTIONS

Defining marketplace opportunities starts with paying attention to issues affecting pets and the local pet owner market with the purpose of identifying changing pet owner needs. In understanding these needs, ask yourself:

- Are they being met now?
- Are they being met effectively?
- What could be done better?
- Are there holes or gaps in current service delivery?

Studying pet health trends, gaining client feedback and looking at regional attributes will open multiple doors to opportunities for marketing, market development and practice growth.

PET HEALTH TRENDS

There are numerous trends and developments affecting today's pets that represent opportunities for veterinary practices. Veterinary and consumer pet literature is filled with information on today's trends such as:

- More overweight pets
- Pets living longer
- More multiple pet homes
- Pets being humanized ("I only trust my dog")
- Pets on vacation
- Increase in dental disease
- Cat popularity among millennials
- Increase in infectious diseases including Lyme disease
- Premiumization in the pet product market
- Increase in chronic illnesses.

All of these represent opportunities for practices to develop services that fill needs in each of these areas.

There are numerous examples of veterinary hospitals stepping up to the plate with new services – or, in some cases, entirely new facilities – to service unmet needs. Examples include a doggie weight loss camp, pet hospice (see 1.24 – Hospice and Palliative Care), pet public health campaigns, mobile clinics (see 1.23 – House-Call and Mobile Practice), pet trauma centers (see 11.19 – Referral and Emergency Facilities), luxury pet daycare/boarding (see 11.20 – Pet Boarding and Luxury Accommodations) and more. All of these are based on the recognition that, in these cases, pet and pet owner needs and expectations were not being met, or there was room for improvement in the existing service delivery models.

CLIENT FEEDBACK

Listening to pet owners, which should be a regular part of any practice's marketing, always leads to identifying opportunities. Pet owners are typically pretty candid about sharing their frustrations and discussing services that they would like to receive but cannot currently get. Any company will tell you that their greatest source of new ideas is hearing from customers about their experiences with their products.

However, practices must actively reach out to pet owners to gain usable qualitative feedback. This goes way beyond asking, "How did we do?" or "Is everything ok?" It also goes way beyond sending out the occasional client satisfaction survey, which is typically nothing more than a report card of past behaviors. Instead, gain usable information by choosing from multiple avenues for seeking and gathering meaningful and valuable input from pet owners.

- Conduct focus groups with clients (see 6.21 – Client Focus Groups).
- Form advisory boards of especially opinionated and active clients.
- Conduct focus groups among the local pet owner that are not necessarily clients of your practice. (Ask your local pet supplies store if you can access their customers. This is a great way to determine how pet owners view your practice against the competition.)
- Hold discussion groups with local pet community thought leaders (shelter managers, rescue group heads, groomers, and others).

Also use client feedback to test marketing programs before you implement them. This will save time, money, and reduce the risk that marketing efforts are in misalignment with pet owner needs.

REGIONAL ATTRIBUTES

The geographic location of your practice – and the locale's features – can represent potential marketing opportunities. Is your practice in a tourist or recreation area? Is it surrounded by bodies of water? Are dogs used for hunting? Do local business employ working dogs, such as herding dogs on farms to dogs being used to calm inmates in the local prison? Does your area contain pet health hazards that are particular to the region? Is your practice in an urban versus suburban or rural area?

Know your area, the roles that pets play and the related health issues (see 4.8 – Pet-Specific Care). Any of these could represent potential unmet needs or underserved market segments.



EXAMPLES

- Recently, a good friend took her cat to the local veterinary hospital and was quickly informed by staff that, "We don't really like cats around here very much." Well someone does. Opportunity: There are many feline-only practices, many of which are thriving.
- Pet owners often put off getting their pets spayed/neutered due to the cost. Opportunity: Low-cost spay/neuter clinics are now in just about every major market across the United States.
- Pets are too fat. Opportunity: Some practices are adding pet fitness programs. Some facilities offer pet weigh-ins and weight-loss plans under the supervision of a veterinarian.
- Pets are living longer. Opportunity: Some veterinary hospitals are setting up geriatric pet care programs. A practice might offer senior cat discounts and specialized geriatric screenings and exams with the goal of early detection of chronic illness.
- Pet owners are having a more difficult time making good nutrition choices for their pets given the large number of foods, frequent food recalls, and inflated pet food claims. Opportunity: A hospital could align with a board-certified veterinary nutritionist for online consultations.



CAUTIONS

Before a practice pursues an opportunity, it should be substantiated and based on careful study of trends, pet owners, and the local market. Avoid pursuing opportunities that a few acquaintances simply think is good idea. Substantiate it first.

Spotting an opportunity is one thing – acting on it is another. Create programs and initiatives that offer substance and meaningful value to pet owners. For example, the feline market is growing, but simply saying, "Oh ya, we see cats," is not going to help any practice pursue this market opportunity.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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6.6. MARKETING PLAN



BASICS

OVERVIEW

• Ideally, every practice should have a vision and mission statement before writing a marketing plan that will guide decisions made in marketing planning (see 14.9 – Mission and Vision Statements).
• Engage in strategic planning before drafting a marketing plan (see 14.5 – Strategic Planning and Implementation). Strategic planning involves developing a clear vision and mission for the practice and outlining objectives and strategies to achieve practice goals. This process serves as a foundation for the marketing plan.
• The process of writing the marketing plan helps define the focus and direction of the practice. It should reflect the image and reputation the practice wishes to have in the community.
• All practices, regardless of size, should have a written marketing plan that outlines programs and activities for a defined period of time, typically a year.
• The marketing plan should involve team input and be made available to the entire team. Without employee involvement and "buy-in," the plan will not be as successful because team members may be less than enthusiastic about implementing its programs and policies.
• Components of the marketing plan include situational analysis and market planning: objectives, target markets, marketing mix, and implementation and control of the plan. Budget allocations should be included if significant funding is necessary.

TERMS DEFINED

External Marketing: Written or verbal communication aimed at attracting new clients. Examples include exterior appearance of the hospital, advertising, mailings, community events, speaking engagements, hospital signage, website, digital marketing, social media, and converting phone calls to booked appointments.
Internal Marketing: In veterinary medicine, this refers to efforts to increase the utilization of services by existing clients. Internal marketing also refers to efforts by the practice to train and motivate staff to work together as a team to better meet client needs.
Market Segmentation: Dividing markets into specific groups based on specific criteria.
Marketing Mix: The 4 P's of marketing: Product (which veterinary services to offer), Price (decisions about fees), Promotion (written and verbal communication), and Place (the time and location of services).
Marketing Plan: Involves establishing marketing objectives, defining target markets, and deciding on the marketing mix.
Mystery Shoppers: Individuals known to management, but unknown to the team, who call or visit the practice and report back to management about their experience. Mystery shoppers can be used to assess the practice's client service efforts from the client's perspective.
Situational Analysis: Review of the current environment, including competitors as well as social, political, economic, and legal conditions. For established veterinary practices, the situational analysis includes looking carefully at the current state of affairs for the practice in terms of its ability to meet client needs.
Target Markets: Group of clients the practice wishes to attract.



ISSUES AND OPTIONS

• The concept of marketing for veterinary practices involves the desire to improve the financial health of the practice by meeting the needs of clients. The focus is on meeting client needs (see 6.3 – Better Meeting the Needs of Existing Clients).
• Excellent client service is important to meet or exceed client needs. Components of client service are integrally related to client satisfaction with a particular practice. Therefore, a marketing plan should focus on achieving high-quality client service (see 4.1 – The Basics of Client Service).
• The marketing plan should reflect the practice philosophy of medical care. For example, patient advocacy and pain management may be incorporated into programs.
• Marketing in veterinary practice involves marketing primarily services rather than products.
• For service industries, marketing involves a long-term relationship.
• Bear in mind that clients cannot easily visualize many services as they would a product. Therefore it is important that procedures and benefits are explained in detail.
• Client communication, both verbal and written, is a vital element in all aspects of the marketing plan.
• Specific marketing objectives should help meet overall practice goals related to pet healthcare, client satisfaction, and matching client needs with veterinary services offered.
• Team training is critical if the practice is to deliver effective client communication and excellent medical care (see 3.10 – Staff Training).
• Team members need to be kept informed about all marketing programs.
• Some components of the marketing plan may be seasonal, such as promoting heartworm and flea programs; other components, such as promoting senior diagnostic screening, will be encouraged every month.

SITUATIONAL ANALYSIS

• This analysis includes a review of the strengths and weaknesses of your practice and the competitive environment (see 6.7 – Basic Tools of Marketing). This information may be useful in several ways (see Examples).
• Evaluate consumer behavior. Understand what influences clients' decisions regarding veterinary services (see 4.6 – Client Perception and Learning).
• Review the level of client satisfaction regarding all aspects of the practice (see 4.19 – Measuring Client Satisfaction). Client surveys, which offer a means to gather this information, can be emailed to clients after they visit the practice or mailed to a random sample of clients. Surveys can also be done on the telephone by outside agencies.
• Solicit feedback from both team members and clients about client service and hospital operations. This feedback will help the leadership team understand the strengths and weaknesses of the practice.
• The practice should gather revenue data on utilization of services.
• Assess the size and growth opportunities for particular veterinary services.
• Decisions should be made on whether the practice has the resources and willingness to provide various services.
• Consider team training needs and whether the team is coordinated and efficient in the delivery of services.

MARKETING PLAN

• Consider what type of clients you want to attract and which services you most want to promote.
• Establish specific, measurable objectives (see 14.5 – Strategic Planning and Implementation). These may be related to improved client service, gaining new clients, increasing client education on certain topics, increased utilization of certain services, or target goals for utilization of new services.
• Objectives may be program-based, such as developing a senior care program or an obesity management program for the patients.
• Decide on target markets and promote services to these segments (see 6.10 – Target Marketing and Targeted Client Outreach).
• Develop methods of communication for offering services to the target market.

• Define the marketing mix of the 4 P's. For example, for Product, decide which services will be specifically marketed in the plan for the year; for Price, evaluate the appropriateness of fees for new services as well as existing services; for Promotion, decide on internal and external marketing for the services or programs offered; and for Place, decide if programs or services will be offered at specific times.

IMPLEMENTATION AND CONTROL

• Effective leadership is necessary for the successful implementation of a marketing plan (see 2.12 – Leadership).
• The plan must state how programs will be implemented and who will be responsible (see 2.14 – Implementation: Getting it Done).
• Responsibility for all tasks outlined in the plan should be delegated to specific individuals (see 2.6 – Accountability).
• Teams should be empowered to implement the marketing plan.
• Measures to track utilization of services should be outlined. Computer software should be able to facilitate tracking utilization.
• Progress of the plan must be followed with regular frequency, ideally every month.
• Consistency is extremely important. Lapses in client service, communication breakdowns, inconsistent training of staff, and sporadic recommendation of services will result in an ineffective marketing plan.



EXAMPLES

See marketing plan example in appendix (see 15.5 – Marketing Plan).

EXAMPLE 1: DEVELOPING AND UNDERSTANDING THE SITUATION ANALYSIS

Your veterinary practice has determined that 10 other practices are located close enough to yours to be considered competitors. One of these practices is a feline practice, but it does not seem to be highly regarded by the cat-owning community. Another practice, opened a year ago, has a lovely new building and offers grooming, extended hours, and a large boarding facility.

Mystery shoppers have reported variable levels of client service at many of these practices, including yours. Analysis of your client surveys reveals that clients did not make many comments about exceptional service, and their biggest desire is to be able to drop off their pets before 8.00 a.m.

Review of your service utilization data shows that there is low compliance with senior health screening recommendations and a growth opportunity for increasing feline visits.

In response to this situation analysis, the practice may decide the following:

• There is a significant growth opportunity with respect to attracting new clients who own cats. The practice has a nicely decorated, separate cat-waiting area in the reception room and a separate cat ward.
• There is an opportunity to differentiate the practice from other area practices by offering exemplary client service (see 6.15 – Practice Differentiation).
• The practice can better meet client needs by opening at 7.30 a.m.
• There is an opportunity to increase the utilization of senior diagnostic testing for both dogs and cats.
• The practice is not willing to offer extended hours at night in response to the other hospital's hours because it is not deemed profitable or desirable at this time.

EXAMPLE 2: DEVELOPING TARGET MARKETS AND THE MARKETING MIX

As a result of carefully reviewing the previous situation analysis, the practice may decide to segment the market based on the following criteria:

• Type of client – new versus existing
• Dog owners versus cat owners
• The pets' ages
• The number of office visits per year.

The practice will have the following target markets:

• All clients for client-service marketing efforts
• Cat owners within a 10-mile radius for marketing aimed at attracting new clients with cats
• Existing clients with dogs aged 7–10 for senior diagnostic testing
• Existing clients with cats aged 8–11 for senior diagnostic testing
• Clients who are not visiting the practice annually.

The marketing mix for offering feline senior health screening would include:

• **Product:** Define what a feline senior health screen includes, as well as any options. A basic senior health screen may include complete blood count (CBC), biochemical profile, urinalysis, and T4 (thyroxine).
• **Price:** Decide on fees, be sure they are entered in the computer, and advise the team.
• **Promotion:** Educate staff on the importance of senior programs, recommend senior health screening to all cats over eight years old coming in for routine visits, use brochures on senior healthcare to reinforce the message, send a newsletter on feline senior healthcare to clients.
• **Place:** As an ongoing program, allow clients to drop off their cats for blood draws and urinalysis.



CAUTIONS

• The marketing plan must be updated at least annually.
• Management should review whether the objectives of the marketing plan were met at year-end and use this information to make improvements or adjustments to future plans.
• The practice should utilize the marketing plan to differentiate its services. The client must see quality and value associated with your services.
• The practice should constantly strive to keep service quality high as part of their marketing plan.
• New employees should be educated about all aspects of the marketing plan.
• The healthcare team must believe in the marketing plan and maintain excitement and commitment for the plan to be successful.



MISCELLANEOUS

ABBREVIATIONS

CBC: Complete blood count

References

N/A

Recommended Reading

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6.7. BASIC TOOLS OF MARKETING

BASICS

OVERVIEW

Marketing is a science of sorts, and effective marketing campaigns rarely happen by accident. Even in small business settings such as veterinary practices, certain tools can be used to help drive positive outcomes in marketing.

TERMS DEFINED

Diversification: Promoting new products to new markets.
Market Development: Promoting existing products to new markets.
Market Penetration: The extent of sales of existing products and services to existing clients.
Market Segmentation: Process of dividing the total market for a product or service into smaller, more manageable subsets or groups of customers.
Marketing Mix: The unique blend of product, pricing, promotion, and place (distribution channel) designed to reach a specific group of consumers.
Product Development: Developing new products or services for sale to existing clients.
Target Marketing: Selecting and developing offerings to meet the needs of a specific market segment.

ISSUES AND OPTIONS

MARKETING MIX

The marketing mix, sometimes referred to as the 4 P's, refers to the constraints associated with any offering, whether a product or a service (Figure 6-7-1). It is not possible to control consumer habits, although they can be influenced, but there is the ability to control the 4 P's, namely:

- Product
- Price
- Promotion
- Place (Distribution).

This is important, because the successful delivery of any service depends upon meeting a perceived need. Not all products and services need to target the most affluent market. Companies like Walmart have become global powerhouses by catering to a different demographic than many of the other major retailers. Where businesses get themselves into trouble is when the 4 P's cannot be reconciled, such as trying to offer high-end services (the product) at heavily discounted rates (the price).

MARKET SEGMENTATION

Market segmentation is a method of subdividing the client base into more manageable subpopulations with common needs (see 6.9 – Client and Patient Segmentation). On a very basic level, one could segment the client population into dog owners and cat owners for the purposes of a marketing campaign. The more segmented the market, the more specific and personalized the marketing message can become (see 6.3 – Better Meeting the Needs of Existing Clients (Internal Marketing)). When trying to attract new clients, the potential marketplace can be segmented based on useful demographic information, such as zip codes in which the average household income exceeds $75,000, or psychographic information, such as client attributes and preferences.

TRADE AREA ASSESSMENT

Most veterinary practices draw clients from their immediate area, and this area is usually referred to as a trade area or a catchment area (see 1.4 – Veterinary Trade Areas). For most urban and suburban practices, drive time is actually a better predictor of trade area than is any given radius from the practice, because clients will typically have a comfort zone for how long they are prepared to travel to get to a veterinary practice. The longer the drive time, typically the more likely those potential clients will consider their alternatives.

Trade area (demographic) assessments are important marketing tools because they offer a graphic representation of the likely marketplace for a practice and suggest possibilities for potential marketing efforts (see 6.8 – Demographic Assessment). Trade area assessments are so powerful that it is now even possible to overlay important demographic information, such as household income, expenditures on pet services, and numbers of dogs and cats in an area.

SWOT ANALYSIS

The SWOT analysis is a common tool of marketers, and offers a quick glance at the Strengths, Weaknesses, Opportunities, and Threats for a practice (Figure 6-7-2). This information is typically used in strategy sessions early in the marketing process.[1] The strengths and opportunities highlight the strategic elements, while weaknesses and threats constitute the challenges facing the practice. It is easy to create a SWOT analysis on a blackboard or a sheet of paper and list the appropriate attributes under each heading. A very simple but powerful tool, the SWOT analysis helps focus attention on the major elements of a practice that can dramatically affect a marketing campaign.



Figure 6-7-1.
The marketing mix.



Figure 6-7-2.
SWOT analysis.



Figure 6-7-3.

SMART objectives.

GOAL SETTING

Marketing must be associated with clear goals, so metrics can be used to judge success (see 14.5 – Strategic Planning and Implementation). There are a variety of step-by-step approaches that can be followed, but many follow a GOST (Goals, Objectives, Strategies, Tactics) format. The first step is to have well-defined goals. Then, objectives need to be created, and in general we want them to be SMART objectives (Specific, Measurable, Achievable, Relevant, Time-bound). From there, strategies will be formulated to achieve these long-term goals, and tactics are the short-term actions needed to fulfill the strategies over time (Figure 6-7-3).

SEARCH MARKETING

Search marketing, also known as search engine marketing (SEM), is a subset of digital marketing strategy, consisting primarily of search engine optimization (SEO, see 10.14 – Search Engine Optimization) and paid search advertising (PSA) (see 10.15 – Paid Online Advertising). The goal is to get more visibility in search engines either by getting more free traffic (SEO) or paid traffic (PSA).

MARKETING PLAN

A marketing plan, like a business plan, provides details as to how the practice intends to market its services over a given period of time (see 6.6 – Marketing Plan). Like any business document, the marketing plan must be realistic to be effective, and must be accompanied by a reasonable budget to get the job done. The plan encompasses both internal and external marketing efforts, including a website, any advertising, and client communication. Veterinarians traditionally underutilize marketing and inadequately fund marketing efforts.

EXAMPLES

ABC Veterinary Hospital, as part of its preliminary marketing research, commissioned a demographic study of their trade area. It turned out that in one high-income area within a 10-minute drive time, the Hispanic population was 32% of the community population. Within that neighborhood, in which the average household income was $106,000, 34% of homes had at least one dog and 26% had at least one cat. A retrospective assessment of practice records suggested that only about 3% of the client base of ABC Veterinary Hospital was of likely Hispanic origin.

A SWOT analysis revealed that there were no Spanish-language client educational materials and no Spanish-speaking staff. However, two of the staff members were willing to learn Spanish at a local community college if supported by the practice, and the graphic designer being used for logo and advertising creation was a Mexican-American fluent in Spanish and willing to help design materials in Spanish. No other practices in the area seemed to be catering to the Spanish-speaking population. Some basic research also indicated that there were several sources for Spanish-language client educational materials.

In the marketing plan, one of the goals that was established was to provide more services to the Spanish-speaking residents in the area, with an objective being to increase the Hispanic portion of the client base from 3% to 6% over the next 12 months. It was also decided that 20% of the marketing budget would be reserved for developing these services and for promoting those services to the community. A number of strategies were created to increase competency in Spanish within the practice, develop resources in Spanish, and then market this initiative. From these strategies, a number of tactics were developed. A survey would be done of families in the target market to see if they would be responsive to such an effort. If the survey yielded positive results, the plan was to develop marketing materials and a bilingual website, and to send the two staff members (one technician and one receptionist) to Spanish classes. The new initiative was to be launched in three months. If the service was well received, preference would be given to bilingual applicants when they planned to hire an additional receptionist in six months. Specific metrics were developed to track the practice's progress.

CAUTIONS

• Marketing is a science, but not an exact science. It is not always possible to predict with certainty what the response to a promotional effort will be. However, if promotions are ethical and professional, the biggest risk typically is that optimistic projections were not realized. The larger the risk (e.g., building a veterinary hospital in a community that is already well served by practices), the more marketing research is needed to mitigate those risks.

MISCELLANEOUS

Because most veterinary practices are privately owned, there is a dearth of information available on market trends, other than those voluntarily reported in industry surveys. There is also a relatively large untapped market of pet owners who do not seek regular veterinary care. Inferences for the potential use of veterinary services are therefore typically distilled from available statistics, such as the number of households in a trade area, the proportion of pets in that area, the proportion of pet owners that seek veterinary care, and the full-time equivalent veterinary population available to service animals in that area.

ABBREVIATIONS

GOST: Goals, objectives, strategies and tactics
PSA: Paid search advertising
SEM: Search engine marketing
SEO: Search engine optimization
SMART: Specific, measurable, achievable/attainable, relevant, time-bound
SWOT: Strengths, weaknesses, opportunities, threats

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1. Ackerman, L.J. *Management Basics for Veterinarians*. ASJA Press, New York, NY, 2003.

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6.8. DEMOGRAPHIC ASSESSMENT



BASICS

OVERVIEW

Whether preparing to start a practice from scratch, buy a practice, build a new building, open a satellite facility, or remodel an existing facility, demographic and market potential analyses can be powerful tools to help in the decision-making process. There are six steps to performing a market potential analysis:

1. Define the practice's market
2. Collect data on the area
3. Estimate the demand for your services
4. Estimate the current supply within the trade area
5. Calculate the market potential
6. Final assessment.

TERMS DEFINED

Demographic: Describing the various characteristics of a specific population.



ISSUES AND OPTIONS

STEP 1: DEFINE YOUR MARKET

This is the most important step, as it provides the focus for the remainder of your analysis. Your practice's trade area is the area in which 80% of your clients are located (see 1.4 – Veterinary Trade Areas). This is often best estimated using drive times and known physical boundaries.

STEP 2: COLLECT DATA ON THE TRADE AREA

This step involves collecting demographic, psychographic and socioeconomic data on the communities surrounding the practice. Much initial data can be obtained from free websites such as www.census.gov or by purchasing a demographic profile report (see the References and Recommended Reading sections for more data resources). In general, purchased data will be more specific to the potential trade area than free data, which are usually tied to zip codes or city boundaries. The main variables needed for the analysis are:

- number of households,
- average or median household income,
- aggregate income for the area (sum of all the household incomes).

It is best, though, to collect as much demographic data as possible including data on such areas as consumer expenditures, average household size, percentage of home ownership, and other descriptive statistics if available, especially when comparing multiple potential locations. When collecting the data, collect both present- or recent-year data and projected data, typically 3–5 years into the future. In addition to demographic data, it is important to collect as much information as possible on any other factor that might influence the community or the practice, such as the following:

- What is the economic forecast for the area and how is the community's economy expected to grow/change?
- Are there highway projects planned that will impact the practice?
- Where are new housing projects going to be constructed?
- Are there any cultural attributes to the communities that may impact the potential for pet ownership?
- Does the community have a plan for the future, or will they just let it happen?
- Is there a significant transient population such as in vacation towns and shore communities?

Local planning and zoning boards and chambers of commerce are an excellent source of information, and many of them now have websites. It is also good to search the web for economic outlook reports and anything else that you can find on the area. It is better to have too much information than not enough.

Table 6-8-1. Percent of households with pets.

Any pet	56%
Dogs	36.5%
Cats	30.4%
Birds	3.1%

STEP 3: ESTIMATE THE DEMAND FOR YOUR SERVICES

Develop an estimate for the number of pet-owning households in the trade area. Using pet ownership data, the conversion is straightforward: (no. of households) × percent of households with pets. To convert a population count to the number of households, divide the population by the average of 2.53 persons per household.

The data in Table 6-8-1 are from the 2012 *U.S. Pet Ownership & Demographic Sourcebook* published by the AVMA.[1] It contains national and state projections as well as information on other types of pets and additional pet ownership data.

The numbers are national, but state data are available. Specific trade areas may have a higher or lower percentage in the state average; adjustments can be made for what was learned about the community in Step 2.

The end result of this step is an estimate for the number of pet-owning households likely to be in need of veterinary services – that is, the demand. If a projection for the number of pets is needed, the calculation can be made based on species data in the *U.S. Pet Ownership & Demographics Sourcebook*.[1]

STEP 4. ESTIMATE THE CURRENT SUPPLY WITHIN THE TRADE AREA

The supply focuses on an estimate of the total number of veterinarians who are or who could be influencing the trade area. This is more than just a count of the practices in the trade area.

- Compile a list of all of the veterinary practices in the region, including practices outside the trade area. If a competitor's trade area (by your estimation) could overlap with yours, then include them on your list. The "search by distance" feature at www.superpages.com or www.whitepages.com is a quick way to start. For each practice, you will need an estimate for the number of full-time equivalent (FTE) veterinarians (for example, two full-time and one part-time veterinarians would be 2.5 FTE). Create a map that contains your location, your trade area boundary, and all of the other practices on your list.
- Estimate the amount of trade area overlap among the trade area of each practice on your list and your trade area. Be realistic, even liberal, when estimating overlap – it can be readjusted later if necessary.
- For each practice, multiply their number of FTE veterinarians by the percent of the overlap. It is good to create a table or spreadsheet (Table 6-8-2). Total the "Effective Influence" column as shown. Your practice should be included in the list.

Table 6-8-2. National pet ownership.

Practice name	*No. FTE*	*% Overlap*	*Effective influence*
My practice	1	100%	1.0
Clinic name 1	1.5	40%	0.6
Clinic name 2	1	80%	0.08
Totals	2.4		2.4

The total provides a reasonable estimate for the number of veterinarians providing similar services who would be available to the pet-owning households within the trade area. This is utilized in Step 5.

STEP 5. CALCULATE THE MARKET POTENTIAL

There is no 100% reliable means of determining a trade area's market potential. It is possible, though, to develop an understanding of what the market potential might be, based on comparing it to other benchmark observations. The calculations in this step are estimates and points of reference, at best.

There are three main calculations: share of the aggregate household incomes, potential clients per veterinarian, and potential revenue per veterinarian.

Share of the Aggregate Household Incomes

Share of the aggregate household income =
(aggregate household income)/(TA FTE)

Dividing the aggregate household income (from Step 2) by the trade area FTE (the TA FTE from Step 5) results in a number that is usually in millions of dollars per veterinarian. Observations of different veterinary markets indicate that most veterinarians operate in communities with between $90 and $250 million of aggregate income per veterinarian. As a conservative point of reference, $170 million per veterinarian is a reasonable middle. More than $170 million indicates a positive indicator that there may be potential in the market for additional veterinarians. Less than that indicates that the market could potentially be tight or saturated.

Potential Clients per Veterinarian

Potential clients per veterinarian = (no. of pet households)/(TA FTE)

This calculation provides an estimate of the potential clients per veterinarian, if they were divided equally among the total number of veterinarians that are influencing the trade area. As a point of reference, it is good to have a minimum of 1,000 to 1,500 pet-owning households per veterinarian. More than that indicates there may be potential for additional veterinarians, and less indicates that the market could be tight or saturated.

Potential Revenue per Veterinarian

This calculation uses the number of potential clients as a foundation to calculate the potential revenue per veterinarian:

Potential revenue per veterinarian = (no. of pet households)/(TA FTE)
×(% clients seen) × (average client sales)

- **Percent of clients seen:** Typically 65–70% of all clients come in to the practice in a given year, so the total number of clients per veterinarian is multiplied by the percent of clients seen, usually 68%.
- **Average client sales:** This is an estimate for what the average client spends annually on veterinary services. It can be based on personal experience or on data from similar practices. It typically ranges from $250 to $450, or more, depending upon the practice.

As a point of reference, in most communities it is difficult for a practice to be successful over the long term with revenues of less than $400,000 per veterinarian. Values higher than $400,000 per veterinarian are a positive indicator that the market is capable of supporting an additional veterinarian.

The three calculations above are not cast in stone; however, they do provide a little more perspective on a market's potential than just your gut instinct. Because these calculations are based on assumptions, it is good to examine the calculations with changes to the key variables. For example,

- What if pet ownership in the trade area is 49% instead of 58.3%?
- What if the trade area FTE is higher or lower than the initial step 4 calculation?
- What if the average client sales is $275 instead of $350?

STEP 6. FINAL ASSESSMENT

Pull all the data together and use them to identify the strengths and weaknesses of the intended plan for this trade area.

- Be realistic.
- Conservative estimates are better than "rosy pictures."
- It is often worth the time and money to have a colleague, mentor, and/or consultant review your analyses for additional opinions and perspectives.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

AVMA: American Veterinary Medical Association
FTE: Full-time equivalent
TA: Trade area

References

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Recommended Reading

American Animal Hospital Association. *Financial and Productivity Pulsepoints*, 9th edn. AAHA Press, Lakewood, CO, 2017 (benchmark comparison data on practice management).
American FactFinder. http://factfinder2.census.gov (general information on state, county, and some cities).
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6.9. CLIENT AND PATIENT SEGMENTATION



BASICS

OVERVIEW

Practices that try to be everything to everybody are on risky ground. Successful businesses profile customers and segment the market so they can tailor products and services to meet the needs and preferences of each segment. For veterinary practices, knowing who their clients and prospects are is essential to practice positioning and to planning and pricing the right mix of services. The result: a practice that is in sync with its clients and the marketplace and is postured to deliver meaningful value better than the competition.

On the other hand, practices that attempt to "cast a wide net" and appeal to everyone, offer little that's compelling to anyone. It is difficult to form a meaningful connection with a client or prospect with a "one size fits all" approach.

There are numerous advantages for practices that profile their client base and segment their market. They can:

- better understand client needs and wants,
- more easily define and deliver value,
- focus client retention and growth efforts on predetermined targets,
- determine what types of clients a practice currently attracts and cannot attract,
- identify targets for outreach and business development efforts,
- more easily define marketing goals and track/measure results,
- identify opportunities among particular pet owner segments and niches (see 6.10 – Target Marketing),
- save money by avoiding misguided marketing and marketing missteps.

TERMS DEFINED

Client or Market Niche: A subset of a client or market segment that possesses like characteristics. An example of a client or market niche is pet owners who go camping with their dogs.

Client Profiling: Understanding a practice's existing client (and patient) base by grouping together pet owners based on a variety of like traits and attributes. These resulting client "segments" are then assumed to have similar needs and wants based on these attributes.

Client Segmentation: Using client profile data to categorize existing clients (and patients) into groups with similar characteristics.

Market Segment: A reachable part of a group or market that is identified as a result of market segmentation. A market segment can be identified from a variety of traits and characteristics that can include: geographic location; demographic characteristics which are objective, measurable traits, such as gender, income, age and education; psychographic characteristics, which have to do with a segment's lifestyle, values, and attitudes; and behaviors that pertain to the usage of a particular service or product.

Market Segmentation: The process of splitting or segmenting the pet owner market into identifiable parts or segments that share similar traits. Market segmentation makes it easier for any business to identify and reach out to its most likely and/or lucrative targets.



ISSUES AND OPTIONS

Profiling a practice's client base – and segmenting the local pet owner market – are essential to client retention, client attraction, and practice growth. Who a practice attracts, and seeks to attract, must be in alignment with the practice's business goals. The critical groundwork of client profiling and market segmentation determine how a practice:

- Positions and defines itself in the marketplace. If it does not know its targets, a practice will have a difficult time developing a market identity that will resonate with anyone.
- Plans and structures its service mix (services should ideally be "client-focused," meaning they should be defined taking into account the needs of particular pet owner segments). Otherwise, practices end up offering the same list of veterinary services that mean something to the practice but mean nothing to the pet owner.
- Delivers its services. Different pet owner segments seek out different standards of care (see 9.3 – Standards of Care and Care Pathways). If service delivery is out of alignment with a segment, they will go elsewhere.
- Prices its services. Without knowing who it is targeting, a practice has no clue how to set prices. Prices are a big factor in influencing how pet owners perceive the value of a practice's services and set their expectations.
- Defines and delivers value. What represents value varies from segment to segment. If pet owners do not feel they are receiving value they will go elsewhere.
- Communicates with clients and prospects. Pet owners interpret generic service reminders as sales messages from the practice. On the other hand, segmentation enables a practice to reach out with information that is meaningful and valuable: "Sign up for our new glaucoma screening program for early detection of this devastating eye disease that is common in your pet's breed."

PROFILING CLIENTS AND PATIENTS

What types of clients and patients is a practice seeing now? Practice management software makes it easy to enter customized variables, run reports, and obtain a variety of client data.

Practices should first determine what they want to know. This will differ for each practice and should be based on the practice's goals, observations, financial performance in various sectors, hunches, market opportunities, and other factors.

Most practices track some type of client frequency data. They may know how many dogs they see, number of cats, number of multi-pet households, number of single households and so on. Beyond this, it is valuable for practices to break these segments down further. For example, for dogs, how many are puppies, geriatric, purebred, mixed-breed, and performance pets is the practice seeing?

Practices can easily cross-tabulate data to further profile their client and patient base. Using a matrix like the one in Figure 6-9-1, a practice that wants to better understand the relationship clients have with their pets can compare differences based on species. This can lead to a better understanding of a pet's role in the family, which can translate to how important the pet is to the family, how much the family may be willing to spend on veterinary care, how interested they will be in various types of messaging about pet care, and so forth.

		Pet owner relationship with pet	
		Family member	Pets are pets
Species	Dog		
	Cat		

Figure 6-9-1.

Client and patient segmentation to discern the role of pets in the family, by species. Using the above "2 × 2" matrix as a guide, practices can cross-tabulate client data. This approach can be used with multiple sets of variables.

6.9. CLIENT AND PATIENT SEGMENTATION

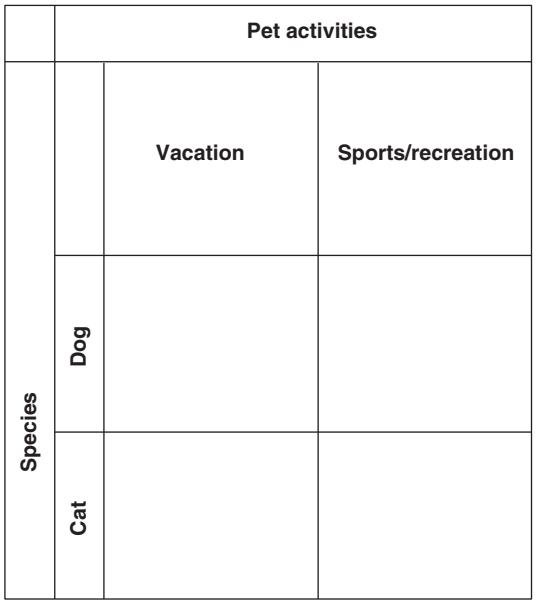


Figure 6-9-2.

Client and patient segmentation based on pet activities, by species.

Practices can further profile clients by further segmenting data. For example, pets viewed as family members can be further segmented by the variable, "pet activities" to identify what the pet does as part of the family (Figure 6-9-2). In this example, the practice is identifying pets that participate in family vacations and those that are involved in some form of sport or recreation. Understanding the role that pets play in client families enables practices to tailor services as well as messaging directed to these groups. In addition, based on the response a practice gets, it may want to reach out to these segments as part of its client attraction efforts.

Such variables can also be tracked to help the practice identify service growth areas, areas in decline, greatest revenue to the practice, and so on.

Profiling enables practices to tailor and distribute communications to particular segments of their client/patient base (e.g., cat owners, puppy owners, etc.). Practices that use patient profile data to track illness and health conditions can also use this information to report on trends and emerging health concerns. Being able to say, "Our data shows an X percent increase in feline heart disease," is a powerful message for a practice to send, especially to clients who are on the fence about wellness exams. It also helps the practice position itself as an authority, build credibility, and create news for local media.

MARKET SEGMENTATION

Segmenting the pet owner market is similar to profiling and segmenting a practice's client base. However, the practice is focusing its attention externally and looking for opportunity in the marketplace. Practices have to ask themselves which segments represent the greatest opportunity to attract new clients and grow their client base. However, it is never enough to say, "Well we don't have a lot of small dogs at the practice so let's try to get more small dogs." Instead, a practice must first get a good handle on where opportunity exists by taking the following steps:

- Become familiar with pet owner trends and related needs and preferences. Understanding trends helps practices recognize changes in everything from human–pet relationships to health concerns and issues affecting various species and breeds (Table 6-9-1). For example, the fact that pets are living longer has opened up tremendous opportunity for practices given that longevity (as in humans) leads to age-associated health concerns such as arthritis and kidney disease. The fact that there is a growing number of single households in the United States represents a segment in which pets take on the role of companion or child.
- Look for pet owner segments not being served, or being underserved, by the competition. A practice that understands how a particular group of pet owners views local veterinary services has an advantage over its competition in servicing this segment.
- Look for "gaps" in service delivery, such as services that are not being delivered or being poorly delivered. In some cases, there may be a lack of a particular type of veterinary service that pet owners seek. For example, a practice might determine that owners of pet rabbits have nowhere to go for dental care as no practice in the area has yet claimed the role of rabbit dental expert. The underlying issue is that rabbits are more frequently becoming house pets just like cats and dogs. As a result, they are getting better care and living longer. Older rabbits are prone to tooth spurs and abscesses that can be serious, requiring removal, and often surgery. The practice could carve out a lucrative niche by recognizing an unmet need and attract clients from throughout the region.

Table 6-9-1. A sample of pet owner trends.

Population	*Trends*
Pet owners	Living longer
	More mobile
	More single households
	Pets are "children"
	More stressed/less leisure time
Pets	Living longer
	Getting fatter
	More kidney/heart disease
	Considered as family members
	More performance pets
	Popularity of big dogs

METHODS OF SEGMENTATION

Understanding the marketplace paves the way for practices to identity and target market segments (see 6.10 – Target Marketing). Trends, along with local market intelligence, help practices determine whether or not to pursue a particular segment. There are numerous ways in which pet owners (and any market) can be segmented.

Geographic Location

Where pet owners originate from and how far they are willing to go are considerations that all practices take into account. For small animal practices, this is calculated as drive time for which the typical standard is 10–15 minutes to get to an urban or suburban practice (see 1.4 – Veterinary Trade Areas). However, if a practice is perceived to offer a meaningful difference or advantage that no one else offers, this drive time can be considerably longer. An example is the niche practice, specialty practice, or emergency clinic. For specialty practices, the typical acceptable drive time is 45 minutes; however, again, drive time becomes less important when clients perceive a difference. It is not unusual for certain specialty practices to draw clients from multiple states.

Geographic location also pertains to type of setting, such as urban, suburban, or rural. Where a pet owner resides plays a big role in pet and owner lifestyle and related veterinary needs.

Demographic Characteristics

Veterinary practices can segment both clients and patients by demographic traits. For humans, there are numerous demographic traits that marketers consider (see 6.8 – Demographic Assessment).

6.9. Client and Patient Segmentation

Veterinary practices might take into account traits such as gender, age range, type of household, and number of pets, all of which will have different needs as a result. In regard to pets, practices might target services/programs to such pet demographic traits as species, breed, size of pet, known predisposition to disease and health problem/condition.

Psychographic Characteristics

These traits, also known as lifestyle, include personal beliefs, values, and outlook, as well as likes and dislikes when it comes to activities and pastimes. These traits will also very likely influence a person's choice of pet and acceptable veterinary practice. Oftentimes values and likes/dislikes are related. For example, a person who is passionate about the environment will probably spend more time in nature/natural settings. A person who is passionate about the environment and spends time in nature and has a dog, probably has a large dog like a golden retriever or other hearty breed, and probably takes that dog hiking and camping. A person who is sedentary may read a lot and is more likely to have a lap dog.

Usage Traits

Usage traditionally has to do with customer buying and consumption frequency and patterns. For veterinary practices, usage pertains to frequency of visits and purchases of such things as pet food, but a broader definition of usage can extend to a segment's participation in the pet community. Active participants are more likely to share information through Facebook likes, social media sharing, blogging/re-blogging, and so on. Highly engaged pet owners comprise a desirable target because they are more likely to become advocates for the practice.

Influencers

There is one more type of segment that may not appear on traditional lists of ways to segment a market. Consider the influence that others can have on customers or, in this case, clients. Influencers, or thought leaders, include anyone in a position to have an impact on someone else's decisions and choices. For pet owners, there are many. Pet supplies retailers, pet groomers, pet boarding and daycare facilities, shelters, and rescue groups can all be considered trusted sources by people who have pets. Their opinions can be valuable when it comes to choosing other pet-related services. Segmenting and targeting influencers is a smart choice for any practice.

SEGMENTING THE PET OWNER MARKETPLACE

Using segmentation variables, a practice can identify a variety of pet owner segments (see Table 6-9-2). Of course, this is not a complete list. Again, these segments should match the local marketplace and where the practice spots opportunity. In this case, the practice has identified Segment 1 as dogs that are overweight; Segment 2 as senior empty nesters with cats viewed as children; Segment 3 as young Hispanic families with dogs; and Segment 4 as males with large breed active performance dogs.

By checking off and further defining characteristics among these variables, a practice can pinpoint market segments that have identifiable needs as a result of these characteristics. For example, looking at Segment 4, males with dogs involved in performance sports, needs in this segment will likely have to do with:

- getting the right nutrition,
- fitness and conditioning,
- recognizing signs of injury and/or arthritis,
- injury prevention.

Such information provides a focus for practices to develop:

- Services to reach out to the needs of the segment.
- A possible point of difference to distinguish a practice from others.
- Information that is much more meaningful and valuable because it focuses on the needs of the segment.
- Multiple ways to engage clients in related discussions; something to talk to them about.

MEASURING RESULTS

Once a market segment is targeted, just as with any marketing effort, tracking/measuring results is critical. Segmentation makes measurement much easier because a practice knows who is responding to its efforts. The practice that does not segment its market, and tries to reach everyone, will have little idea who its efforts are resonating with. Segmentation allows a practice to determine:

- how the segment responds to services and programs directed its way,
- what client feedback says about whether or not the segment feels its needs and expectations are being met,
- if the segment was accurately defined or if it should be narrowed or broadened,
- the impact that the segment is having on the practice's bottom line.

Additionally, practices that measure client satisfaction will also be able to compare client satisfaction among various segments. For example, a practice may be getting a good response from dog owners, but may not score as high among clients with cats.



EXAMPLES

N/A

Table 6-9-2. Pet owner segmentation.

Pet demographics	*Segment 1*	*Segment 2*	*Segment 3*	*Segment 4*
Species	Dogs	Cats	Dogs	Dogs
Breed				Large breed
Age				
Health condition	Obese			
Owner demographics				
Age		Seniors		
Gender				Male
Family		Empty nest	Young families	
Ethnicity			Hispanic	
Lifestyle				
Sports				Performance
Pet role in family		Child		Companion
Travel				

6.9. CLIENT AND PATIENT SEGMENTATION



CAUTIONS

Practices should not assume that just because they have the desire to reach out to a certain market segment that an opportunity is there. The practice has to first identify the need and then tailor its services or develop new services to meet the need – not the other way around. Or, a practice may notice a competitor pursuing a particular market segment and follow suit. What is successful for one practice may not work for another. That is why understanding pet owner trends, the local marketplace, and your competition are so important. Look for opportunity first, and then define the segment, as opposed to targeting the segment and hoping that the opportunity is there.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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6.10. TARGET MARKETING AND TARGETED CLIENT OUTREACH



BASICS

OVERVIEW

Practices that assess the market, choose their targets, and focus their marketing efforts will have greater success than practices trying to be everything to everyone. Target marketing enables practices to do the following:

- "Get their arms around" clients and prospects that are the best match for their services.
- Focus marketing efforts to avoid wasting time and resources.
- Develop a positioning strategy that is meaningful and postures the practice to attract and retain the right clientele.
- Develop a service mix that is in alignment with the needs of a practice's targets.
- More easily track and measure results.

TERMS DEFINED

Commodity: Services and goods that are easily interchanged due to lack of perceived differences among targets. When services or goods become viewed as a commodity, consumers shop on price alone because they view everything else as equal.

Marketing: The process of developing and delivering services and/or products matched to the needs of consumers with the ability, desire, and means to acquire them. Marketing includes service/product development, pricing, distribution, and promotion.

Positioning Strategy: Defining a practice and creating a market identity that is in alignment with the needs and desires of the practice's targets. A practice's positioning is conveyed through every way in which it interacts with pet owners, including the practice's facility, visual devices and symbols, people, services, and service delivery. All these elements work together to create an understanding of what pet owners can expect when they walk in the door.

Service Mix: The selection of services a practice offers. This should be in alignment with, and reflective of, the needs of its targets. When services are structured around the needs of a target, it is easier for the target to understand the benefit or advantage they will gain from using the service.

Target Marketing: Identifying select target markets and directing marketing efforts to these targets. This is the opposite of mass marketing, in which all customers and prospects are treated the same.



ISSUES AND OPTIONS

Marketing professionals have known for years that mass market appeals only work for homogenous products or services with broad market appeal. These are typically low-cost and low-risk (less customer remorse if they are dissatisfied) products and services that are easily interchangeable and considered commodities. Still, even widely marketed goods and services are often promoted through targeted campaigns.

Once a practice has defined its targets (see 6.9 – Client and Patient Segmentation), it is ready to tailor its marketing efforts to reach out to these targets. Practices must start with a good grasp of each target's needs, wants, and preferences. These are related to what defines and distinguishes the target in the first place. For example, cat owners will have different needs from dog owners and so on. Note that what a target is looking for often changes over time, as the target group's needs evolve, new needs arise, or new choices become available in the marketplace.

Once the target's needs are understood, target marketing is done by creating ways to deliver value to the target using the following.

TARGETED SERVICES

Most practices offer the same list of veterinary services. The problem is that most clients have a difficult time relating to or understanding the need for surgery, chemotherapy, dental care, radiography, ultrasound, and so on. In fact, in most cases, clients hope that their pet will never need any of these!

Practices must look for ways to create and orient services to make them meaningful and relevant to a target, such as the following:

- Bundle existing services to create tailored packages appealing to different targeted segments. Although these "bundles" may contain the same services a practice offers now, they are repackaged to create meaning and obvious value for the segment. For example, the practice could offer:
  - Senior pet exams for older pets
  - Healthy living packages for overweight pets
  - Pre-travel exams for pets who vacation with their owners
  - Glaucoma screening for breeds at risk
  - Cat exams based on breed-specific health concerns
- Create or add new services that reach out to client targets, such as:
  - Pet-specific care (see 4.8 – Pet-Specific Care)
  - Sports medicine for active/performance pets
  - Hospice care for terminally ill pets (see Examples)
  - Arthritis early detection and care for aging pets
- Consider specialized education or study for a veterinarian or staff member who may be interested in reaching out to a particular client target. (Example: the practice discussed in the following example has a trained pet hospice nurse on staff and has affiliated with a local clinical psychologist for client grief counseling.)

TARGETED PROGRAMS

Engaging today's pet owners must occur on their terms. Given that pet owners can easily access information from multiple sources, pet owners are more likely to act based on what they have learned from other sources instead of what their veterinarian has told them to do. Developing targeted programs adds value and helps to build client relationships through information/education, participation in the practice (through events, workshops, etc.), access to other pet owners, and so on. Client programs should have meaning and relevancy to a particular client segment and are a great way to engage clients without being seen as pushing or selling services. Some examples of the programs a practice might create include the following:

- Programs based on the traits and needs of particular pets, such as:
  - pets with chronic conditions,
  - geriatric pets,
  - pets with breed-specific health problems,
  - pets with behavior issues.
- Programs based on client situations, such as:
  - multiple pet homes,
  - families with new puppies or kittens,
  - rescue group foster care homes,
  - homes with young children.
- Programs used as a platform for delivering value to clients and prospects through:
  - workshops, seminars, and events,
  - blogs, including guest blogs by clients,
  - support groups,
  - special education/instruction,
  - patient specials and special offers,
  - related social media posts.

TARGETED INFORMATION

Due to information overload, consumers have become adept at disregarding messages that they consider a waste of time and capturing those that mean something to them. Practices that target their marketing are more likely to get through the filters. Instead of sending

out "one size fits all" reminders, practices should engage clients with information that is relevant to their pets or households by:

- varying newsletter content to reach out to different pet owner targets,
- creating specialized bulletins or newsletters tailored to particular segments (e.g., cats, big dogs, purebreds, senior pets, performance pets, etc.),
- developing information pieces and/or website content tailored to different pet health concerns and issues,
- creating useful videos that reach out to specific pet owner issues and concerns,
- reaching out to different client segments via Facebook, Twitter, and other social media.

TRACK AND MEASURE

By engaging in target marketing, practices will also find it easier to track and measure results. Practices can gauge which targets are most responsive to various initiatives and which, for whatever reason, are not.

Target marketing also enables clients to capture meaningful client feedback. By targeting particular client groups for surveys, focus groups, interviews, and other client feedback measurement tools, practices will gain a better understanding of which groups' needs are being met and which are not. This is better than simply putting clients into one big group and lumping responses together.



EXAMPLES

One feline-only practice has reached out to families whose cat has a terminal illness or is near end of life. The practice's end-of-life and hospice care program targets clients whose cats are considered family members and who are looking for options to euthanasia but have concerns about their pets' comfort. The end-of-life care program, which offers palliative care and helps clients monitor their pet's quality of life, fits hand in hand with another of the practice's targets – patients with serious illnesses and chronic conditions.



CAUTIONS

- Practices must make sure that they are prepared to service a particular segment before reaching out to it. This means putting in place the right expertise and experience, procedures and protocols, internal communication, and client information. It is easy to lose client trust when a service area or program lacks clarity or credibility. Making whatever you do real before introducing it to clients is a must.
- To effectively perform target marketing, it is important to appropriately "flag" patient features in the practice management software so that pets with similar needs can be easily located for marketing campaigns. For example, although features such as species, breed, age, and gender are easily segmented within practice management software, others are not routinely designated for later recall. Some of these important segments might include periodontal score, body condition score, pain score, diagnosis, and therapy. Once this type of information is routinely entered and flagged within the software, it is possible to recall all patients with a specific feature to be sent targeted marketing materials.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

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6.11. Push versus Pull Marketing



BASICS

OVERVIEW

In the "old days," manufacturers typically "pushed" advertising messages out to consumers who were often naïve and had few other sources to which to turn for reliable information. Consumers' believed advertiser promises and purchased everything from new cars to pet food to cigarettes based on these unsubstantiated claims.

"Push" advertising techniques often contained little substance, relying instead on emotional and lifestyle appeals offering consumers what advertisers thought they needed – more fun, action, acceptance or love. At the same time, competitors were few and choices were more limited than they are today.

The computer and Internet changed everything. Now, with the world at their fingertips, consumers access service and product facts and information including everything from the background and performance of the provider to what other consumers are saying in the form of online reviews. Gone are consumer naivety and being stuck relying on only the self-serving claims of advertisers. Push marketing has lost its impact, being replaced by marketing efforts that "pull" in consumers due to their relevancy and compelling content.

TERMS DEFINED

Compelling: Motivating to the point that the target is likely to act or is compelled to do something.

Content: Broad category of substance conveyed through customer interactions. Content can be information or it can be the customer's experience. In all cases, to be effective, content should be compelling and deliver customer value.

Customer Insights: A window into how consumers think and the motivation behind their needs and wants in a given product or service category. Used to predict future customer behaviors.

Customer Value: How well a service provider or product manufacturer does at satisfying customers' needs at any point in a transaction. A customer can assign value, beginning with pre-purchase information through to post-purchase service and follow-up.

Engage: Obtain someone's interest or attention as a result of some form of interaction.

Market Segments: Portions or parts of a targetable market whose members share common characteristics and traits based on similar lifestyle and demographic characteristics.

Marketing: The process of identifying unmet needs and wants in the marketplace and of developing and offering goods and services that will satisfy those needs and wants.

Marketplace: The collective consuming environment made up of multiple market segments.

Pull Marketing: The opposite of "push" marketing in which marketers seek to engage and connect with consumers through relevant and compelling content with the goal of consumer engagement leading to sales.

Push Marketing: Promotional efforts that rely on aggressive advertising campaigns to disperse often one-sided information on products and services with the goal of consumer sales.

Relevant: Meaningful and applicable to a particular target; pertaining to the target in a way that members can relate to it.



ISSUES AND OPTIONS

Veterinary practices that are still "pushing" promotional information "out there" hoping that something will stick are wasting time and resources. Information that is "pushed" often takes on the form of self-serving messages that tout the self-perceived merits of a service or product by an institution or business, while oftentimes ignoring the needs of the customer. Customers are being told what to choose without being engaged or compelled due to the limited value of the exchange.

On the other hand, "pull" marketing serves to stimulate customer interest and achieve engagement due to the *value* that is being created at the start. At every point of contact, the customer is exposed to valuable information that – if correctly targeted – will lead to customer interest and desire to find out more.

Note the example below. With push marketing, the veterinary practice is telling pet owners what to do. While it also mentions why this is important, it comes across as self-serving and lacks the substance of pull marketing. "Of course they want me to bring my pet in for a wellness exam. They're a veterinary hospital." It is broad, not targeted and does little to make the pet owner want to find out more.

On the other hand, the pull marketing message accomplishes several things:

- It targets a particular need and, in this case, a particular type of pet.
- It adds value by raising awareness of the characteristics of a disease affecting millions of pets: arthritis is subtle, it is painful and it is treatable.
- It offers a next step or something that will help the client address the problem serving to engage and involve them.

Consider these two examples:

- **Push marketing:** "Your pet should have a wellness exam annually to aid in early detection and disease prevention."
- **Pull marketing: "**The signs of arthritis are often subtle even though your pet may be in tremendous pain. Watch our video or come to one of our arthritis clinics to learn how to spot the signs of this highly painful but treatable disease."

As one can see from these, pull marketing is not a "one size fits all" approach. Instead, it takes into account who a practice's clients are, and their problems, concerns and needs. This is the basis of any sound marketing program.

"Pulling" in clients means getting their attention in a way that is meaningful and relevant to them. It requires several steps.

STEP 1. GAIN CLIENT INSIGHTS

If a practice does not know what is meaningful and relevant to its clients it will be difficult for it to be meaningful and relevant. Pull marketing is based on a knowledge of client dynamics. Why did they leave the last practice? What do they expect from yours? What are their frustrations? What would they like to get for their pet that they cannot get now? How can a practice improve their experience?

It is impossible to develop meaningful, valuable content without first understanding the target. Qualitative insights – such as those gained through professionally conducted client interviews, discussion groups, and focus groups, provide a solid foundation for pull marketing tactics. Many practices fail to find out what clients think – and then wonder why their marketing efforts fail.

STEP 2. SEGMENT

Treating all clients and pets the same just does not work. To successfully "pull" clients in segmentation needs to be applied. Client motivations and needs differ greatly. It is not useful to ask "What do pet owners want?" That is *not* the question. What do owners of large dogs over the age of 10 want and need? What do the owners of Maine Coon cats need that other cat owners might not?

Consider the health issues and concerns faced by clients based on the type of pet they have (see 4.8 – Pet-Specific Care). Without segmentation, a practice that tries to reach everybody will end up connecting with no one.

Segment by any number of variables (see 6.9 – Client and Patient Segmentation). These might include age of pet, size of pet, proclivity to certain diseases, breed of pet, pet's lifestyle, owner's lifestyle, and

more. Choose groups that are sizeable enough to make outreach worthwhile.

STEP 3. DELIVER VALUABLE CONTENT

Without first understanding clients and second, recognizing that clients' needs vary greatly, determining what represents value is elusive, making it difficult to pull in clients.

Pull marketing is about delivering valuable content at every point of contact. The challenge is that what is oftentimes meaningful to a practice is probably not meaningful to clients.

Delivering valuable content means that a practice strives to provide something that delivers value to a pet owner. Such value could take the form of helping pet owners:

- spot signs of serious illness while it is still early,
- save money,
- become a better pet parent,
- recognize the signs of acute or chronic pain,
- prevent injury,
- stay out of the ER,
- manage chronic illness,
- care for a senior or terminally ill pet,
- reduce guilt,
- reduce helplessness.

Again, the above will vary based on the targeted client segment. Content can be delivered through a variety of channels including the following:

- Educational messages
- Printed materials
- Website content (however you need a form of outreach to generate website visits)
- Facebook/Twitter posts
- Newsletters/electronic communication
- Special events/programs.



EXAMPLES

- A program for spotting and treating arthritis pain in aging dogs.
- A special forum dedicated to senior pets.
- Classes/training for administering home care to chronically and terminally ill pets.
- Cancer clinics for spotting signs of cancer early in prone breeds such as large dogs.



CAUTIONS

Pull marketing is *not* about posting any type of content just to "get the practice's name out there." It is about careful consideration of the target, the target's needs, and what will compel them to be "pulled in" to a practice. With increasing competition, creating meaningful forms of outreach is more important than ever.



MISCELLANEOUS

N/A

ABBREVIATIONS

N/A

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N/A

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6.12. PRACTICE POSITIONING



BASICS

OVERVIEW

Positioning creates an expectation of what pet owners can expect; it is the promise of the standard of care that a practice will deliver.

Practices that know who they are targeting – and work to create a practice identity or to position their practices to attract those targets – are more likely to be successful in their marketing efforts. Practices that try to be everything to everybody will have a more difficult time reaching out to pet owners with a clear, understandable message and presence. Positioning enables practices to:

- build a distinguishable market identity and presence,
- stand out from the competition,
- attract and engage desired targets,
- send a clear and consistent internal and external message,
- stand for something.

TERMS DEFINED

Identity Elements: The various ways in which a practice conveys who it is. This includes everything from the facility in which a practice is housed, to the behaviors of its people, to its manner of service delivery, to its visual identity (logo, icons and symbols), to its messaging. Practices all convey some sort of identity – whether or not it is conscious or a reflection of how the practice wants to be seen.

Market Identity: The results of positioning; the way in which a practice is perceived or understood by pet owners and in the marketplace. All practices have a market identity. Often the identity that the marketplace has is not in alignment with the desired reality of the practice (see Perception Gap).

Perception Gap: Sometimes a practice wants to be understood or thought of in one way, but the marketplace has a different view. The result is a perception gap – the desired reality and the actual reality are not in alignment.

Practice Positioning: Defining how a practice wants to be understood in the marketplace; the space the practice seeks to occupy in the minds of pet owners. Positioning essentially determines how a practice will "look and talk" in the marketplace.



ISSUES AND OPTIONS

In business sectors where there is little or no competition, positioning is not as important since customers are drawn to a provider due to a scarcity of alternative goods or services. But when there is strong competition, positioning is essential not only to define what the business – in this case a practice – stands for, but also to enable the practice to attract the desired clientele that are a good match for its services (see 6.15 – Practice Differentiation).

PRELIMINARIES TO POSITIONING

Positioning should never be based simply on someone's idea of what the practice should be. Instead it must take into account market influences that determine whether or not the direction being considered for the practice is a good "fit" for the marketplace. Before starting the positioning process, practices must take the following into account:

- **Market conditions:** Pet owner trends, purchase behaviors and market data all impact the timeliness and relevancy of positioning efforts.
- **Gaps in the market:** As part of this process, practices should look carefully for market segments that are being underserved (see 6.9 – Client and Patient Segmentation). Is there a need for a practice that does not currently exist? Are there frustrations with existing veterinary services? Is there an unoccupied space in the market for a new type of practice to step in?
- **The practice's targets:** These are the market segments that the practice is targeting and would like to attract (see 6.10 – Target Marketing and Targeted Client Outreach).
- **Needs and preferences of the targets:** What has the practice learned about the targets? What are they looking for in veterinary services? What is important to them? How do they view their relationships with their pets?
- **The competition:** Practices must consider how their competitors are positioning themselves and to whom they are directing their services. Competition includes other small animal practices as well as nontraditional veterinary services providers such as low-cost clinics, retailers, and mobile units.
- **Realities of the practice:** Practices must ask themselves if they are equipped to deliver what they are promising as part of their positioning. Are the practice's expertise, staffing, service delivery and facilities consistent with the identity that the practice seeks to create? If they are not, the practice risks overpromising and underdelivering. The result: client disappointment and buyer remorse.

THE POSITIONING PROCESS

Positioning does not happen overnight. It is a process that requires careful thought and consideration. This process is outlined in Table 6-12-1 and elaborated on in the following sections.

- Practices must start by understanding the marketplace and spotting opportunities for the practice (see 1.4 – Veterinary Trade Areas). The main questions are: How can the practice deliver superior value in a way that is not being done now? Where are the gaps? This part of the process benefits greatly from conversations with pet owners and fully understanding local market dynamics. Many practices are surprised at what they can find out. At this point, professional marketing counsel is extremely beneficial and brings outside objectivity to this critical point in the process.
- Identify targets: Understand who the practice is reaching out to, what they are looking for and what they are not getting now (see 6.10 – Target Marketing and Targeted Client Outreach). Talk to them!
- Develop a written positioning strategy. This document or "brief" becomes the road map for how the practice "looks, talks and behaves." It should include:
  - Identification of targets: Who they are and what the practice has learned about them.
  - How the practice will define itself to appeal to these targets.
  - Where the practice fits into the competitive landscape; what distinguishes it and sets it apart.
  - Practice positioning goals and how the practice wants to be perceived and understood in the marketplace.

Table 6-12-1. The positioning process.

Step 1: Look for opportunities	Market outlook and trends
	Opportunities to deliver superior value
	"Gaps" in competitor service delivery
	Underserved market segments
Step 2:Identify targets	Needs/preferences
	How they define value
Step 3: Develop a positioning strategy	Positioning goals
	How to achieve goals (new/revised services, staffing, standards, service delivery)
Step 4: Apply and implement the strategy	"Audit" of current identity elements
	Alignment with positoning goals/strategy

◦ How the practice will achieve the above goals. This includes addition of any new or revised services, staffing, approaches and standards of care, service delivery, service pricing, and other considerations.

• Apply and implement the positioning strategy. Practices should conduct an "audit" of all the ways in which the practice presents and defines itself to clients and the marketplace. It is important to bring all of the practice's identity elements into alignment with the practice's positioning goals and strategy. As an example, if the practice wants to be perceived as "the go to place for serious illness and chronic care," it must make sure that it is "talking, looking and acting" like a practice that delivers this.

• Show and not just tell. Care must be given so that the practice is not simply telling clients and prospects who it is. Instead, it must demonstrate this. A common mistake many practices make is simply listing their attributes and hoping that clients will accept what they tell them. Simply stating that a practice offers "the highest quality care, provides compassionate care, or treat pets like our own" does not make so in the eyes of pet owners. Telling pet owners what you want them to believe has very little influence over today's skeptical consumers. They want to come to this conclusion themselves (see 6.11 – Push versus Pull Marketing).

AVOIDING A PERCEPTION GAP

Developing a positioning strategy enables a practice to create a guide for how it will present itself to clients and the marketplace. Everything a practice does and says should be consistent with how the practice is striving to be understood. There are two realities: the practice's and its clients'. When a practice says one thing and does another, it is sending mixed signals (see 4.6 – Client Perception and Learning). This undermines practice credibility and pet owner trust. For example, if a practice wants to be viewed as a leader in the diagnosis and treatment of serious and chronic conditions, it needs to make sure that its appearance, messaging, and actions portray it as the leader it says it is. Simply saying the practice is a leader does not make it so in the minds of clients. There must be distinguishable differences that pet owners can see and experience for them to come to this conclusion. If this is not apparent in pet owners' minds, their reality is different from that of the practice. And to them, the practice has not lived up to their expectations – or its promise.

ALIGNING ALL ELEMENTS OF THE "MARKETING MIX"

To avoid a perception gap, all elements of a practice's "marketing mix" must be in alignment. The "marketing mix" is the combination of elements that a practice – or any business – presents to the marketplace as part of its offering (see 6.7 – Basic Tools of Marketing). Basic elements in this mix, also known as the "four P's," include the following:

• **Product:** The product or service being offered. For practices, how it describes and packages its services influences marketplace perceptions. For example, by offering "surgery" pet owners might perceive that a practice promotes surgery which is self-serving. It is smarter to offer surgery as part of a client-focused service area such as pet "orthopedics and mobility enhancement."

• **Pricing:** Today's consumers expect to get what they pay for. Practices that reduce their prices of products and services as a client attraction tool are positioning themselves as low-cost and low-quality. When a practice tries to compete on price, it invites pet owners to look at only price. When price is the only advantage, you have a commodity that is easily replaced.

• **Place:** The place or method of product distribution or service delivery includes everything associated with providing access to services, from location and facility appearance to a practice's hours and whether or not it makes house calls.

• **Promotion:** How a business reaches out to its targets. The messages a practice sends to clients and the community impact perceptions. Client-focused messages – that provide valuable pet owner information – do more to build a favorable image then those that simply try to sell services.

POSITIONING AIDS REFERRALS

Having a clear identity in the marketplace also substantially aids a practice's ability to stimulate referrals. Practices always hope that clients will recommend them to friends and family, as well as to strangers through online reviews. When clients have clarity of what the practice to which they are referring stands for and what it delivers, they are going to be much more confident and comfortable making a referral. They are also going to be in a better position to accurately articulate why other pet owners should go there.



EXAMPLES

N/A



CAUTIONS

What works for one practice does not always work for another. Do not assume that because one practice you hear about has successfully carved a niche for itself or is attracting a particular type of clientele the same will work for another practice. Each practice is different and is faced with different variables, including location, local market composition, practice history, current market perceptions, staffing, and many other factors. Although there are basic guidelines to follow in the process, positioning is never one size fits all!



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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6.13. BRANDING



BASICS

OVERVIEW

• Branding is the process of creating a unique, recognizable identity that communicates value and fosters customer loyalty, trust, and referrals.
• Your branding helps create your brand. Veterinary practices can improve their business by building a strong brand that conveys a clear message and resonates with their preferred clients.
• Some types of branding are obvious, such as logo, slogans, and name, but your day-to-day practice and interactions with your market (clients, prospective clients, colleagues, and community) are also part of your marketing and branding.
• Your brand includes stories, images, and the feelings they evoke, which cause your customer to choose or recommend you over alternative products or providers (see also 6.14 – Emotional Branding).

TERMS DEFINED

Brand: The idea your market has about your business. A brand is more than a logo or business name – it is your clients' perception of your practice.
Branding: A consistent, distinctive marketing message and practice image. Branding includes logo, name, and promotional material, as well as your staff behavior, services, premises, communications, and interactions with your clientele.
Logo: A symbol or other small design that identifies your products, uniform, vehicles, and so forth. Logos often include the company name and meaningful icons or images.
Market: Your customers, prospective customers, and other consumers or providers of your products and service. Competition is central to the concept of market – clients can choose you, or other options, or not buy at all.
Marketing: The process of communicating the value of a product or service to customers. This includes advertising, signage, and brochures as well as your interactions with your clients and community.



ISSUES AND OPTIONS

WHY YOU NEED A STRONG BRAND

• A strong brand helps you attract and retain quality clients and staff, and teaches clients what to expect from your services.
• A brand communicates value above the normal price of the services you provide.
• Marketing and branding author Seth Godin defines a brand in terms of value:

> *A brand is the set of expectations, memories, stories and relationships that, taken together, account for a consumer's decision to choose one product or service over another. If the consumer doesn't pay a premium, make a selection or spread the word, then no brand value exists for that consumer.*[1]

• A branded product has more value to the customer than a generic product. Unbranded products and services often have to compete on price.
• A strong brand is sharable, making it easy for satisfied clients to refer their friends to you.

THE IMPORTANCE OF A CLINIC BRAND

• People like doing business with people they know, like, and trust. Veterinary practices generally need the clients to bond to the practice, rather than individuals, to ensure practice stability, smooth operations, and a good work-life balance for staff.
• Each staff member should be focused on delivering great service and value to clients and their pets (see 6.3 – Better Meeting the Needs of Existing Clients).
• To make the clinic brand more personable it can often be helpful to focus on a fun and friendly team persona within the clinic brand. For some practices, such as specialty or referral practices, a more serious tone may be appropriate.
• Sole practitioners should focus on both their personal brand and their clinic brand, to aid in succession planning and make it easier to employ new staff and to take time away from the clinic.

DEVELOP A WORLD CLASS BRAND

A decade ago your competitors probably included a local veterinary clinic or two, a pet store, and a groomer. The family veterinarian was seen as the primary pet health expert. Today, animal owners have hundreds of pet and animal experts competing for their attention, many with appealing branding and global online businesses (see 1.2 – Challenges to the Profession). Some are pet health or training professionals. Others are breeders or enthusiasts. They are often backed by a passionate community of loyal fans, boosting their authority and credibility. This means your clinic branding must be first class, even if you only serve clients within your immediate vicinity. If your clients cannot find you online or your website has not been updated in five years it undermines your credibility and professionalism.

YOUR BRAND STORY

People respond more powerfully to stories than to facts. They make decisions based on emotion and then rationalize to justify the decision. To create a strong brand you need to create an emotional connection with your clients and story is the best way to do this (see 6.14 – Emotional Branding). Weave into your brand the story of why you became a veterinarian, why you practice what and how you do, how you help your clients, and how they feel about you. Use real stories rather than general descriptions to create a stronger message. Customer testimonials are a great way to do this, and should be incorporated on your website and your clinic brochures.

YOUR BRAND SHOULD DISTINGUISH YOU FROM YOUR COMPETITORS

Many veterinarians use similar branding and marketing, which makes them less distinctive. Although it is great that you "treat all creatures great and small," if every other local clinic does this too it may hold no special value for your clients. Most people assume all veterinarians love animals and offer the same basic facilities and services.

Veterinarians are fortunate to have a strong positive perception and trust in the community, but you need to go beyond that to create a brand that is memorable and exceptional in some way. To find out where you excel, ask your staff and clients. If you still can't find something, ask your clients what they want, and work on becoming exceptional at that. This can be described as your "brand promise" – it is a guarantee of what you will deliver to your customers. It should enhance your credibility and be memorable, informative, and emotionally engaging. If you make a brand promise you need to keep it, or you will devalue your brand.

An example might be "Join our pet care family." To live up to this you would need to remember people and pets' names, return calls on time, and think of them on special occasions. If you could offer this sort of service, people might travel further and pay extra for this added value.

BRAND YOURSELF BEFORE YOU MARKET OR ADVERTISE

Marketing activities amplify your brand and your message, so it is critical that you develop your branding before you begin marketing or your efforts will be ad-hoc or even counterproductive.

YOUR BRANDING SHOULD APPEAL TO YOUR IDEAL CLIENT

Identify who is your ideal client and what they want in veterinary services, and develop your marketing and branding with that in mind. Make sure you focus on your clients' needs and interests, not your own. (Some veterinarians focus on their fancy equipment or technical details of their skills. Clients want to know you have modern facilities, but do not need to see a photo of your autoclave!)

LIVE UP TO YOUR BRANDING

Your marketing efforts need to match your clinic goals and your clients' experiences. If you promise one thing and deliver another, or fail to deliver at all, you are eroding your brand and client trust.

USE CONSISTENT BRANDING, IMAGES, AND LANGUAGE ACROSS YOUR ONLINE AND OFFLINE PRESENCE

Once you develop your brand, use it consistently in your marketing efforts. This is what building a brand is all about. Inconsistency results in a fragmented or confused brand.

The basics of branding include an attractive and memorable practice logo, colors, and related artwork, as well as your practice name and a practice slogan or brand promise.

Your branding should be incorporated across these marketing materials:

- Clinic signage, uniforms and equipment, vehicles, and street or event signs
- Advertising and directory entries
- Stationery
- An appealing brochure covering your services, location, and contact details
- Business cards, preferably for each staff member
- Handouts or other information resources
- Any additional branded promotional material (magnets, pens, leashes, etc.).

DIGITAL BRANDING

Digital branding is just as important as your signage and brochures. People now communicate, learn, do business, socialize, shop, and make decisions online. This requires a strong digital brand, incorporating the following, which is essential for every business:

- A high-quality, professionally designed and branded clinic website should be the hub of your online marketing efforts (see 10.13 – Websites and Search Engine Optimization). You should also have a clinic blog, testimonials, galleries, and articles.
- An email and print newsletter from your hospital with regular useful and interesting content.
- A presence on third-party sites such as social media networks, business directories, and pet websites, which should direct prospective clients to visit your own website or to call or visit you.
- Promotional or informational videos, slideshows, and other media.

In the age of social media the strength of your brand is more important than ever before (see 10.16 – Social Media). Building and maintaining a presence on social networks can be a powerful tool for promoting your brand, allowing clients to make referrals by sharing a link to your website or Facebook page. You also need to be active to protect your brand from negative messages online.

It is vital to remember that this space is about fun, networking, sharing, and learning. It is a great way to connect with new clients but not a place for pushy marketing.

GET THE WHOLE TEAM ON BOARD

Make sure your team is on the same page when it comes to branding the clinic, and that everything you do supports your brand and fulfills the expectations it raises.

Make sure you have policies in place that protect your brand, even when your staff are not in the clinic. Examples include policies governing staff uniforms, client privacy, and use of social media.

CONCLUSION

Your brand is not your logo or slogan – it is how your clients perceive your business after every interaction. Building a strong brand helps attract the clients you want and establishes you as a leader in your market. Branding your business can strengthen your business. Getting factors such as your practice vision, mission, and values aligned with your brand are essential.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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6.14. EMOTIONAL BRANDING



BASICS

OVERVIEW

• People primarily make decisions emotionally at a subconscious level and then rationalize them logically afterwards. This is in part because there are now so many similar products on the market that differentiating between them rationally becomes an extensive and near impossible task.
• The purpose of emotional branding is to create a bond between the consumer and the brand by provoking a consumer's emotions. This emotional connection, not wholly dissimilar from the connection a person might feel with another person, must be formed between the brand and the client in order for a brand to be truly successful.
• A brand needs to portray a particular personality with specific values attached to it in order for people to create a relationship between themselves and the brand.
• Emotions arise through experience and consumption of a brand. This resulting emotion plays a dominant role in client loyalty and retention.
• Clients with emotional brand relationships are more likely to resist the temptation to use another brand simply because of price (or other "rational" reasons).
• It costs between 5 and 25 times less to retain a client than it does to attract a new one (see 4.21 – Client Retention). Therefore, successful emotional branding ultimately leads to increased profitability.
• A consistent brand message creates familiarity and sets a brand apart from its competitors.
• As the emotional connection with a brand and the associated loyalty increases, clients may become brand advocates, helping to convert new clients. Word-of-mouth recommendations are one of the key reasons a pet owner will choose a veterinary practice.
• Brand love can lead to brand loyalty, trust, positive word-of-mouth recommendations, and even resistance to negative information about the brand.
• Veterinary practices are lucky to already be working with some of the most emotion-inducing content around – pets. It is no coincidence that animal videos are so popular on YouTube!

TERMS DEFINED

Brand: A brand is made up of the name, symbol, design, messages and ethos that together form the identity of your practice, differentiating it from your competitors. A brand allows those familiar with it to distinguish it among competitors.
Branding: The practice of creating a consistent image of your brand.
Client Persona: A semi-fictional representation of your ideal client based on market research and real data about your existing clients.
Emotional Branding: The practice of building a brand that appeals directly to a consumer's emotional state, needs, and aspirations.
Sensory Marketing: Marketing that engages the consumers senses and as a result affects their perception, judgment, and behavior.



ISSUES AND OPTIONS

In order to create an emotional brand you first need to define your potential and current clients, then create emotional communications, and remember to appeal to all the senses.

DEFINE YOUR CLIENTS

• People define themselves through the brands they use and associate with. In order to appeal to your target clients you need to know who they are and what resonates with them (see 6.10 – Target Marketing and Targeted Client Outreach).
• Using current client data is a great place to start. Do you have more female than male clients? Which are the main areas that your clients live in? What sort of affluence does this suggest? What sort of pets do they have? As veterinary practices tend only to gather necessary client information (and rightly so) this makes finding many details very difficult.
• Utilize your front office team to create a typical client persona (it may be advisable to have more than one). Give this person a name, age, and pet or pets based on what you know about your existing clients and general information about the market. Think about what their hobbies and interests might be, how much disposable income they might have, whether they might have children and identify what their values might be. This will help you to connect with your client and what might appeal to them on an emotional level. Your brand needs to share the values of your ideal client persona.
• When you have got your persona or personas, make sure you use them. For example, if your main persona is a female mother of younger children with a dog, your communications should reflect this. For example, you might want to make sure your branding reflects family values and the importance of pets within the family (see 6.13 – Branding). Promotional posters of families or children with a dog, a blog post on keeping your dog safe around young children, and a competition via social media offering a free family (and pet) photoshoot are all ways in which you could portray these values. In addition, providing activities to keep children entertained in the practice waiting room will make the overall veterinary experience less stressful for a parent, thereby increasing the positive emotions associated by them toward the practice.
• Remember not to focus on one persona to the level of alienation of others. Where possible, different communications (with the same overall values and message) should be created to appeal to the variety of personas that visit your practice. However, where this is not possible, focusing on the persona that represents or appeals to the majority of your clients is advisable.

USE EMOTIONAL COMMUNICATIONS

• Reevaluate the practice's mindset when it comes to communications. Do not just think about communicating key messages but also the best way to phrase these messages which will resonate with the client. You are not just selling great pet care but also the feeling a client experiences knowing their pet is in great hands and that they are doing the best for them by coming to your practice. Use words such as "happy" and "healthy" and make sure accompanying pictures reflect this.
• Where possible personalize communications for your clients. Use their name and/or their pets name on the phone, when calling them into the waiting room, in recall communications, and anywhere else that you can.
• As well as necessary formal communications with clients, focus also on the informal. Social media and newsletters are great ways to build a more relaxed relationship with clients and to appeal to their interests and values.
• As goes without saying in the veterinary world, always put the pet first and make sure the client knows that this is what you are doing. If you offer a pet healthcare plan for example, make sure you focus on the benefits for the pet, not just the price point. Make the client feel that what they are investing in a better quality of life for their pet (see 4.8 – Pet-Specific Care).
• Utilize feel-good stories of pets recovering from illness or injury to create positive emotions.
• Everyone loves added value and this is not always easy to create or to communicate. Publicizing the charity work and the work your practice does in the local community to your clients (and beyond) helps them to feel that by supporting you they are also supporting a larger cause. Show them that you are the kind of brand they want to be associating with. Another way to do this is to run a campaign whereby you give a

small amount of money to a local charity that may resonate with clients (a children's charity for example).
• Make sure your practice is getting regular positive local press coverage.
• Remember that not all communications need to provoke positive emotions from clients. A sad or fear-inducing campaign can be just as successful, particularly when it comes to compliance (such as heartworm or leptospirosis campaigns). Use this approach sparingly and with caution.

APPEAL TO ALL THE SENSES

• Emotional branding should engage all the senses.
• Think about every single possible client touch point – from your website, to a phone call, to a first visit to the practice, to being in the consultation room. Review all these touch points with a critical eye. It might be worth asking someone to mystery shop the practice or invite someone impartial to visit the practice for the first time and provide constructive feedback. Ask them to focus on the look, the smell, what they hear (barking dogs or calming music?). Is the environment stress inducing? Are there separate cat and dog waiting areas to put cat owners at ease?



EXAMPLES

N/A



CAUTIONS

• Your communications should help clients come to the realization on their own that you are the right practice for them. The language and imagery used should compel them but not feel like you are telling them what to do.
• Do not get hung up on unique selling points (USPs) but instead focus on where your value lies. You may be promoting something that your competitors also have (such as family values) but what is important is that you are doing it better and promoting it more successfully.
• Emotional branding as a concept has been criticized for the moral and ethical implications of manipulating human emotions. Always be authentic and honest and look to play to emotions. Most consumers will see straight through manipulation and this will work to harm your brand, not build relationships.
• Always be consistent with your messages and ensure your team know your brand and its associated messages inside out.
• Have a policy in place for dealing with negatives (e.g., bad press or bad online reviews). These can work against the brand image you are trying to portray. However, if dealt with in the right way, this can reinforce a client's positive association with your practice.



MISCELLANEOUS

ABBREVIATIONS

USP: Unique selling point

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6.15. PRACTICE DIFFERENTIATION

BASICS

OVERVIEW

• Practice differentiation is the process of distinguishing your hospital, products, and services from others, to make them more appealing to your target market.
• As competition in an area increases, differentiation becomes more important to ensure an adequate share of new clients, as well as creating brand loyalty.
• To be effective, differentiation must be valued by clients. A differentiation attempt that is not perceived is not effective.
• Without adequate differentiation, products and services often become perceived as commodities.
• When clients cannot perceive a difference between practices, they can be tempted to differentiate based on price (i.e., who offers the services needed at the lowest price?).
• Differentiation on its own does not make clients unaware when a price premium is presented. It just makes them less sensitive to competing offers because of the value they attribute to the differentiated offering.

TERMS DEFINED

Differentiation: The process of distinguishing your hospital, products, and services from others, to make them more attractive to your target market.
Omnichannel Consumer: Consumers looking for a consistent marketing message, both online and offline.
Target Market: A particular type of client that the practice wants to attract.

ISSUES AND OPTIONS

THE VETERINARY MARKETPLACE

• The veterinary marketplace tends to be fairly homogeneous, and this contributes to the commoditization of veterinary services – the perception that services offered at one hospital are likely comparable to those offered at all or most other hospitals.
• Most veterinary practices in a given community offer similar services, and dispense similar products, often for very similar fees and this can foster a belief among pet owners that there is not much difference between veterinary practices.
• When this is the case, and pet owners do not see much of a difference between veterinary practices, they might decide to choose a practice based on price. After all, if one practice is very much like another, why pay a premium at one location when you can likely get comparable service at a lower price point elsewhere?
• Consumers may not choose the very cheapest competitor, believing that the lowest price may be associated with some inferior aspect, even if they cannot discern this, but consumer psychology suggests that in the face of no clear differentiation, they will likely choose one of the mid-priced alternatives, avoiding the highest- and lowest-priced options, unless they are appropriately differentiated.
• There are relatively few examples of clear-cut differentiation in veterinary practice. Clients expect to pay more when they are referred to a specialist, or when they need to take their pet to an emergency clinic, but otherwise there is little to differentiate one primary care practice from another, and this complicates the process of trying to increase fees without clients (or staff) complaining (see Figure 6-15-1).
• In times past, veterinarians used to be the keepers of veterinary medical information, and so clients were compelled to come to veterinarians for information that they could not obtain elsewhere.



Figure 6-15-1.

Without appropriate differentiation, it can often be difficult for clients to discern why one hospital charges more than another for the same service or product. Image courtesy of pixabay.com, CCO Creative Commons.

This is no longer the case. There is an extensive assortment of noncurated pet health information online, most of it available for free, so veterinarians cannot rely on access to information to be their sole differentiator in the marketplace.

THE RETAIL WORLD

• In most sectors of the retail world, differentiation allows customers to perceive a clear relationship between value and price, and for consumers to select accordingly.
• Most consumers know that price exists along a spectrum, whether they are considering a restaurant for dining, buying a car, television, or timepiece, or deciding whether to wear haute couture or bargain-basement fashion. They can go cheap, expensive, or anywhere in between and likely find an option with which they will be satisfied.
• When we compare this to the veterinary marketplace, it is clear that this spectrum of price and quality is much compressed with veterinary options. If the qualifications of one graduate veterinarian in primary care practice is very much like the qualifications of most graduate veterinarians, and if they are all using similar quality equipment, medications, vaccinations, and approaches, it can be difficult for pet owners to discern why they should pay considerably more at one practice.
• It is this relative uniformity of veterinarians and veterinary practices that leads to commoditization of veterinary services, and a hesitancy to spend more when differentiation is not evident.
• After all, in the retail world, when clients perceive something to be clearly a commodity, they tend to naturally gravitate to getting the best deal they can, which might even involve making the purchase online rather than buying from a "bricks-and-mortar" establishment.
• It is important not to lose sight of the fact that pet owners actively differentiate pet services, even if they do not or cannot discern differentiation in veterinary services. Many actively select certain pet foods, accessories, over-the-counter products, and a variety of ancillary pet services (grooming, boarding, etc.) on the basis of perceived value and price.

PARETO'S PRINCIPLE

• Pareto's Principle is a crude rule of thumb that suggests that the majority of effects (about 80%) are actually due to a small number of events (about 20%). The principle is therefore sometimes referred to as the 80/20 rule.
• This principle suggests some wide-ranging considerations when it comes to veterinary practice, such as that 80% of a practice's revenue likely comes from about 20% of its clients, or that 80% of a hospital's retail revenue likely comes from about 20% of its products.
• If the Pareto Principle is true, then a small segment of your client base is actually responsible for a large share of your revenue stream.

This segment is often your core or "A" clients, and often the target market for differentiation.
• Core clients are those aligned with your mission, not necessarily those that spend the most money in a given year.
• It is important to realize that the Pareto Principle is simply a rule of thumb, and almost no hospitals will have exactly an 80/20 spilt between effects and events.

MAKING DIFFERENTIATION WORK

• Define your target market or your "core" customers and develop messaging that will resonate with them (see 6.10 – Target Marketing and Targeted Client Outreach). Most veterinary hospitals utilize a "one size fits all" approach, which will only appeal to generic pet owners, not your target audience.
• Create conversion pathways to transition willing typical clients to being "core" clients. In this way, develop ways to convert "D" clients to "C" clients, "C" clients to "B" clients, and "B" clients to "A" clients.
• Do not take customer loyalty for granted. Businesses need to prove and re-prove their value to clients with every interaction.
• Copycat competition is to be expected. Businesses must continually evolve and innovate to stay ahead of the competition.
• Differentiation needs to be specific enough that staff understand the distinctions and are able to communicate them effectively with clients.
• Clients today are omnichannel consumers, so it is important that they receive consistent messages across all your marketing efforts, including your website, in-hospital materials, conversations with staff, standards of care, etc.



EXAMPLES

Veterinary hospitals can differentiate themselves across a spectrum of attributes. Here are just a few:
• Expertise/specialization
• Hours of operation
• Financing options
• Pet-specific care
• Customer service
• Accessibility
• Reputation
• VIP/loyalty programs
• Niche services
• Value/quality/price
• Trendiness
• UI/UX.



CAUTIONS

• A hospital's differentiation strategy should change and evolve along with its clients and competitors.
• Businesses must be able to measure and illustrate the value delivered to clients. It is not enough that the hospital thinks the differences are to be valued. Clients are only prepared to pay a premium when they clearly value the differentiation offered.
• When differentiation is introduced to a practice, it is important to realize that it will not appeal to everyone. The goal is to cultivate clients whose interests align with the practice, not to convince all clients that they should immediately embrace the new offering.



MISCELLANEOUS

ABBREVIATIONS

UI: User interface
UX: User experience

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N/A

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6.16. INTERNAL TEAM MARKETING



BASICS

OVERVIEW

- It makes no sense to spend money on marketing the practice if the team is not ready to contribute to the plan.
- Internal marketing occurs all the time – intentionally or unintentionally.
- Internal marketing is about reputation management, not advertising.
- A marketing plan must include the mission and vision and values of the practice, and continuous, year-round education for the team.
- Team members support the brand established by the hospital.
- Brands are established when the client experiences the same consistent, positive experience every time they visit the practice.
- Clients rate a veterinary practice based on the experience they have, not on the level of veterinary medicine.
- Team members must understand that they are always marketing the practice in their communication styles, level of professionalism, and their actions.
- The appearance of the building itself markets the practice (intentionally or unintentionally).

TERMS DEFINED

Brand: The repeated, positive experiences created (by the veterinary practice team) for the client who returns for service and refers friends and family.

Internal Marketing: The act of marketing the practice to existing clients while they are visiting the hospital.

Practice App: Application used on smartphones that allows easy access to a business and improves the client experience.



ISSUES AND OPTIONS

COMMUNICATION STYLES

Communication is expressed using three methods:

- Verbal – contributes to 7% of the message and incorporates the words used to deliver the message.[1]
- Paraverbal – contributes to 38% of the message and incorporates the tone of voice and enunciation of words.[1]
- Nonverbal – contributes to 55% of the message and incorporates all nonverbal communications (i.e. facial expressions, body posture, actions, and behaviors).[1]

LEVEL OF PROFESSIONALISM

Communication styles contribute directly to the level of professionalism.

- **Choose words with care:** Do the words we use to educate clients create value? Or a subpar experience? Professional terms that clients can understand should be used. For example:
  - Utilizing the term "vaccinations" versus "shots" creates a higher perception of value for the client.
  - Use caution and prevent overloading clients by providing too much information in words they do not understand (see 5.5 – Translating Medicalese). This detracts from the message.
  - Clients usually remember just 30% of the information presented in the exam room.[2] Determine the three most important points the client must understand and provide written material for them to refer to once they get home.
- **Use an appropriate tone of voice** when communicating with either team members or clients. Is the tone condescending or authoritative in any manner?
  - Team member communications directly affect client communications; a condescending tone detracts from the message and reflects poorly on the practice.
- **Ensure team members appearance fits a professional image:**
  - Uniforms must be professional; stain free, wrinkle free, and fur free. Clients respect team members that appear professional.
  - Hair color/facial piercings. Obtrusive hair colors and facial piercings can decrease the respect/trust clients have for team members, affecting client compliance. If a client does not respect/trust the message being delivered by the team member, they will not accept recommendations.
  - Ensure appearance standards/requirements for team members are clearly stated in the employee manual. Define a uniform replacement policy, hair and facial appearance, and consequences for not following the stated policy.

ACTIONS

As stated in the nonverbal communication section (see 5.9 – Nonverbal Communication), the behaviors and actions of team members account for 55% of a message and can develop trust and respect from clients. While professional appearance is critical, so are the actions or behaviors exhibited by team members.

Actions speak louder than words. Positive team member actions include the following:

- Taking ownership for the client and patient experience. Clients watch team members – which contributes to the brand experience. Team members should take pride in delivering the best care possible to both clients and patients. Employees should walk tall with pride, smile continuously, and engage clients with passion and enthusiasm.
- Showing that they love their job. Does the practice give all team members a reason to be proud? Does the practice leverage staff appropriately?
- Engaging clients with education. Team members who go above and beyond to ensure client understanding gain higher client compliance and ensure the best patient care is provided. Engaged team members are excited, compassionate, and able to listen and identify client needs.

APPEARANCE OF THE BUILDING

The veterinary practice should be visually appealing both internally and externally. The practice signage should be bright and modern. The parking lot should be well lit and free of trash, debris, and pet waste. The interior should be clean, odor free, and comfortable.

Evaluate the cleanliness of the interior/exterior: Walk in the front door weekly and evaluate the clinic from a client's perspective. Sit in the reception area for five minutes and note what is seen, heard, and smelled. Repeat this step in the exam rooms.

TECHNOLOGY

Today's veterinary consumer is seeking easy access to information and convenient communication methods for their busy lifestyles. The consumer has changed, and the practice must update technology to meet the changing client needs. Technology drives internal marketing. Technology upgrades should include the following:

- **Electronic medical records (EMR):** Clients want to have access to their records immediately through pet portals (see 10.18 – Patient Portals). Although paper medical records still allow a pet portal to exist, the information provided for the client to see is far from ideal. EMR allows integration with pet portals, allowing the clients to see radiographs, laboratory results, reminders, and medical and medication history. Human healthcare information has become digitized and clients expect the same from veterinary healthcare providers.
- **Digital radiographs:** Clients want to be able to see their pet's radiographs – in pet portals, email, or through practice app integration. Analog radiographs can be scanned, but that is time consuming for staff.

• **Website:** About 39% of clients visit "Dr. Google" before ever calling the practice, while 19% visit Google while in the exam room.[3] Ensure the practice website has the resources clients are seeking, controlling the information (to a degree) the clients read. Websites should be easy to navigate and updated on a continual basis (see 10.13 – Websites). They must give the clients the ability to request appointments, refill medications and provide access to the pet portal.
• **Pet portals:** In addition to the above integration of EMR, pet portals allow clients to upload images of their pet, select how to receive reminders (postal/email/text), set up medication reminders, and message the staff if needed.
• **Practice app integration:** Clients do business on their smartphones (check emails, respond to text (SMS) messages, search the Internet). A practice app makes it easy for clients to do business with the hospital (see 10.17 – Mobile Applications). Practice apps allow clients to see their medical records, receive alerts when their pets are due for vaccines, request appointments, request medication refills, receive updates for hospitalized pets, or search a pet health library.
• **Reminders:** Practices must determine how each individual client wishes to receive their pet's service reminders – either by mail, email, text, app notification, or phone call. The practice must know what the client preference is and deliver accordingly (see 4.16 – Client Reminder Systems).
• **Online pharmacy:** Clients want the convenience of ordering medication at any time and having it delivered directly to their home. An online pharmacy should integrate with website, pet portals, and practice app.
• **Telehealth:** Telehealth is alive and well in human medicine, and clients expect veterinary practices to offer the same in the near future. Consider integrating patient consults through the use of FaceTime, Skype, or Google Hangouts. Refer to the current State Veterinary Practice Act for telehealth regulations.

If technology has not been integrated into the practice, client preferences may not be met, and the internal marketing of the practice will struggle (see 11.14 – Integrating Technology). Practices must provide "wow" experiences to clients in order for them to refer friends and family (increasing the Net Promoter Score) and return for future services.



EXAMPLES

Every team member delivers internal marketing, whether they realize it or not. Consider the following opportunities (and areas for potential improvement) for successful internal marketing:
• Team members wearing scrubs with practice name embroidered on them promotes a professional appearance and builds the practice brand.
• Social media posts that promote the practice and the team in a positive manner also build the brand.
• The cleanliness of the parking lot makes a first impression. Overgrown bushes, weeds, debris, potholes, pet waste, etc. should be removed.
• The smell of the lobby must be clean and welcoming.
• The building condition and maintenance must be managed.
• Outdoor signage should be modern and inviting.
• Clients must not overhear team member conversation/gossip.
• Clients should not hear frightened pets waking up from anesthesia. This creates a perception that pets are in pain.
• Clutter at the front desk creates a disorganized appearance.
• Team member food and beverages should never be allowed at the front desk.
• The appearance of postcard reminders should be in line with the practice brand, colors, and logo.



CAUTIONS

The practice is internally marketing at all times – whether it is intentional or not. Practice leaders must ensure every team member understands their role and the significant impact it can have on the client experience.

Internal marketing does not have to "cost" the practice a large amount of money. As with any marketing initiative, return on investment (ROI) should always be monitored. However, of the solutions discussed above, technology is the only category that may require a substantial monetary investment.

Measuring ROI on technology can be difficult; however, the overall revenue of the practice will grow, as will client satisfaction (when used appropriately).



MISCELLANEOUS

ABBREVIATIONS

EMR: Electronic medical record
ROI: Return on investment

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6.17. PROFESSIONAL PROMOTION AND PUBLICITY



BASICS

OVERVIEW

• Many professionals do not like the topics of promotion or publicity. Traditionally, the professions did not need such marketing methods for a successful practice or for the delivery of services, but times have changed and one of today's main focuses is growing a profitable practice by attracting new clients and competing with the tide of ever-growing competition, management, and compliance issues.
• Aside from traditional marketing and advertising methods, promotion and publicity can be as effective and cost a great deal less. Proven publicity methods can be fun to execute and can be a source of new clients, new celebrity, and even media attention.
• Much of local community publicity also involves a simple attitude of involvement, volunteerism, and a sense of community. Practices that have taken the leap and have launched into community events have seen this pay off handsomely!
• The bottom line in the attitude adjustment needed to be a good publicity expert is to let yourself be overtly passionate and enthusiastic about what you do. It does not hurt to take a moment and remember that your veterinary hospital is an incredible community asset. Most members of your community would love to know more about what you do. And no one is better suited to tell them than you. Recapture that passion about your life's work, and let that drive the many ways you can promote your hospital.

TERMS DEFINED

Byline: The line in a publication that denotes the author.
Promotion: The act of encouraging a trial or persuading an action to contribute to the growth and advancement of a business.
Public Relations: The art of developing reciprocal understanding and good will between a business and the public.
Publicity: The act of delivering information of news value as a means of gaining public attention or support.
Tip Sheet: A document containing the latest information or "tips" for a particular topic.



ISSUES AND OPTIONS

PROFESSIONAL WAYS TO PROMOTE OR PUBLICIZE A VETERINARY PRACTICE

• The first step in professional publicity is designing an outstanding, professionally created logo, mark, and/or slogan. Far too many veterinarians have a friend or family member who draws something cute and it becomes the hospital logo. If you are going to think long term and understand the many ways a hospital logo is used, you should seek professional help in this area.
• There are graphic artists who specialize in logo design and production, and it is well worth the money to do this correctly once.
• As soon as possible, register the hospital name and variations of the name for use on your website. Web domains are filling up fast, and you may be surprised to find that your "unique" name is already taken by someone else. Go to an appropriate registry service (e.g., www.GoDaddy.com) and pay the small fee needed to secure your website name. This is extremely important because it will be used in all your publicity and promotion efforts.
• Websites are meant to be current and the information fresh (see 10.13 – Websites). Endeavor to make your site professional, attractive, and always changing with rich content.
• Promotional items are fun to give out, and you will be surprised at how many clients refer to these for your phone number and website address. Refrigerator magnets, coffee cups, caps, pens, and thousands of other gadgets can actually be little "24/7" promoters for the hospital and can be responsible for clients obtaining your phone number without resorting to print directories, search engines, or your website. Set a yearly budget for these items and buy them, give them away, and have fun. For good sources, use a search engine and type in "promotional items."
• Submit articles to the local papers and neighborhood weeklies or monthly papers. These publications are always looking for content, and regular submissions by you are often easily accepted. By becoming a regular contributor or even a columnist, you generate tremendous credibility among readers and this celebrity translates into calls to the practice. Local papers are usually very happy to have columns and articles written by local experts, and the promotional value to the practice is significant. Just be sure to always have a byline that contains the hospital name and website address.
• Many hospitals find that sponsoring community activities generates excellent goodwill that translates into community visibility, credibility, and new clients. Little league teams, church activities, and senior centers need your help, and sponsoring activities with these groups is an excellent source of professional publicity.
• Try holding an event and inviting the public and the media. Pet-a-thons, dog walks, dog baths, health screenings, service-dog awareness, first aid events – all are excellent weekend events that are fun, helpful for nonprofit organizations, and seem to consistently attract the news media. Be sure to be available for interviews and have your message points ready, which of course will include your hospital name and website address.
• Create free local community seminars. These events can be coordinated with local animal shelters, pet stores, and feed stores. You can bring in other experts such as equine practitioners. Develop a one-hour, half-day, or even a full-day seminar for pet owners to attend. Be sure to have "how-to" exhibits, give samples away, and do lots of demonstrations. You could tie in the event with an upcoming season or major event. Be sure to invite the media!
• With almost every promotional or media event, you will need to provide a media kit. This is the toolbox the media uses to generate a story for your event. Agencies will charge a lot for the development of such a kit, but practice staff can easily compile them. Simply buy glossy pocket folders at the office supply store and include inside: a news release about the event, a photo of you and your hospital, your brief biography, copies of testimonial letters and letters from prior media appearances, potential interview questions about the event, any published articles or columns you have available, your business card and brochures, and samples of promotional items.
• Write "how-to" articles and give them away. This is an easy and effective way to generate client education and general publicity. They can be sent to the local papers and given away at events and local shops. Get your staff involved; you may find a frustrated writer on the team. Always include all of your contact information in the bottom byline.
• Write a series of "tip sheets" and give them away. Tip sheets are easy, informative, to the point, single sheets you can write in minutes. They usually contain 5–12 facts telling readers how to do something. The media loves tip sheets, and they are perfect content for your website.
• Get your website underway and make the site functional, fun, and full of resources for pet owners. Even if your website is not an award-winning thing, it still gives you a presence on the web and in today's "keyword"-driven search it is an excellent way for someone to find you. Of course, if you can, you should have the nicest site you can afford. But even a basic site that is professional, with good pictures, a phone number, a map of where you are, and search engine optimization is essential (see 10.14 – Search Engine Optimization). Practically everyone now has web access, many on their smart devices, and this trend continues to grow.

• For the media, develop a media room, online media kits, a news release section, and even post all your past news stories. It's better that you work with a web expert instead of trying to do this yourself; you want it to look highly professional. After all, it features your image as much as that of your hospital.
• Volunteer your services. This fosters tremendous goodwill among community leaders and the word-of-mouth referrals are worth your time invested here. This is an outstanding way to meet people and develop relationships that will benefit your hospital in ways you cannot even imagine. City shelters, private humane societies, therapeutic riding centers all need your help. Your volunteer time does not even need to be animal oriented.
• Start a monthly newsletter (see 6.18 – Client Education Tools). This is quite a commitment in time, but you could get your staff involved to do much of the writing or you could make it a quarterly newsletter. Another key timesaving consideration is to publish this important PR tool online and send it via email. This saves tremendous staff time and money in postage. Be sure to use lots of pictures, keep it newsworthy, and include the media in your mailings. What was old is new again is a true adage when it comes to some forms of marketing. Although paper newsletters were out of style for many years, they are coming back (along with many other forms of marketing) as clients love to read your work and see your pictures. Both print form and electronic form are excellent ideas.
• There are a variety of publicity "tricks" that seem to work in generating media attention. For example,
  ◦ Start a "Hall of Fame" where you induct prominent members of the animal community. Add members each year, and always send out media releases.
  ◦ Make a "List." For some reason, these really seem to attract the media's attention. Generate the "Smartest Pet List," or "The Best, The Worst, and The Most Pet Friendly List," and so on. Remember, this is not news, it is simply entertainment, but it can get the media's attention because it is a good counterpoint for bad news.
  ◦ Create an "Index." The "Index of Pet Health" might be the result of observations from the practice. The "Pet Stress Index" could be an assessment of pets in artificial environments. Create the index, and then send out press releases with educational facts and, of course, your contact information.
  ◦ Create a quiz. Quizzes are fun because they invite participation with the audience, they fit short media times and formats for counterpoint news, and they are fun to have on your website. Examples include: What is your pet's personality? Can you think like a cat? Are you a dog or cat person? Are you the best pet parent? Are you vet-smart?
• Begin contacting the media on a regular basis. By now, your community activities should be established and your credibility and celebrity should be known. The media loves both of those things – a credible local celebrity expert! Follow the local news and see which reporters do your kind of stories, call them and pitch quickly, then offer to follow up with some good newsworthy facts. Adapt your story ideas to news of the day – that is always an attention getter for a news producer. Remember, in this effort you are building a relationship that will benefit you for many years.



EXAMPLES

N/A



CAUTIONS

Few people like to "blow their own horn," especially professionals and scientists. Consequently, to make publicity work one must really take a different view of this marketing tool. It helps to reinvigorate the attitude of being proud of what you do, and telling the world of your enthusiasm about veterinary medicine.



MISCELLANEOUS

• When you are your own PR department, it cannot have a very large reach and, without a network, you are limited by the "touch" principle. Therefore, build your own publicity network.
• Your family, friends, and staff should always carry cards and brochures so they can leave them with dentist, doctor, accountant, lawyer, website manager, pastor, insurance agent, and anyone else you do business with.
• These professionals understand and admire your skills of self-promotion. Offer to do the same for them. Referrals bring in class A clients.
• You will be surprised at the acceptance of many pet and non-pet-related businesses that are willing to do business card exchanges and referrals.
• Include members of the media. They will see you as a leader and will call on you when a story needs your expert input. It is hard to put a value on media attention!

ABBREVIATIONS

PR: Public relations

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6.18. CLIENT EDUCATION TOOLS



BASICS

OVERVIEW

• It is in the veterinary professional's interest to educate their clients. Clients who understand what they are being asked to do and why are more likely to be compliant, therefore resulting in a better outcome for the pet.
• The average client relies on advice and guidance from veterinary professionals for the information needed to make decisions about their pets. They will not read veterinary journals or keep up to date with the latest advances in pet healthcare. The responsibility for the education of the client therefore falls upon the practice team.
• According to "The rule of 7" a person needs to hear about a product or service seven times before they feel compelled to act. Exposing clients to information regularly and through different channels will therefore increase likeliness of action or compliance.
• Different people learn and remember things in different ways. Therefore, it is important to utilize a range of tools and channels for client education. In addition, people often need to hear or read over something many times in order to fully understand it. Allowing them to process the information in a variety of different forms allows for higher retention.
• We live in a digital world and in recent years the tool kit needed for client education has been adapted to reflect this. There is an increased need to provide information digitally so that it can be accessed anywhere and at any time by busy clients.
• Mapping out various pet lifecycles with your team will allow you to predict the information needed by clients at various stages of their pet's life (e.g., when a pet achieves a certain age, it would be relevant to send the client information about a senior pet health check).

TERMS DEFINED

Compliance: The number of clients who act upon recommendation and instruction from a veterinary professional given to them with the aim of improving their pet's welfare.
Email Automation System: Software which allows you to automate email sending. It is the most effective way to engage in email marketing, enabling you to send out emails at specific times, or when a customer takes a specific action.
Reach: The total number of different people or households exposed to a medium during a given period.



ISSUES AND OPTIONS

ADVANTAGES OF GOOD CLIENT EDUCATION MATERIALS

• Marketing and client education go hand in hand. A campaign surrounding the importance of dental health can have both the aim of educating the client and also the aim of generating more veterinary work for the practice via the use of strong calls to action (CTAs), such as "Make an appointment for your pet's dental health check today!" Put simply, client education is good for business and more importantly, it is good for the pets under your care.
• Educating the client not only increases their capacity for making the right decisions but also helps to build trust between the client and the practice, creating loyalty and bonding them to the practice.
• Educating clients about the practice in general (e.g., opening times and services offered) increases transparency and should therefore reduce complaints. If you offer additional services such as grooming and boarding make sure this is communicated to clients who may be taking their pets elsewhere for services that they could be getting from you. Clients cannot buy a service that they do not know is offered by you or even that exists.
• The client in the consult room may not be the only decision-maker for the pet. Providing accessible information in various forms and locations (such as online) allows other decision-makers to stay educated and informed.
• Keep information as specific and personalized as possible (see 4.8 – Pet-Specific Care). Clients are more likely to read or watch the materials if they know they will be relevant.
• Engaging educational materials allow you to contact the client outside of the twice a year that they typically visit the practice. This increased communication with the client has the advantage of strengthening the bond between client and practice and in turn increases their loyalty to the practice.
• Educational campaigns for clients can be linked with team member continuing education (CE)/continuous professional development (CPD).
• Having engaging and high-quality educational material on offer, in print and online, is an outward sign of a professional and high-quality practice.
• Well-produced and integrated materials have the purpose of providing consistent information to clients.
• Having educational materials on display and easily accessible increases the exposure of clients to ideas and concepts. Every repetition can be effective.
• Client education can help in the retention of a client. Retaining a client costs between 5 and 25 times less than it does to attract a new client.
• If clients take promotional materials away with them, this can help to promote the practice externally to their friends and family.
• Online and easily accessible relevant client materials may be found via search engines such as Google and have the potential to act as new client conversion tools.
• Effective client education tools can free up consult time as many queries can be dealt with by directing clients to a page on the practice website or by sending a relevant email with the information. This is not suggesting that consults should not be thorough but rather, where a client has a lot of questions this can be a way of ensuring the appointment does not run over and the practice continues to run efficiently. The same can be said for telephone enquiries.

EMAIL NEWSLETTERS

Regular informal newsletters are a great way to keep clients engaged by building up an informal and friendly relationship between the client and the practice. They should have the aim of educating and entertaining the client as well as promoting the practice and its services. Clients who feel connected to your practice are much more likely to be loyal and stay long term.
• There are a number of budget-friendly email automation systems that make the process of creating a digital newsletter simple. They contain pre-built templates that text, images, and web links can be easily added into. Smaller practices may even be able to use the service for free (dependent on the number of email addresses they are sending to per month).
• These email automation systems also allow you to analyze which links have been clicked the most, giving you an insight into popular content.
• Newsletters should be fun and friendly, featuring pictures of pets and people. You may want to encourage clients to send in photographs of their own pets to include in future editions.
• Creating a content calendar of upcoming events such as Valentine's Day, Dental Health Month, or Rabbit Awareness Week ensures the newsletter is topical and timely. This can also be very helpful when creating social media posts and other general content.
• Vary the length of the articles in the newsletter but as a rule stick with shorter and simpler items, adding a link to a fuller version hosted on your website. This ensures people get the relevant and most

important information, with the option of finding out more and also increases traffic to your website.
• Newsletters should be regular but not too often. Once a month is enough, however if you are a smaller practice or you struggle for content every month then quarterly is fine providing it is relevant and timely.
• If you collect email addresses via website enquiries then these should be added to your newsletter mailing list (you will have to explain that their email address is being used in this way and give them opt-out authority). An informal newsletter can be a great way of introducing a potential client to the practice. It may be that you keep these email addresses separate and create a slightly different variation of newsletter for these potential clients. For example, this may include an additional offer for new clients to redeem.
• A good newsletter should contain a mix of the following content: practice news and updates, competitions, feel-good stories, educational blogs and articles, current offers, links to social media, and information about team members.

OTHER EMAIL COMMUNICATIONS

Practices often hand out or send paper documents with various information. These are easily lost, particularly as they may be handed out well in advance of when they are needed (e.g., pre-op information). Email communications can be sent alongside or instead of paper versions.
• These can be sent directly after an appointment, before or after an operation to recap information that has been supplied by other means.
• For successful email communications an automation system must be in place to ensure timely streamlined delivery. A client whose pet has been in for an operation needs the post-operation information that day.
• Remember that the person who you are talking to in the consult room may not be the only decision-maker for the pet. Providing information via email allows the client to share with their partner or other relevant party.
• Examples of relevant content: welcome email, pre-op and post-op information, neutering information, dental health recommendations, etc.

SMS/TEXT MESSAGING

SMS communication is low cost, has one of the highest open rates, and is usually one of the quickest communications to be read.
• Be aware that SMS can feel intrusive if used too often, however it can be an efficient way to get communication out quickly to clients when needed.
• Relevant content could include important communications such as a short-notice change to opening hours, a change to an appointment, or general appointment reminders.

VISUAL AIDS

Visual aids, such posters and TV screens in the practice are great tools which can be used to reinforce key messages or promotions. They are less intrusive than other means but still count as a touch point for the client.
• Keep posters interesting and eye catching but also clean and simple. They should be image-led with text kept to a minimum. If lots of information is needed, refer them to your website, an accompanying leaflet, or a team member.
• There may be some key services you want to promote constantly, such as your monthly healthcare plan. This is fine but try to have at least one campaign that changes regularly, such as every three months. This keeps content fresh and means clients are more likely to notice it as it is new.

DEMONSTRATIONS

• When in the consult room with a patient, take the time to explain what you are doing to the pet and why. Talking through a physical examination gives the client further peace of mind, builds trust, and can help to demonstrate the value for money of a consult.
• One of the main reasons clients often are not compliant with administering parasite treatment or toothbrushing is because they do not know how, or do not have the confidence to do it themselves. Offering a free demonstration or one as part of a consult will therefore increase compliance in these areas, also resulting in more frequent purchase of the relevant products.
• Demonstrations can also be done with groups of clients in order to free up consultation time, for example at a practice open day or a puppy party.

LEAFLETS/HANDOUTS

Leaflets can be a valuable take-home aid for a client to learn more about a specific topic. Although this information should also be presented on your website, by giving a physical copy to a client you can have the peace of mind that you have provided them with the relevant information.
• Only hand out leaflets that are relevant to the specific client.
• Leaflets should ideally be professionally designed and printed.
• Although suppliers often produce their own leaflets on various topics, it is useful to have your own containing your key messages.
• Examples of topics to provide leaflets on: neutering, parasite control, vaccinations, puppy, kitten, rabbit, other relevant pets, or dental hygiene.

CLIENT WELCOME PACK

New clients are the most receptive and engaged, particularly if they are a new pet parent. Providing them with a pack of relevant information for their situation will help build a positive relationship and increase compliance.
• Make sure the pack is relevant so that they do not feel bombarded with unnecessary information.
• Items to include: relevant flyers, vaccination record card, offers and discount vouchers (including information on recommend a friend schemes if you have these).

USE OF VIDEO

Video is a powerful tool for distributing information. Viewers retain 95% of a message when they watch it in a video compared with 10% when reading it in text. In addition, 69% of all consumer Internet traffic is video, a number that is likely to continue to grow.
• Share any videos you make across social media to increase the reach of the information.
• Keep them short – videos that last up to two minutes long get the most engagement.
• About 85% of Facebook videos are watched without sound. It is recommended therefore that videos to be circulated primarily via Facebook should ideally contain subtitles.
• The average user spends 88% more time on a website with video. Including videos relevant to specific webpages will increase the effectiveness of your website. For example, on an advice page for dog dental healthcare include a video demonstration of how to brush a dog's teeth.
• Professional videos have a great impact and it is worth having a generic professional one made to use in various advertising campaigns.
• Encourage team members to also film content on their smartphones. It might be worth publishing some guidelines for the team to use to ensure the videos adhere to a similar format and quality.

SOCIAL MEDIA

Most adults are using Facebook, making it (after traditional mail), the most consolidated channel available to marketers for accessing most of the population in one place.
• Create a Facebook Business page. Facebook Business has a number of benefits for practice marketing, such as allowing you to pay to promote content and measuring the reach and success of content posted. If you have more than one Facebook page, for example for different practices, you can manage these centrally using Facebook Business.

6.18. Client Education Tools

- Paying to promote social media posts will increase the spread of information. Examples of where this might be helpful:
  - A change to opening hours (e.g., over Thanksgiving) – promote this via Facebook to those who have already "liked" your page.
  - Hosting a puppy party – you may want to pay for this post to be shown to dog owners in the local area to increase the number of attendees.
- Encourage a few team members to take ownership of social media.
- Have a mix of posts including:
  - General "cute" or funny content
  - Content that promotes your offers and general services
  - Content that directly encourages client engagement (such as competitions)
  - Feel-good stories
  - Information or fun facts about team members and their pets
  - Helpful tips
  - Behind the scenes at the practice (nothing gory!).
- Use social media to drive traffic to your website by including links to relevant pages. If you are promoting a current offer, link to information about that offer hosted on a website. If you are posting about a top tip, include a link to the full blog article.
- Always include pictures with posts.
- Review which posts get the most engagement (i.e., get the most "likes," reach, and shares) and make sure you are utilizing these types of post.
- Facebook is a must. Only explore other social media channels such as Instagram or Twitter if you are running Facebook comfortably and successfully and if you have team members who are confident and willing to take charge of new social media channels.

WEBSITE

In 2016, cell phone web usage overtook desktop usage for the first time and the number of people viewing websites on a cell phone continues to grow, therefore a cell phone-friendly website is a must. The more user friendly your website is, the more accessible the information is to your clients.

- Websites should be simple and easy to navigate. There is a widely accepted web design "three click rule" concerning the design of website navigation which suggests that it should only take a website user three clicks (maximum) to find the information they require.
- Blog posts should be hosted on the website. These should be informal, interesting, and generally lighthearted. They can also be more general than an advice page. Utilize your team to write blogs on different topics. Examples of blog content include: 10 top tips for a happy and healthy holiday season with your pet, 8 reasons to neuter your pet.
- Advice pages should be more specific and serious than blogs.
- As a general rule, all web pages should have a call to action. An offer page may have a link to phone the practice to book the offer or to a request for a callback form (for times the practice is closed). Pages may also link to other pages, for example a blog may link to a more specific advice page.
- All content from the website including blogs and advice pages can be linked to and from social media to encourage readership and increase traffic.

NURSE/VETERINARY TECHNICIAN CLINICS

Veterinary nurses/technicians are often underutilized within practices. Offering free or low-cost nurse services will encourage people to bring their pets in more often, increase education and compliance and allow clinical signs and issues to be spotted earlier, increasing the effectiveness of veterinarians.

- Examples of nurse clinics include dental checks, weight and diet advice, puppy parties, free worm and flea treatment applications, neutering advice and senior health checks.

TELEPHONE ON-HOLD MESSAGES

There are times when a client will be put on hold. Although you should endeavor to keep this time to a minimum, having interesting and informative on-hold messages with specific CTAs creates another touch point for clients to process key messages and information.

- Example: "Did you know that 7 out of 10 pets over the age of three suffer from dental problems? Book your pet in for a free dental health check with one of our nurses today."



EXAMPLES

N/A



CAUTIONS

- According to most current regulations, clients must have the option to opt out of all forms of communications. Using an automated email system such as MailChimp provides an easy solution. Always make sure clients are aware why they have received the email. Keeping it as appropriate as possible maximizes readership and minimizes the number of clients who will decide to opt out of future communications.
- Always use appropriate terminology for the client. Remember that they probably are not a medical professional. In order to generate compliance and a better outcome for the pet, the client needs to understand what is being recommended and why.
- Update mailing lists regularly to ensure inclusion of new clients and exclusion of those whose pets have been euthanized (where appropriate).
- There are certain days and times that have been proven to be more effective for particular types of audience. This is great advice to follow but ensure if your social media post or email contains a CTA that the practice is open and equipped at the time of the communication to respond to the enquiry.
- All team members should be trained in client education. Hearing the same, coherent information from a number of sources will reinforce the message and increase compliance. If a certain campaign is running, team members should be fully educated about the campaign in the weeks prior to its commencement.
- Clients should always feel informed and educated, never as though they are being sold something.

• Train front office staff to be vigilant in collecting email addresses and cell phone numbers. There is no point spending time and effort on fantastic email communications that only reach a small number of clients.



MISCELLANEOUS

ABBREVIATIONS

CE: Continuing education
CPD: Continuous professional development
CTA: Call to action

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6.19. PAID ADVERTISING



BASICS

OVERVIEW

Many veterinary professionals are suspicious of advertising and promotion, especially when it comes to paying for such services. However, every business needs advertising, and some of that effort is going to be associated with cost. In fact, even advertising that might be considered "free" is typically associated with costs, and so veterinary practices need to have a plan for dealing with both paid and (presumed) unpaid advertising.

It is important to realize that all forms of promotion come with costs. Even word-of-mouth marketing needs to be cultivated and that cultivation often requires internal efforts. In fact, word-of-mouth marketing campaigns may actively influence or encourage customers to make recommendations (e.g., social media postings, business rating sites, client surveys, etc.) and such campaigns typically have very real costs associated with them.

Earned media refers to unpaid publicity associated with exposure based on expertise, such as appearing on a radio show, or writing articles for a local publication, or participating in a podcast. Although typically there are no fees associated with such activities, there are still opportunity costs associated with dedicating time to them rather than concentrating solely on the delivery of veterinary medicine. The lines are thus somewhat blurred between paid and unpaid advertising. If you pay to advertise your practice with a commercial on a pet radio show, it is considered paid advertising. However, if you take time away from practice to participate for free on a pet radio show, it would be considered unpaid advertising.

Today's pet owners are omnichannel consumers, so need to receive coordinated educational messaging through a variety of different media options (see 6.15 – Practice Differentiation).

The purpose of advertising is to inform and educate consumers about an organization's products and services, to enhance the image of the brand and offerings, and to help clients understand their pets' needs, and how those needs can best be met by the healthcare team. Advertising is not meant to sell services that are not needed, to imply that other hospitals provide inferior services, or to pressure people into making healthcare decisions that are not in the best interests of their pets. In this context, advertising is all about education and differentiation and should be embraced by all veterinary organizations as a practical necessity.

TERMS DEFINED

Differentiation: The process of distinguishing your hospital, products, and services from others, to make them more attractive to your target market.

Earned Media: Publicity gained through invitation to participate in media events, rather than paying for them.

Omnichannel Consumers: Consumers looking for a consistent marketing message, both online and offline.

Opportunity Cost: A benefit that could have been realized, but was not, because an alternative was selected instead.

Reach: How large an audience will be exposed to the advertisement.

Target Market: A particular type of client that the practice wants to attract.

Word-of-Mouth Marketing: Recommendation of an organization by a satisfied customer to a prospective customer.



ISSUES AND OPTIONS

- Advertising is a method of meeting the goals of the practice, which should be a direct reflection of the practice mission.
- It is a method of meeting the needs of clients by making sure they are aware of what they should be providing for their pets in the way of healthcare (see 6.3 – Better Meeting the Needs of Existing Clients).
- Advertising of any kind does come with costs, but this should be considered a cost of doing business in any field of endeavor. Most veterinary practices seek advertising opportunities with relatively limited reach; they tend to want the most impact in their specific trade area (see 1.4 – Veterinary Trade Areas).
- It is critical to control those costs by having a marketing plan, as well as a marketing budget, and then tracking the response to marketing efforts to determine the return on investment (ROI).

MARKETING PLAN

- A marketing plan, like a business plan, provides details as to how the practice intends to market its services over a given period of time (see 6.6 – Marketing Plan).
- Like any business document, the marketing plan must be realistic to be effective, and must be accompanied by a reasonable budget to get the job done. The plan encompasses both internal and external marketing efforts, including a website and search engine optimization (SEO), any advertising, and client communication. Veterinarians traditionally underutilize marketing and inadequately fund marketing efforts.
- The marketing plan might include information on the marketing mix, market segmentation, trade area assessment, goal setting, and evaluation for ROI (see 6.07 – Basic Tools of Marketing).

MARKETING BUDGET

- One of the most important aspects of paid advertising is to have a sensible marketing budget, and have a plan to evaluate how effectively that plan delivers practice value and ROI.
- Many veterinary practices have an inadequate budget for this purpose, and yet are often confronted with multiple pitches for how to spend advertising dollars. A well-thought-out marketing plan and budget help rein in the tendency to spend advertising dollars impulsively and without purpose.
- In most veterinary practices, the marketing budget should be 3–6% of revenues in the first few years of planning. This may be reduced to 1–3% during maintenance phases, but most practices should try to remain in growth mode for as long as possible, and an adequate marketing budget is needed to sustain this.
- Allocating funds to budget categories involves forethought as to practice strategy; otherwise paid advertising efforts tend to be unbalanced. This may result because of bias toward or against past marketing efforts, because of existing relationships with promotion vendors, or because there are individuals in the practice committed to specific tactics.

ALLOCATION OF FUNDS

- Funds from the marketing budget can be allocated on the basis of internal versus external marketing, or on the basis of strategic intent.
- When funding based on strategy, major categories might include branding, traffic generation, conversion rate optimization, and evaluating ROI.

• Branding is typically the first consideration for new marketing efforts, since it is important to clearly position the organization according to its mission, and to differentiate its services from the competition (see 6.15 – Practice Differentiation). Such investments might include logo development, client materials, staff training, website development/SEO, etc. The proportion of funding to be dedicated to branding will depend on what has already been accomplished to date and how well differentiated the practice is from others in its community. Branding may not sound like an exciting use of marketing funds, but if clients do not know, appreciate, and trust your organization, it will be difficult for other marketing efforts to generate results that meet or exceed expectations (see 6.13 – Branding).
• Traffic generation is important for all veterinary practices. New clients will be needed not only to grow a practice, but also to make up for clients lost incidentally from other passive and active processes. If clients are actively leaving because of perceived problems with the practice (e.g., poor customer service, poor communication, pricing not consistent with value delivered, etc.), this needs to be addressed in branding efforts before trying to boost traffic. The organization may have a target number for new client acquisition, and this is important, but in many cases the most benefit is often realized from increasing traffic from existing clients who many not be aware or not fully utilizing the services needed (see 4.8 – Pet-Specific Care).
• In many instances, it is possible to improve a brand, and to increase client traffic, but the process is incomplete unless those clients see the value in the offerings and are prepared to pay for them. This often requires some work on what is known as conversion rate optimization. This conversion rate may relate to customer segmentation (see 6.9 – Client and Patient Segmentation), such as converting "B" clients to "A" clients and "C" clients to "B" clients, etc., or converting noncompliant clients to compliant clients for things such as parasite control, vaccination, genetic testing, inflammation management, and many others.
• Once an organization has improved its brand, generated additional client traffic, and optimized conversion rates, it is important to measure the impact of the various efforts employed to determine which have been most effective in helping the organization meet its goals, as well as generating a reasonable ROI.



EXAMPLES

ABC Veterinary Hospital has decided to be more rigorous in its marketing efforts. In the past they have focused on a modest telephone directory advertisement, and developing content for their website, but have been uncertain of the ROI from these efforts.

Following the advice of their consultant, they have decided to focus on branding, traffic improvement, and conversion rate optimization. They devoted 25% of their marketing budget to branding and decided to differentiate themselves as an organization dedicated to keeping pets healthy rather than focusing on just treating illness. They thought there might be much more opportunity in taking a proactive stance in prevention and early disease detection (see 4.8 – Pet-Specific Care). They developed collateral materials for clients around this philosophy, surveyed clients on their attitudes to health and disease, and invested in staff training to ensure that all employees could engage in meaningful discussions with clients around this objective.

They devoted 25% of their budget to improved traffic generation. After an internal strategy exercise, it was determined that the bulk of that investment would be aimed at existing clients that were underutilizing services, as well as clients that were using services but were not fully compliant with recommendations. External marketing efforts were used with the goal of attracting new clients, but especially clients that were likely to be responsive to a message of keeping pets healthy. They also put in place a program to actively recommend pet health insurance, and to substantially increase the percentage of pets in the practice with insurance, as this is often associated with increased visits and utilization of services.

In order for their overall strategy to be successful, the hospital decided that it would need to dedicate 40% of its marketing budget to conversion rate optimization, and the final 10% to measuring ROI. Client surveys indicated that many of the clients associated the hospital with a place to bring their pet when it was sick, but did not fully appreciate the value the hospital could provide in keeping their pet healthy, and in detecting problems early, when there tends to be the most options available for management. A separate effort was dedicated to improving compliance in parasite control, inflammation management, vaccination, hereditary disease screening, and other areas in which the hospital seemed to be underperforming.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

ROI: Return on investment
SEO: Search engine optimization

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N/A

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6.20. PERSONALIZED MARKETING



BASICS

OVERVIEW

• Retaining a client costs between 5 and 25 times less than it does to attract a new client.
• Personalized marketing is dependent on many different types of technology for data collection, data classification, data analysis, data transfer, and data scalability.
• Technology enables veterinary practices to harness the client and pet data they collect through the process of delivering healthcare such as species, breed, age, existing or predisposed medical conditions and use this to communicate with them on a one to one basis.
• Relevant, personalized, timely and hypertargeted communications receive the highest response rates. By leveraging the data within the practice management systems (PMS), website, LiveChat and in practice, veterinary practices can empower owners to take the best care for their pet.

TERMS DEFINED

Beacons: Hardware transmitters that enable smartphones, tablets and other devices to perform actions (such as receive push notifications, open web pages and social media activities) when in close proximity. Beacons use bluetooth low energy (BLE) also known as near field communication (NFC) and are reliant on the client having turned on the functionality.
Cookies: A cookie is a small amount of data generated by a website and saved by your web browser. Its purpose is to remember information or preferences about the user.
Customer Relationship Management (CRM) Platforms: Systems used by veterinary practices to manage and analyze client interactions and data throughout the pet lifecycle to improve relationships with clients, deliver personalized healthcare, assist in client retention and drive sales growth. CRM systems are designed to compile information on clients across different channels (points of contact between the client and the veterinary practice) which could include the practice management system (PMS), practice website, LiveChat, direct mail, marketing materials and social media. They can also give client-facing team members detailed information on pets' personal information, medical history, buying preferences, and concerns. The most popular enterprise CRM applications are Salesforce.com, Microsoft Dynamics CRM, NetSuite, and Oracle Eloqua.
Lifetime Value (LTV): A metric that represents the total net profit a veterinary practice makes from any given pet. In veterinary practice it is essential to understand that owners will have more than one pet during their own lifetime and as such should be treated at every touch point based on their LTV ($0,000's) rather than the profitability of a single transaction ($00).
Pay-per-Click (PPC): A model of Internet marketing in which advertisers pay a fee each time one of their ads is clicked. Essentially, it is a way of buying visits to your site, rather than attempting to "earn" those visits organically.



ISSUES AND OPTIONS

• The greater the level of personalization the higher the probability that the client will respond to and act on the communication. Consider the difference personalization makes to a routine annual vaccination reminder;

"Hello, your animal is due for an annual vaccine booster soon. Please call the practice to make an appointment."

"Hello Justin, Poppy's annual vaccine booster is due 02/01/20. Please call us at xxx-xxx-xxxx to make an appointment."

• This can be further improved through the use of relevant imagery. Where possible (although this is currently not a service widely supported by most PMSs), a high-resolution photo should be taken of the pet and this should be incorporated into all communications from the veterinary practice in relation to that pet. If a photo of the pet is not possible then attempts should be made to mirror the breed, or at least the species, of the pet on all correspondence.
• Mapping out the lifecycle of a pet (by species) and then overlaying it onto the pet population will enable a practice to develop communications based on frequently occurring requirements and then communicate relevant healthcare information. Advice on choosing the right pet health insurance (+eight weeks of age) neutering advice (five months) dental care (+three years), senior pet clinics (+seven years), end-of-life counseling, etc.
• Grouping medical conditions and recommending treatments by breed can further help personalize communications and educate pet owners to help identify problems at an early stage, such as brachycephalic pets being prone to stress and breathing irregularities.



EXAMPLES

BEACONS

• Beacons can be placed in strategic locations around the veterinary practice. When a client with a BLE- or NFC-enabled mobile device comes into proximity with the beacon a desired action can be triggered on their cell phone.
• Beacons can be configured by distance from the beacon, duration spent within proximity of the beacon, desired action, and the number of times a device comes into proximity with a beacon, allowing almost endless possibilities.
• Veterinary practices can use beacons to prompt Facebook check-ins on approaching the front door of the practice, offering a discount coupon by way of an apology to clients in the waiting room for more than 20 minutes, introducing special offers when in proximity of the merchandise stand, or enabling mobile payments through point-of-sale systems at the reception desk.
• This technology is improving rapidly and while there are significant gains to be made by being an early adopter it has to be taken into account that numbers of mobile devices with BLE and NFC enabled are relatively low due to the additional drain on the device's battery.

CLIENT REMINDER SYSTEMS

• Ultimately these are the most important and cost-effective tool to drive client traffic into a veterinary practice by leveraging data stored within the practice management system.
• Systems include effective recall and reminders for appointments, annual vaccinations, parasite control, and age- and patient-specific conditions (see 4.16 – Client Reminder Systems).

PAID ADVERTISING AND REMARKETING

• PPC advertising, predominantly via Google AdWords or Facebook, enables targeting and personalization based on geographic location, interests, and lifestyle (including being interested in, or ownership of, a cat or a dog). This information can then be harnessed by veterinary practices to show relevant messages tailored by species and the lifestage of the pet.
• Remarketing campaigns can be triggered when a visitor reaches a specific page, such as the practice's pet healthcare plan, but does not make a purchase. These are the ads which seem to follow you around the Internet offering additional chances to purchase.

• Lookalike campaigns generate audiences who share the characteristics of clients that have previously visited your website and can be used to increase the reach of your veterinary practice.

WEBSITES

• To personalize a user's experience on a practice website, cookies are used to remember a user's preferences to deliver hypertargeted content. For example, a website visitor who has previously read an article on "The most suitable dog for a family with children" should be shown content about puppy socialization, the importance of regular vaccinations, and good-quality pet health insurance.
• Geo-targeting can be used to detect a visitor's real-world location and automatically serve up details of their closest veterinary practice along with directions, opening hours and a prominent call to action (CTA).
• Enabling social login via Facebook or Google will allow further personalization (e.g., showing the user which of their friends have previously checked in to or reviewed the veterinary practice).
• Pet owner portals fully integrated with data stored in the practice management system will facilitate a broad range of personalization on the practice website, including, but not limited to, access to pets' medical records, recommended healthcare advice, and cross-sell and up-sell products (see 10.18 – Patient Portals).



CAUTIONS

• Communications between the client and the veterinary practice should avoid being overtly sales-oriented. Their main aim is to empower the pet owner to take the best possible care of their pet. This approach will also ensure that all communications from the practice are compliant with local data protection legislation and maintain the bond of trust between the client and their veterinary professional.
• While collecting email addresses and cell phone numbers in practice, ensure clients have separate opportunities to opt out of marketing communications and recall communications across each key channel: phone, mail, email, and SMS (text). The reason to separate these out is to ensure the practice can still communicate with a client by alternative means even if the client would prefer to opt out of one specific medium.
• In the wider world, many people are concerned that companies are using too much personal information to create the personalized marketing used today by businesses.
• One of the perceived problems with personalized marketing is that data is being generated by algorithms, and the algorithms associate preferences with the user's browsing history or personal profiles. This has led to some high-profile controversies where software has published inappropriate content on behalf of well-known brands.



MISCELLANEOUS

ABBREVIATIONS

BLE: Bluetooth low energy
CRM: Customer relationship management
CTA: Call to action
LTV: Lifetime value
NFC: Near field communication
PMS: Practice management system
PPC: Pay-per-click
SMS: Short message service

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6.21. Client Focus Groups



BASICS

OVERVIEW

Focus groups can form an important part of developing a client-oriented veterinary practice using client feedback and insight to assess and control every aspect of practice life. Focus groups are basically:

- ways of listening to clients and learning from them;
- one way of facilitating active participation of clients in the development of a veterinary practice; and
- one way for practice owners to demonstrate commitment to a participative process of delivering veterinary care.

The purpose of using focus groups is to discuss the findings gathered through the continual cycle of measuring client satisfaction (see 4.19 – Measuring Client Satisfaction) with a sample of pet owners and to elicit suggestions for improvement.

Pet owners can draw on their own experiences of caring for their pet or choosing a veterinary practice to:

- uncover the underlying factors that resulted in them choosing (or not choosing) a particular veterinary practice;
- enrich interpretation of the data collected while measuring client satisfaction;
- identify local issues;
- prioritize the specific areas in which there is a need for action;
- explore practical and workable improvements.

The role of the practice manager/market research agency will be to combine the focus group information with existing data. The main issues and solutions that arose can then be summarized and prioritized.

In deciding what actions to include in the practice's action plan the following aspects need to be considered:

- What action is the practice already taking? And is it enough?
- What more does the practice need to do?

TERMS DEFINED

Facilitator: The person with the task of leading the focus group.



ISSUES AND OPTIONS

STEP-BY-STEP GUIDE: PREPARATION

Developing a Question Set

The data gathered while continually measuring client satisfaction will have highlighted a number of areas warranting further exploration. Therefore, it is advised to base the question set on these areas. The post-visit client survey or online reviews may have indicated poor client experiences or a failure of the practice to meet expectations. The question set may then contain questions to unravel causes of poor client experience asking focus group participants to comment on priorities and expectations. After exploring the issues, it is important to remember to elicit some practical and workable improvements from participants.

A pre-prepared schedule of questions can:

- help ensure each group is given adequate opportunity to discuss all the key issues in a similar fashion;
- be helpful if the facilitator has been drafted in from outside and is unfamiliar with your practice or the veterinary industry as a whole;
- help the facilitator to stay on track and on time.

Types of Questions

Remember that you are not merely seeking oral responses to a questionnaire. It is important to encourage open exchanges and discussion in a conversational manner. The set of questions should include the following:

- **Introductory questions:** These are designed to get participants discussing the challenge of caring for their pet in general before homing in on particular issues.
- **Linking questions:** These enable the facilitator to move from the broad general discussion, following the introductory question, to the more specific areas of interest.
- **Key questions:** These address the key issues which the facilitator wants to cover in the focus group session.

6.21. CLIENT FOCUS GROUPS

Number of Questions

A rule of thumb is that you will have time for no more than four or five key questions in a focus group lasting 1.5–2 hours.

Developing a Method to Record the Data

Before the focus groups begin it is worthwhile to consider how the discussions are to be recorded and how they will be analyzed. One way is to produce a template for the facilitators to complete at the end of the session.

Planning and Timetable

It is important at the start of the process to plan the focus group sessions into the practice's marketing plan.

Selecting the Group

The number of focus groups and pet owners involved in this stage will depend on the size of the practice, the available resources (both time and budget) and individual constraints.

The number and make-up of focus groups that you select will be determined by such things as:

- the issues that need to be addressed (e.g., low new client registrations, poor client feedback, insufficient take-up of practice healthcare plans or other relevant management information);
- groups of pet owners who are likely to have to deal with similar types of issues;
- considerations of practicability and feasibility.

Experience has shown that veterinary practices choose different approaches to select participants for focus groups. Some practices use current engagement with the practice: bonded client/lapsed client/prospect to invite the different groups to attend the focus groups. Others have chosen to run focus groups for specific species or groups where "hot spots" have been identified (e.g., new pet parents, owners of senior pets).

Choosing Participants

The basic purpose in using focus groups is to hear clients' discussions of issues of relevance to them. Thus, it is important to set up groups where participants are likely to share common interests, encounter similar kinds of frustrations when caring for their pets, and feel comfortable in expressing their views in front of the other group members.

Number of Participants

The typical size of a focus group is 6–10 participants. This range gives scope for a large enough range of different viewpoints and opinions, while enabling all participants to make contributions without having to compete for "air time."

Invitation to Participants and Briefing Note

You should send written (or email) invitations to participants well in advance of the focus groups. Such invitations should include a briefing note that:

- explains the purpose of the focus groups;
- describes what taking part in the focus groups will involve for the individual pet owner;
- explains how issues of confidentiality will be dealt with;
- makes clear that participation is voluntary and offers alternative options for expressing their views where appropriate;
- describes how results will be analyzed and reported;
- emphasizes that individual responses will not be attributable;
- describes what will be done with outputs, suggestions for action, etc.;
- offers a contact point for further information; and
- is signed by the practice owner to demonstrate commitment.

The Facilitator

The facilitator has the task of leading the focus group. This involves:

- setting the scene, explaining the purpose of the focus group;
- introducing participants to the topics for discussion;
- keeping the group on time and focused on the topics;
- encouraging participation from all the group members;
- summarizing discussions from time to time to check appropriate understanding of participants' comments;
- ensuring that all the key issues are addressed.

It is useful to have a note taker or video camera recording all discussions, so the facilitator is freed up to give all their attention to the group.

Selecting a Facilitator

Although there is no need to require an external facilitator to run focus groups, it is a highly skilled role which benefits from extensive training and experience. It may be very difficult, for example, for a member of the practice to fulfill a facilitator role.

6.21. Client Focus Groups

Although they do not need to be specialist facilitators, facilitators do need to have certain skills or will need to receive some training. The most critical skills of the facilitator are those described as "active listening skills." Many market research agencies are available to support your practice through this process.

How Long Should the Focus Group Last?

The focus group is likely to take between 1.5 and 2 hours.

Location

If possible, use a location for the focus group where:

- participants will be free from interruptions and distractions;
- participants will be able to see each other and hear each other easily (U-shaped seating arrangements or arrangements where everyone is round one table tend to work best);
- the facilities are comfortable and make it pleasant for participants to sit and talk to each other for up to 2 hours.



EXAMPLES

STEP-BY-STEP GUIDE: RUNNING THE FOCUS GROUP

Materials

The types of materials you will need to run a focus group session include the following:

- Notepads and pens or pencils
- Flipchart and markers
- Cards (or badges, stickers, etc.) for writing participants' names on
- Watch or clock
- Focus group questions guide.

Preparation/Set-up

The facilitator should arrive at the location before the participants and ensure that:

- domestic arrangements and any refreshments are in place,
- the room and seating arrangements enable participants to see and hear one another,
- the venue is comfortable and conducive to discussion.

Welcome and Introductory Briefing

After welcoming the participants to the group session, the facilitator should:

- introduce themselves and any assistants to the group and explain their roles and such things as domestics, timescales, etc.;
- ask people to introduce themselves, when not already known to one another or to the facilitator;
- explain once more the purpose of the focus groups and reiterate the points covered in the briefing note, particularly:
  - the fact that the main focus will be on issues that affect the delivery of pet healthcare and interactions with the veterinary practice,
  - the fact that individual responses will be anonymized before being reported back (it may be helpful to say how you will ensure this);
- explain how they will operate, that is:
  - beginning with open discussion,
  - focusing in on certain questions, and ideally
  - finishing with suggestions for action/improvement;
- ask for any questions or issues that need to be clarified.



CAUTIONS

STEP-BY-STEP GUIDE: TAKING ACTION AFTER THE FOCUS GROUP

Interpret and Report Results

- **Summaries:** Write up a summary of your notes as soon as possible after each meeting – a quick turnaround time on the transcription helps avoid memory lapses.
- **Analyze the summaries:** It is useful to start by reading all the focus group summaries in one sitting. Look for trends (comments that seem to appear repeatedly in the data) and surprises (unexpected comments that are worth noting). Keep in mind that context and tone are just as important as the reiteration of particular words.
- **Write the report:** The final report can take many different shapes, but it may include information about the background and purpose of the focus group, details of the sessions, results, and conclusions.

Translate Results into Action

The greatest danger is the failure to apply the results to the purpose for which they were originally commissioned.

- Schedule a meeting to review the summaries and discuss their implications.
- Highlight the main themes, issues, problems, or questions that arose in the focus groups.
- Put the focus group information in context. Compare, contrast, and combine the focus group information with information gathered when measuring client satisfaction or the financial performance of the practice.
- If there is a lot of information, prioritize it. Then decide what actions need to be taken with regard to the priority items and by when.
- Decide what issues can be tackled via internal change and which issues require external input through the use of specialists or consultants.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

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6.22. Outbound Telephone Calls



BASICS

OVERVIEW

• Outbound telephone calls are, for most practices, an underutilized marketing tool.
• They are initiated by the practice and made to existing clients for three primary purposes: to increase purchases of veterinary products and services, to improve client service, and to salvage lost accounts.
• When properly handled, clients appreciate outbound telephone calls and feel that they are helpful.

TERMS DEFINED

Outbound Telephone Calls: Phone calls to clients that are initiated by the practice. Their purpose is to increase the purchases of veterinary services, improve client service, and salvage lost accounts.



ISSUES AND OPTIONS

• Before the 2003 American Animal Hospital Association (AAHA) Compliance Study, *The Path to High-Quality Care*, veterinarians and staff felt that clients would be offended if they called them at home. The AAHA study showed that clients actually want the practice to call them, especially if they have not responded to a written reminder.
• Outbound telephone calls should be made only to existing clients, and only for needed and wanted services.
• Staff members require training to make outbound telephone calls. If the calls are not handled in a client-friendly manner, the practice risks alienating rather than pleasing clients.
• Outbound telephone calls are not a substitute for written or email reminders, but should be used in conjunction with a traditional reminder system.

CLIENTS WANT US TO CALL

• Many veterinarians and staff members believe that clients do not want to be called, but the 2003 AAHA Compliance Study surveyed 1,000 veterinary clients and found that busy clients appreciate phone help to take care of their pets.
• Eighty-two percent of clients said they want the practice to call, especially to discuss feeding changes and home care. The person calling from the practice did not have to be the veterinarian. Clients were happy to talk to knowledgeable staff members for noncritical issues.
• Seventy-eight percent of clients said they want a reminder telephone call if they fail to respond to a mailed reminder card.
• Thirty-eight percent of pet owners said they would have come in for an appointment if they had received a telephone call.
• Staff members will require training to make effective outbound calls. Most are not used to doing this, and they do not know what to say to clients. Word choices are especially important to communicate a positive rather than negative message (see Examples).

THREE KINDS OF OUTBOUND CALLS

Calls to Increase Purchase of Veterinary Services

• If a team member notices that a client agreed to a procedure, such as a pet dental prophylaxis, or that the patient requires follow-up care, laboratory work, weigh-ins, or anything else but did not schedule it, a staff member should call the client at home to make the appointment. For instance, if a dog was put on seizure medication, but no laboratory appointment was scheduled to check the phenobarbital levels, a staff member should call to set up the laboratory appointment.
• If a client does not respond to a mailed reminder postcard or emailed reminder, a staff member should call the client to offer them a second chance to make the appointment (see Examples).
• Staff members should call the client the night before their pet's appointment to confirm the dates and times, even if it is not for a procedure that requires the client to withhold food and water. Clients appreciate this gentle reminder, and it helps to reduce "no shows" the following day (see Examples).

Calls to Improve Client Service

• When a pet goes home after routine surgery or a dental prophylaxis, a staff member or veterinarian should call to see how the pet is doing at home. This is a caring gesture, which is much appreciated by clients, and it will help catch any problems early so they can be addressed.
• When wellness laboratory test results come back after the client has left, a quick phone call to give the client the good news is an unexpected "value added" to the client. Your call gives them peace of mind and builds trust by letting clients know that their pets' results were reviewed and that everything is normal.
• Written instructions should be provided to clients if at-home care is required for their pets. In addition, clients should be called to see how they are doing and to see if they have any questions. This improves compliance for complicated home care such as changing dressings, giving pain medication and injections, and for simple home care. Calls should be made to see if clients are having trouble giving pills, changing their pets' diet, brushing their teeth, and starting flea or heartworm prevention programs.

Calls to Salvage Lost Accounts

• Clients fail to return for many reasons. Sometimes their pet has died, or a divorced spouse has taken the pet with them when they leave. Sometimes clients move. Sometimes they are unhappy with the way they were treated. Usually, however, time just got away from them and they forgot to make the appointment.
• All inactive accounts should be called and the clients invited to make the appointment for their pets. This helps clients take better care of their pets, and it is a good way to fill your appointment book during slow times in the year.
• Clients do not perceive these types of calls as "telemarketing," but instead welcome them because they help them do what they wanted to do anyway.



EXAMPLES

EXAMPLE 1. SAMPLE CALL TO A CLIENT WHO HAS NOT RESPONDED TO A REMINDER CARD OR WHO HAS BECOME INACTIVE

Hello, this is [staff member's name] from the [animal hospital's name]. We were concerned because we hadn't heard from you and we wanted to make sure that you received [pet's name] reminder for his/her appointment.

Usually the client will respond that they had been meaning to call and make the appointment. In that case, make the appointment and thank the client. Tell them you look forward to seeing them and [pet's name] on [the date agreed].

If the call is picked up by an answering machine, leave a message similar to what you would have said had the client picked up the phone. In addition, make sure to leave the hospital's telephone number. Repeat the telephone number twice so that clients have a chance to write it down. End by saying that you look forward to hearing from them soon. Whether you speak with the client or just leave a message, always note the call in the patient's record.

If a client's phone is disconnected, try directory assistance or the Internet to see if they have a new number or area code. If you learn that the pet has died or does not live with them any more, respond with empathy. Close the conversation by thanking the client. Update

your records, delete future reminder notices for the pet, and retire the record from your active files.

If a client has decided not to return because they were unhappy with your service, sincerely apologize to them and assure them you will do your best to take better care of them in the future. Ask if they would be willing to give you a second chance. Offer to make the appointment for their pet. If the client says yes, make the appointment. If the client says no, offer to send the pet's health record to their new practice. In either event, document the client's issue and bring it up at a staff meeting to brainstorm ways to avoid similar problems in the future.

EXAMPLE 2. SAMPLE CALL TO A CLIENT WHO LEFT AND THE STAFF DID NOT SCHEDULE A NEEDED APPOINTMENT FOR THE PET

Hello, this is [staff member's name] from the [animal hospital's name]. Dr. [name of the veterinarian whom the client saw] asked me to call you. Dr. [name] wanted to get [pet's name] in for a dental cleaning this month, if possible. I'm calling because we have an opening on [date] and I'd like to set that up for you. Will that date work?

If the client agrees, set up the appointment and assure the client that you or someone from the hospital will call to go over everything with her the night before. If the client declines or says that she has changed her mind, ask if you can send a reminder card in a couple months in case she would like to schedule it later. Thank her and follow through by setting up the reminder card as promised. In addition, note the call and the outcome in the patient's record.

EXAMPLE 3. SAMPLE CALL TO A CLIENT TO REMIND HER OF AN APPOINTMENT

Hello, this is [staff member's name] from the [animal hospital's name]. I'm calling to confirm [pet's name] appointment tomorrow morning at 9 o'clock.

If the client is not home, leave the same message on the answering machine. In both cases, end the call by saying, "I look forward to seeing you then."

If the client cannot make the appointment, let her know that you understand and offer to reschedule it for a more convenient date. Schedule the appointment as promised and set up a tickler to remind you to call the client the night before the new appointment. Note the call in the patient's record.

EXAMPLE 4. SAMPLE CALL TO A CLIENT TO REMIND HER IT IS TIME TO PICK UP A PRESCRIPTION RENEWAL OR DIET FOR HER PET

Hello, this is [staff member's name] from the [animal hospital's name]. I'm putting in our order for [pet food] and wondered how [pet's name] was doing. Would you like me to order another bag for him/her? I could put it aside for you and you could pick it up any time after [delivery day].

or

Hello, this is [staff member's name] from the [animal hospital's name]. I called to see how [pet's name] was doing on his prescription and to see if you wanted me to get his renewal medication ready. This way you can pick it up whenever it is convenient for you.

Usually, clients are grateful and appreciate your help. If, however, they have discontinued the diet or the medication, you will have a chance to talk to them about it and find a way to help the pet.

Always note the call and the outcome in the patient's record and follow through on your promise to have the diet or prescription ready.

EXAMPLE 5. SAMPLE CALL TO A CLIENT TO SEE HOW THE PET IS DOING AT HOME

Hello, this is [staff member's name] from the [animal hospital's name]. I'm calling to see how [pet's name] is doing, now that he/she is home. How is he/she feeling? Do you have questions about anything?

If everything is going well, say, "Great! Call if anything comes up; otherwise we will see you again on [date of next appointment] or recheck." If the client has noticed problems or has questions, respond appropriately. If you need to, get the veterinarian involved. In all cases, note the call and the client's response in the patient's record.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association

References

N/A

Recommended Reading

American Animal Hospital Association. *Path to High-Quality Care: Practical Tips for Improving Compliance*. AAHA Press, Lakewood, CO, 2003.

American Animal Hospital Association. *Compliance: Taking Quality Care to the Next Level*. 2008 AAHA Compliance Study, American Animal Hospital Association, Lakewood, CO, 2009.

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6.23. MEASURING MARKETING PERFORMANCE



BASICS

OVERVIEW

• Are your marketing dollars producing a sufficient return on your investment? Many veterinarians cannot answer that simple question. You must track each expenditure to find out if your marketing investment is paying for itself.
• Conversations with veterinarians (and many other small business owners) reveal uncertainty regarding whether marketing dollars are truly being invested wisely.
• Marketing opportunities include both traditional and social media. Some Americans still reach for the Yellow Pages when they want to find a service or product in their immediate area. But now professional service providers, such as veterinarians, know they need to also be found on the Internet and social media (see 10.13 – Websites and 10.16 – Social Media). The Internet has become the ultimate product catalog, information encyclopedia, sales brochure, and travel guide. Still the old standby "word of mouth" remains powerful as we seek recommendations from people we trust – and it can be measured as part of your marketing efforts.
• In order to calculate the performance of your marketing tactics, you need to have a way to track incoming leads, as well as an idea of your client lifetime value.

TERMS DEFINED

Autoresponder: Automatic response (set up through email system) that provides a prewritten message to anyone who sends an email message to a particular email address or uses an online feedback form. For example, you might use an autoresponder to automatically email your clinic services to anyone who sends a message to services@myvetclinic.com. By combining an autoresponder with a form on your website, you can capture information from your visitors to build a mailing list or sales leads.
Marketing: One of the three essential business disciplines that study the demographics and psychographics of target consumers, as well as the development of positioning strategy and messages. Marketing strategy affects everything that touches customers, prospects, employees, investors, vendors, and essential business processes. Marketing communications, or "marcom" is an all-encompassing term, as it covers marketing practices and tactics including advertising, branding, graphic design, promotion, publicity and more (source: www.ama.org).
Public Relations: Builds mutually beneficial associations with publics. These publics can be external (clients, nearby pet owners who are not currently clients and local pet-related influencers). Publics can also be internal (staff). Public relations also includes media relations, the practice of building relationships with members of the media to provide newsworthy information and influence editorial coverage.
Target Audience: The people most likely to buy your product or service, or most interested in the information you provide. The more you know about them, and have designed your animal healthcare services with them in mind, the easier it will be to sell to them.



ISSUES AND OPTIONS

• Veterinary practice management consultants and several national studies indicate that the average veterinary practice does not devote sufficient energy to measuring marketing performance.
• The first place to start analyzing marketing efforts are those related to current clients, who are always the most important drivers of a service-oriented business such as veterinary medicine (see 6.3 – Better Meeting the Needs of Existing Clients).
• Target your current customers first because you will reap double benefits from your efforts. You will encourage current clients to remain with your practice while increasing the level of care they provide their pets, as well as your clinic's overall compliance effectiveness. By providing this great service, you will also encourage current clients to refer their friends and colleagues to your practice.
• Focused, measured marketing efforts are critical to the financial success of your practice.



EXAMPLES

Here is a helpful checklist for marketing veterinary practices:
• Do you actively encourage referrals from existing clients?
• Do you actively collect testimonials (both online and "in real life")?
• Do you write thank-you notes to clients who have referred another client to you?
• Do you reward clients who refer multiple clients to you?
• Do you send welcome notes or letters to all new clients? What else do you do to onboard new clients?
• Do you make follow-up calls within 24 hours to all clients whose pets have been treated at the practice for a serious illness or have undergone surgery?
• Does the practice offer in-house seminars to its clients on medical or husbandry issues of interest to them?
• Are employees and owners of the practice actively involved in local organizations?
• What can you do to showcase your star staffers?
• Do employees and owners of the practice write articles for local publications on pet care and developments in veterinary medicine?
• Do employees and owners of the practice speak at local functions, schools, and so on, regarding pet care and developments in veterinary medicine?
• Do you have a newsletter? If so, how often is it sent?
• How is your website performing? Is it properly set up for search engine optimization (SEO)?
• Are you tracking the performance of specific landing pages?
• Do you have an active social media presence?
• Could you have a staffer run a fun social media contest (cute holiday pet photos, etc.)?
• Do you share photos and videos on your social media channels?
• Do you monitor your online reviews? (These become even more important as they are tied to map search results.)
• Do you encourage happy clients to post reviews?
• Do you actively monitor your online analytics?
• Could you offer reminders or other helpful information via text message?
• Do you have access to a graphic designer to help make sure you have professional looking printed materials to communicate pet care needs?
• Do you market your practice offerings during your on-hold message?

Keeping these questions in mind, the first step in any successful marketing campaign is to identify your audience. The better you can identify the people who will be most willing to buy what you have to sell, the more successful you will be at measuring your efforts.

One measurement strategy is to run the same ad in consecutive issues of a publication, in the same location on each page, or in different publications. Put a different autoresponder address in each ad. Make sure the responses are forwarded to separate email boxes, so you can track the responses and see which ad pulls the best (you usually get several email addresses with your service). If they are all about the same and you can afford to run them all again, run them again. But if one ad pulls poorly, drop it.

Your White Pages ad should be targeted to your existing clients, because they know your clinic's name. To keep these Yellow versus

6.23. MEASURING MARKETING PERFORMANCE

White Pages calls separate, consider an additional line for your Yellow Pages ad. Be sure you track all calls, even if you merely note the caller's name and phone number. Have a staff member enter this into your database (this is often a good fill-in project for the receptionist during slow times).

The extra cost of an additional phone line is minimal compared to the value of knowing which form of advertising is giving you the greatest return on your money.

A strategy for measuring media relations efforts is to develop a "tip sheet" before your media appearance; for example, "11 Tips for the Best Senior Pet Care." Talk about a couple of the tips during your interview, and then offer the tip sheet as a freebie if people contact tips@myvetclinic.com. If you set up an autoresponder to deliver the tip sheet, there is no incremental staff time required. By setting up several different mailboxes (e.g., services@myvetclinic.com; info@myvetclinic.com; admin@myvetclinic.com) you can easily track the results of your efforts.

Several methods are available to track your website statistics. Your domain hosting service can likely provide a free tracking mechanism; however, upgraded services can provide enhanced reporting at a reasonable cost (see 9.14 – Measuring Performance of Digital Media Campaigns).

Many marketing methods are low- or no-cost; for example, participating in local community groups. However, you must still calculate time (either yours or your staff members) into the measurement equation.

One way to measure overall satisfaction with your practice is based on the Net Promoter Score (NPS) concept (www.netpromoter.com/know). The NPS is based on the assumption that one simple question, "How likely is it that you would recommend [provider] to a friend of colleague?" can measure customer perception and performance.

According to the NPS website, respondents are grouped as follows:

- Promoters (score 9–10) are loyal enthusiasts who will keep buying and refer others, fueling growth
- Passives (score 7–8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings
- Detractors (score 0–6) are unhappy customers who can damage your brand and impede growth through negative word-of-mouth.

Subtracting the percentage of Detractors from the percentage of Promoters yields the NPS.

As a final tracking mechanism, asking new clients "How did you hear about us?" can be tricky, because it sometimes takes more than one touch point to motivate someone to select a service provider. However, it is a good start and allows you to thank current customers who are likely a great source of referrals.

Remember, in marketing there is rarely a "silver bullet." Success is more about tenacity. If your efforts are not producing the results you want, kick the tires and keep testing. Do not just run some ads or plan a few events and then move on. Instead, stay with your plan and keep measuring results. As an alternative to doing it yourself, consider a marketing firm to handle your efforts in a systematic manner, but always keep measurement at the forefront to maximize your investment.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

Recommended Reading

N/A

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6.24. DEALING WITH THE MEDIA



BASICS

OVERVIEW

• Even in the age of instant Internet communications of all types, local television and radio continues to be the media with the most reach. This is not true with all radio and television, but the key word here is "local." Local media is America's primary and most credible source for news and information. Interestingly enough, local radio has been increasing in listenership for several years.
• The good news in this fact is this – local television and radio producers are delighted to have a local veterinary expert on the air. A veterinarian from the media's community lends credibility to any appearance and they know this appeals to their audience, not only by featuring local experts but by the instant reliability such a guest offers.
• However, our profession and the media are sadly not making a connection.
• Media producers are very busy and will rarely take the time to seek out local experts even though they desperately want them in their news and other programs. And, of course, veterinarians are also very busy but are uncertain how to take the first step in contacting a television or radio station.
• Yet when the news media and the veterinary profession do come together, compelling and powerful stories are communicated and individual practices and the entire profession benefit.
• The first skill needed is being proactive. Take the time to call them, offer your services and you may be surprised at how accepting they are of having you on as an expert guest.
• The next skill needed is the ability to deliver a well-thought-out story so when you do appear in your local media, the net result of your appearance is a clear and succinct storyline that any audience can understand.
• And do not forget, if the media calls you, especially when breaking animal health news is happening, you should know just enough to react properly and give them what they need. This often leads not only to a good story, but to future appearances, and that is valuable. One of the best ways to have the media come to you, is by letting them know of breaking animal health news, especially that which involves human medicine, and you can become a valuable source for them in this important area of their coverage.

TERMS DEFINED

Bridging: The use of a statement that transitions the listener from something negative to a key positive point. This is a valuable skill or technique when you want to get away from a negative reporter question to your crafted and positive message points. Examples of bridging statements are: "The good news is …," "An important point is …," or "What I can tell you is …."



ISSUES AND OPTIONS

BEING PROACTIVE WITH THE MEDIA

• When approaching the media you must appreciate the specific needs of the media outlet you have targeted. Remember, their need or goal is *not* to deliver your message or to give you exposure. The key is to use their outlet to deliver your message framed in a way that appears to meet their needs.
• Television and radio news people are skeptical, probing, negative, not interested in too many details, and always in a hurry.
• Therefore, when you call one of these people be ready to get to the point quickly. It helps to set up the problem, tie it to local events or trends, solve the problem with the "news" you are offering (it helps if it is highly visual), and then tell the producer where you are going to send their viewers for more information. This is the action step that all good news stories must have.
• That is the flow of a good news story, and that is how it should be pitched to a news producer (i.e., Problem; Solution; Where to go for more Information!).
• For news people, operative words that really get their attention are: now, just released, latest, and new. It is, after all, news. The most hated word in the newsroom is "yesterday." News is *new*.
• "How-to" demonstrative-type segments are good, but they must be highly visual and fun. This makes up in entertainment value what you may lack in news value. Just watch most of the morning shows today and you will see these "demo" segments. They are very light on substance, typically very fast paced (frustrating for you – the information expert), but the goal is to inform, raise awareness, and send the viewer to a place where they can get more information.
• News should be topical, local, and timely. It should also directly affect viewers. This is the reason local viewers are listening to radio or watching TV news. And don't forget; for television, your information must be visual. Think of any way to make almost any subject visual.
• You should always try to keep your story ideas localized. Keep an eye on new veterinary trends, research, or activities that will (or are) currently affecting your community. Local radio, television, and newspapers are only interested in stories that affect their own listeners, viewers, and readers. Your idea may be a national story, but you should try to localize it to really appeal to local producers. "All News Is Local."
• What is being offered to the producer? Do you have a case example for the story? Would a pet owner help with your story? Can the video crew or photographer show the owner at home with their pet? Can you schedule surgery or a treatment at a time convenient to the newsroom? Be easy to produce, and be available on short notice.
• Know the media you are pitching. Morning drive radio is frenzied, and you should be ready for "anything goes" on these shows. Morning and noon news programs are more normal avenues for factual pet-related information. The evening news rarely does light news and how-to segments. Public service shows, general interest, and specialty cable shows are very good avenues for your information.
• Once you know the type of media you will be doing, tailor your information for that type of delivery. Programs can vary from upbeat and very fast to informative with lots of detail.
• Remember, media news is hot, but veterinary medical news is not, unless you make it so. Your goal in pitching a story to a producer is to get them to say something like, "Really? I didn't know that!" Then you have them hooked to hear more.
• Become a good TV viewer or radio listener so you can learn to match your story idea to their format. Also match your energy level to theirs. This is hard, but very important. Too dull and you will not be asked back.
  ◦ A news story done as consumer service is good.
  ◦ A news story tied to a human medical issue is great.
  ◦ A news story tied to news of the day is the best.
• Email is an excellent way to pitch a producer because it actually saves them time – they can respond quickly.
  ◦ Email pitches can quickly link the producer to supportive websites. Producers can wait until they have time to give your idea some thought.
  ◦ Producers can usually tell very quickly if your story is going to be something worth their time by simply reading a few lines.
• When pitching a story idea to a producer either in person, by phone, or by email, remember to answer the key questions every journalist learns in school: Who will be affected by this story? What is the story about? When is this story happening? Where could this story happen? Why is this story happening? How will this story affect my viewers?
• If they do not like your story idea, don't take it personally. They know best what their viewers want to see. You can either try a second

angle on your story, like a real news zinger bullet point that would get their attention, or you should always have a secondary story ready just in case, such as "Okay, did you hear there is a new treatment for AIDS in cats?" or "Did you know Lyme disease is not found in all 50 states?" "Really? I didn't know that! Tell me more." This is how news people think – so think like them and give them what they want.
• Be very brief, but always be seen as a good source of newsworthy, interesting, leading-edge news in veterinary medicine. Even if you do not get your first story on the news, you are establishing yourself as a good source of newsworthy information in an interesting area, and they will take your calls in the future.

HOW TO REACT WHEN THE MEDIA CALLS YOU

• The first thing you must do when the media calls you (assuming you want to do the interview) is to meet their needs.
• Media reporters or producers typically need a quick story done on short notice that has good news, entertainment, and visual value.
• Give them these, and you will be on their "go to" list for the next story.
• But remember, you also have needs. No one wants to spend a half of a valuable day at the hospital at a radio or TV station helping them do their job! You should communicate your points. There are two categories of things you want to communicate: one is your information for the segment and the other is some awareness for your hospital and your profession.
• If you do not accomplish these goals, you are only helping the media people and wasting your time.
• Every opportunity of media exposure is an opportunity for you to tell your community about the wonderful things you do. Of course, you should be subtle and professional, but that should be one of the goals of communications. Working in the name of your practice, perhaps your website address, can typically be given without sounding too self-promoting, and yet it will generate calls, website traffic, and perhaps new clients.
• If you are uncomfortable with this (it has to be practiced and done at the correct level of subtlety), then always end by sending the viewers or listeners to their veterinarians. The simple fact that you are the veterinarian the media is interviewing will cause some viewers to seek you out because of your "celebrity" status.
• That said, when you get a call from the media you should first ask yourself a few critical questions:
  ◦ Why have they called you?
  ◦ How did this story come to their attention?
  ◦ Who else are they interviewing?
  ◦ What is the news of the day?
  ◦ What type of show is this?
  ◦ What impact will this have on your practice and your profession?
  ◦ Can you have some time to prepare?
  ◦ Do you know the reporter from seeing their work?
  ◦ Will they come to you, or do you have to go to the station?
  ◦ What is their contact information?
  ◦ Is this one story, or part of a series?
• The next step is to determine what the reporter wants:
  ◦ Will this interview be a "soft" or "hard" news interview?
  ◦ Will this interview be controversial or on general care?
  ◦ Do they want short or extensive answers?
  ◦ Is this print or electronic media?
  ◦ What is their angle on the story?

NOW TAKE SOME TIME TO PREPARE

• The best way to prepare is to anticipate the questions you will receive and write short answers.
• Practice about 10 questions, knowing you will only get three to four in the interview and, if it is a taped interview, they will only use one or two.
• Begin to practice your answers. Keep them short and stick with the facts. If you do not do this critical step, you will ramble and perhaps be left on the "cutting room floor."
• Next step is to write down any question you feel you do not want to be asked. These are "hot seat" questions. Almost anyone doing an interview is afraid of these difficult questions, but if you practice them in advance, it will take much of the fear out of doing interviews. Practice your answers, and then practice "bridging" back to something positive! Always bridge back to your positive points.
• Practice your questions out of order and be prepared to support what you say with some statistics or a recent study.



EXAMPLES

N/A



CAUTIONS

• You do not have to agree to an interview.
• You do not have to agree to their terms.
• Reporters are neither your enemy nor your friend.
• Reporters are driven by deadlines, are in a hurry, are not interested in too much detail, like negative or sensational things, and are skeptical and probing.
• Stay with the subject at hand. Do not ramble. It is a natural thing to do because it is what we do in conversation. In an interview setting rambling is time consuming, boring to the audience and will cause you to say things you do not mean to say. However, this is not the case if you have taken the time to practice your answers and then deliver them as if they were not rehearsed.
• The call you receive from the media might be a "pre-interview." If you want to do the interview, your goal here is to "sell the story" a little, and prove you are a good interview subject.

I would recommend you be cautious about using the phrase "pet parent." Legal experts tell to me this phrase has legal consequences that can be more far reaching than we think. While it has become popular and "cute" to use this term, staying with "pet owners" is the safest way to communicate this in a media setting.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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Section 7

Financial Management

7.1. TIME VALUE OF MONEY



BASICS

OVERVIEW

The premise of the time value of money is that a dollar held today has more value than a dollar received at some point in the future.

- The buying power of a dollar typically declines with time.
- With immediate cash on hand, investments can be made with a presumed rate of return, used to fund other projects that will bring an acceptable rate of return, or spent elsewhere.
- For many management projects, expenditures for equipment and goods are not necessarily rewarded immediately with revenues to cover them.
- When there is a lag between money expended and money collected, the time value of money must be appreciated to determine if the project delivers an acceptable rate of return.
- Opportunities can be compared on the basis of either present value or future value, net present value, or internal rate of return.

TERMS DEFINED

Future Value: The monetary value of some defined investment at some point in the future, given a specified rate of return.
Internal Rate of Return: The calculated rate of return, given the cost and future value of an investment.
Net Present Value: The net return on a project, given all costs and revenues, in terms of current monetary value.
Present Value: The current monetary value of some defined investment return, given a specified rate of return.
Rate of Return: The amount an investment appreciates or depreciates over time, often expressed as a decimal (e.g., 0.06) or a percentage (6%).
Rule of 72: A simple method for estimating the time it would take for an investment to double in value, given a fixed compounding annual rate of interest.



ISSUES AND OPTIONS

PRESENT VALUE AND FUTURE VALUE

- Present value is the monetary value of an opportunity today.
- Future value is the presumed value of an investment at a specified time in the future at a specified rate of return.
- Future value is just the present value compounded at the stated rate of return; present value is just the future value discounted at the stated rate of return.
- Present value is assured based on current knowledge; future value is presumed on the basis of a predicted rate of return over time.
- Given any rate of return (r), present value (PV) or future value (FV) can be calculated for any time period, if the other value is known.

NET PRESENT VALUE

In many cases we consider projects, but we have alternative potential uses for our funds. We can evaluate these options by calculating the net present value (NPV):

Net present value (NPV) = PV of all revenues − PV of all costs

We will accept the project as long as the NPV is positive (i.e., greater than zero). For example, you have $10,000 to invest. You can invest the money today in a risk-free two-year project that will provide you with $5,400 at the end of the first year and then another $5,400 at the end of the second year. At first glance, it seems that this project will "net" you about 8% (return of $800 on your $10,000 investment). If you do not accept this project, you can put your money in an investment that promises you a guaranteed 6% return on your money. Do you accept the project, or put your money in the cash investment? Find out by calculating the NPV:

NPV = PV of year 1 revenues + PV of year 2 revenues − PV of costs

Using the rate of return from the cash investment as the standard against which we will compare:

$$NPV = \$5{,}400/1.06 + \$5{,}400/1.06^2 - \$10{,}000 = -100$$

Since the NPV was not greater than zero, the project should be rejected.

INTERNAL RATE OF RETURN

In the NPV example, we determined that the project was not as good an investment as our 6% cash investment return, but we never did exactly determine what the return actually was. The actual internal rate of return (IRR) is the rate of return for an investment that will provide a zero NPV. So, if x is the unknown rate of return, then:

$$0 = \$5{,}400/x + \$5{,}400/x^2 - \$10{,}000$$

If you try to figure this out algebraically, it will keep you busy for a very long time. However, using the IRR feature on a spreadsheet program makes the process simple. In Microsoft Excel, the IRR for this project can be easily calculated as 5.3%. Just click on the paste function button (fx), select IRR from the function list, and enter your values (or highlight the appropriate series in the spreadsheet). Just make sure that your revenues are positive numbers and your costs are negative, and let the spreadsheet do the rest.

CALCULATIONS

$$FV = PV \times (1 + r)^t$$

where
PV = present value
FV = future value
r = rate of return
t = time.

These values can be determined on any device that will incorporate exponents into an equation. This is available on most handheld calculators and spreadsheet programs. Online calculators (www.calculator.com) can also be used.

RULE OF 72

The Rule of 72 is a simple method for estimating the doubling time of an investment. The number 72 (sometimes 70 and 69 are also suggested) is divided by the interest percentage per period to obtain a rough estimate of the number of periods (typically years) that would be required for the investment to double. Spreadsheet programs can easily do the calculation, but without a simple "rule," the mathematics are a bit daunting.

$$T = \frac{(\ln n)}{\ln(1 + r)}$$

where
T = number of periods (typically years) required
n = increase desired (e.g., $n = 2$ = doubling)
r = interest rate per period.



EXAMPLES

EXAMPLE 1: COMPOUNDING

A veterinarian invests $1,000 in an investment that pays 6% annually. What will the investment be worth after five years?

Future value (FV) = $PV \times (1 + r)^t$

In this case, PV = $1,000, $r = 0.06$ (i.e., 6%), and $t = 5$. Therefore,

$FV = \$1{,}000 \times (1.06)^5$, or $1,338.26

Tip

If you are using Microsoft Excel, which is the most common spreadsheet program in use today, you can easily calculate present and future value with the knowledge of a few symbols. The symbol "^" is used to denote an exponent, and "*" is used as a multiplier sign. To start an equation, the equal sign (=) needs to precede the other values to designate that this is a formula. Accordingly, the above formula would need to be entered into an Excel field as: = 1000*(1.06 ^ 5), then hit enter, and the result will appear in place of the formula.

EXAMPLE 2: DISCOUNTING

A veterinary owner is considering selling her hospital. A valuation determined the fair market value of the practice as $500,000, and buyer and seller accepted this figure. However, the buyer proposed that instead of paying $500,000 today, he would take possession immediately and pay $600,000 for the practice at the end of the third year of his ownership. The owner thought that if she had the money today, she would be able to invest it for a return of at least 10%. By using the following formula and ignoring other considerations (including tax issues, buyer risk, etc.), is the owner better off considering the proposal or continuing to look for another buyer?

$PV = FV/(1 + r)^t$

In this case,

$PV = \$600{,}000/(1.1)^3$

where $r = 0.10$, $t = 5$, FV = $600,000. So PV = $450,788.90, which is substantially less than the agreed upon price.

If the owner could find a buyer at $500,000 and then invested that money for three years at 10%, the future value of the investment would be: $FV = \$500{,}000 \times 1.10^3$ or $665,500. Therefore, the owner is better off continuing to look for another buyer or renegotiating with the first veterinarian.

EXAMPLE 3: THE RULE OF 72

You have an opportunity to invest money in a business venture that you are confident will pay you back compounding interest of 10% a year. How many years (T) will it take you to double your money?

$T = 72/10 = 7.2$ years

Therefore, if you invested your money at the stated interest rate, you would double your money in just over 7 years.

EXAMPLE 4: THE DECEPTIVE POWER OF COMPOUNDING

In 1626, Peter Minuit bought the island of Manhattan for $24. What is the present value of that investment? We cannot know for sure, but if Peter had managed to invest that money in an investment that delivered a 6% rate of return, 394 years later (2020) it would be worth over $224 billion ($224,244,683,837.58). Even more deceptive, if Peter had found an investment that paid just 1% more (7%), his investment in 2020 would be worth over 9 trillion dollars ($9,066,082,143,624.65)! That illustrates well the deceptive power of compounding and the time value of money.



CAUTIONS

In many instances it is not possible to know precisely the rate of return, unless we have a fixed-term investment (e.g., bond or certificate of deposit). The rate of return is often approximated by the opportunity cost, which is the next-best option forsaken to participate in the project considered. For example, if you had $100,000 to invest, is a veterinary hospital a good vehicle for that investment? If a passive investment in a stock market index fund will average 10% annual return over time, then a veterinary hospital (which is a riskier investment) must return significantly more than that over time to be considered a worthwhile investment.



MISCELLANEOUS

ABBREVIATIONS

IRR: Internal rate of return
FV: Future value
NPV: Net present value
PV: Present value
***r*:** Rate of return
***t*:** Time

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7.2. Financial Statements



BASICS

OVERVIEW

Whether a practice records deposits and checks internally using software such as QuickBooks or sends the information to an accountant to record, it will end up with financial statements summarizing that data. These statements are supposed to provide useful, historical financial information about a practice, information that enables you, the reader, to manage the practice and to monitor results. But do they? There are two problems with that theory:

- The statements produced are generally in a format designed by accountants and presented using terminology and groupings that are meaningful to accountants, but not necessarily to veterinarians.
- Veterinarians have typically not been trained on what financial statements represent, and how they should be reviewed and interpreted.

There really is some very useful information on those statements, and in all likelihood the presentation of data can be changed slightly (and easily) to make them even more useful. Understanding financial statements makes you able to monitor trends and ask relevant questions, armed only with some basic information about how financial statements work.

TERMS DEFINED

Assets: Things of value, such as cash, equipment, inventory, or buildings.

Balance Sheet: A report on financial conditions which lists a practice's assets, liabilities, and owner(s)' equity at a specific point in time.

Basic Accounting Equation: Assets = Liabilities + Equity. The balance sheet reflects this underlying principle, but if yours does not, the data you see is not reliable. Computerized accounting programs make this equation true, but data exported into Excel and then regrouped or edited may result in formula errors and incomplete data that can make your statements "out of balance."

Cash Flow Statement: Report reflecting the sources of cash (such as profit, increased debt, and collections on client accounts) and the uses of cash (such as reducing debt or buying more drug and supply inventory) during a period of time. The current format groups these items by operating, investing, and financing activities.

Equity: The owner(s)' claim on the practice's assets; that is, the portion of the practice's assets that belongs to the owner, not the creditors.

Liabilities: The practice's debts; that is, money owed to creditors.

Net Book Value: Another name for equity; that is, the difference between the practice's assets and its liabilities. Net book value is not the practice's current value, since all assets are recorded at original cost, not current value, and goodwill is often not shown at all, unless it has been purchased.

Profit and Loss Statement: Also known as the income statement, this is a report on financial performance which covers a period of time and reports income and expenses during that period.



ISSUES AND OPTIONS

BASIC ACCOUNTING METHODS

Most accounting practices use one of the following methods as the basis of their accounting system. For income tax purposes, the choice of method is made at the time the first income tax return is filed, and it generally cannot be changed without permission from the Internal Revenue Service (IRS), although some changes do not require permission. The tax return itself shows the method of accounting that has been elected, which is one reason why practice appraisers ask to see tax returns as part of their analysis.

Some practices, however, have chosen a different method for tax purposes than for their internal financial statements. This is perfectly acceptable to the IRS, as long as an annual conversion is made to the method elected for tax purposes. Tax preparers make the conversion as part of the return preparation process.

The three most common methods of accounting for veterinary practices are the following:

- **Cash method:** Income is recorded when the cash is received, not when the services are performed. (A client's payment by credit card is considered the same as payment in cash, even though the client has not yet paid the bill to the credit card company.) Expenses are recorded when the practice makes the payment, not when the expense is incurred. (Similarly, if the practice pays an expense by credit card, the payment is considered made when the credit card is charged, not when the credit card bill is paid.)
- **Accrual method:** Income is recorded when the services are performed, not when the client ultimately pays for those services. Expenses are recorded when incurred, even if the practice still owes the vendor. Generally, when the accrual method is elected, the cost of drugs and supplies on hand is recorded as an asset ("inventory") until the items are sold or dispensed and transferred to the profit and loss statement.
- **Hybrid or modified accrual method:** This is a combination of the two methods, and therefore requires that the practice be consistent from year to year as to how income and expenses are recorded.

The preferred method depends on the practice, but accrual accounting is generally a better representation of actual results and is therefore more informative for internal accounting. Keep in mind that cash basis financial statements which do not tell you what your clients owe you, or what you owe your vendors, are giving you a very incomplete picture of your finances. That is because services that have been performed but for which clients have not yet paid will not be included in income on the profit and loss statement, nor will the amount of money they still owe be shown as an asset on the balance sheet. Similarly, expenses which the practice has incurred will not be included on the profit and loss statement if they are still owed to the vendor. A practice that is very short on cash may look more profitable on statements prepared on the cash basis simply because the practice has not yet been able to pay its vendors and has not recorded any of the unpaid expenses.

Historically, many tax preparers have recommended the cash method for income tax purposes on the theory that the practice's clients would owe the practice more than the practice would owe its vendors at any point in time. Under that fact pattern, the cash method would indeed result in lower profit and lower income tax for the year. However, those facts are frequently not the case for veterinary practices, since most practices require payment from clients at the time the services are rendered (and all of them should). Therefore, the amount due from clients is fairly small; but because a practice's vendors send invoices dated in the prior month and allow a grace period for paying for drugs and supplies, most practices owe their creditors more than their clients owe them at any point in time. You should discuss this issue with your tax advisor to determine what is best for you and your practice.

The IRS has become increasingly concerned about practices that stock up on drugs, supplies, and diets at year-end and then deduct the full cost of those purchases even though the items are still on the shelf. Proper tax accounting suggests that the cost of items that are sold to clients (such as diets and retail items) cannot be deducted on either a cash or accrual method unless the item has actually been sold. Fortunately, there seems to be more flexibility as to the expensing of drugs and supplies that are used as part of providing veterinary services, not sold to clients. By tradition, those items apparently can be expensed when purchased, even if not used by year-end.

Of course, there is much controversy about defining which items are supplies used in providing veterinary services and which are items that are ultimately sold to clients. Intuitively, a better matching of income and expense, however, would be to deduct the cost of drugs and supplies used in providing services against the income generated by those services, not in some earlier period when they were purchased. Again, ask your tax advisor for more information on this topic.

Most importantly, you need to understand the accounting method used on the statements you are reviewing, because you may be getting incomplete information if the financial statements are prepared on a cash basis.

FINANCIAL STATEMENT ANALYSIS

If you are a practice owner, you are being given, or have access to, financial statements about your practice. If you are not a practice owner now, you may not have had the opportunity to look at a practice's financial statements. But that does not mean you will not need or want to do so in the future. Veterinarians looking to buy a practice or buy into a practice are generally given financial data. Prospective buyers then attempt to interpret that information to determine whether ownership in the practice represents a good investment. Finally, if you are the practice team member responsible for keeping the practice's books, some basic financial statement analysis will help you understand the work you are doing and spot your own accounting mistakes quickly. Similarly, you can point out trends and relevant figures to the practice's leadership.

THE PROFIT AND LOSS STATEMENT (ALSO KNOWN AS AN INCOME STATEMENT OR P&L)

If you only look at one financial statement, it is likely to be this one, even though you should see the balance sheet as well (see below) The P&L is the statement that shows the income the practice earned (or collected) and the expenses it incurred (or paid) during the month, with the difference between total income and total expenses representing net profit for the month. Whether your statement shows income earned and expenses incurred (versus income received and expenses paid) depends on the method of accounting selected for your financial statements, as explained above.

How do you know which method of accounting is being used on your financial statements? All the newer versions of QuickBooks print the method of accounting on the face of the statements, which makes it much easier to identify the method used. But for statements prepared by other software packages, the fastest way to find out how the profit and loss statement was prepared is to look at the balance sheet, not the P&L. Accrual method statements will have an asset account called "Accounts Receivable" and a liability account called "Accounts Payable," while cash method balance sheets generally do not list these accounts. Accounts receivable represents the fees your practice has earned but not yet been paid for, while accounts payable is the total of the expenses you have incurred but not yet paid.

The method of accounting is of practical interest because one of the figures that should be monitored from month to month is accounts receivable. Far too many practices have no idea about the total amount their clients owe them and rarely, if ever, review a receivables report from their practice management software. Tracking old receivables in the software which likely will never be collected makes no sense. If your credit policy allows clients to check out without paying (generally not a good idea), be sure you follow up on those outstanding receivables regularly to turn them into cash. On an ongoing basis, you should track whether your clients owe you more or less money at the end of the month than they did at the beginning, but if your statements are prepared on the cash method, you cannot see this figure anywhere on your statements. To find it, you would have to look at production reports and income summaries from your practice management software.

Similarly, if your statements are prepared using the cash method of accounting, you do not know from looking at the statements what bills were not yet paid by the end of the month. That means that a portion of the profit on your P&L statement may already be "spent" (or at least committed), but you will not know how much unless you locate the stack of unpaid bills and add them up.

If you are looking at financial statements for a practice you are thinking to buy, be sure you receive both the balance sheet and the P&L statement so you know which method of accounting is being used, as well as a listing of uncollected accounts receivable and unpaid bills for that practice.

Notice that the P&L statement always covers a period of time. The heading at the top will identify the beginning and ending date (or month or year) for which the statement has been prepared.

You can make a P&L statement more meaningful by comparing the results with the numbers from a comparable period a year earlier. For example, comparing May 20XX with the income and expenses for the prior May will provide some interesting information. Most software packages can add this information easily and with only a few keystrokes. Similarly, common sizing all expenses (stating the percent of gross income that each figure represents) makes the statements more meaningful. Most of us can compare percentages more easily than actual figures. Again, most software programs have this capability. If the statements you receive do not have percentages or comparative data, ask if that data is available.

If you are preparing your financial statements internally, ask the person producing the statements to show you all the reports and options that are available. Remember that the point of accumulating all this data is not just to input it – the point is to get that same data back out of the system in a format which is useful to you, the reader of the statements.

THE BALANCE SHEET

As suggested earlier, the balance sheet complements the P&L statement by providing additional information about the method of accounting. But that is only a secondary purpose. Its primary purpose is to provide a snapshot view of the assets, liabilities, and owner(s)' equity at a specific moment in time. This is different from the P&L statement, which covers a period of time.

The balance sheet represents the basic accounting equation upon which all accounting systems are based (that is,
Assets = Liabilities + Owner(s)' equity).

Assets

Assets represent all the things of value that a practice owns. That includes cash, accounts receivable (if on the accrual basis), inventory, buildings, land, equipment, prepaid expenses, and goodwill. Those assets are owned either by the creditors (whose claims are called liabilities) or by the owners, if the asset is free and clear. Viewed this way, the balance sheet tells you whether the owners or the creditors have a larger stake in the practice's assets.

However, the assets and the equity section can be misleading, since for most practices the single largest asset is the practice's goodwill, and in most cases that asset never shows on the balance sheet. Only those practices that have purchased goodwill from someone else reflect it on their balance sheet. Therefore, practices in which the owners grew their own goodwill will not list goodwill as an asset. Also, keep in mind that all the figures represent cost, not current value.

Liabilities

Sometimes the liability section can also be misleading. For example, many practices lease equipment under terms that call for a stream of fixed payments with a one-time buyout (often $1) at the end of the lease. Most practices simply deduct the lease payments as an expense as they are paid (or accrued). In those cases, the unpaid portion of the lease never shows as a liability. Only by asking about leased equipment

7.2. Financial Statements

can the reader determine if there are outstanding obligations to equipment lease companies.

Owner(s)' Equity

Owner(s)' equity can have different names on the balance sheet, depending on the form of organization. For corporations, it is a combination of capital stock, paid-in capital, and retained earnings. For partnerships, it is called partners' capital, and for limited liability companies it is called members' capital. The equity that a sole proprietor (or the sole owner of a limited liability company) has in his or her unincorporated practice is generally called owner's equity.

CASH FLOW STATEMENT

The third type of financial statement seems rarely to be provided to veterinarians, though those who do receive it generally find it useful. The statement reconciles net income for the period to the net change in cash. In many ways, it combines key figures from the P&L statement and the balance sheet to tell the reader where the cash came from (operations, selling assets, and borrowing) and where the cash went (operations, buying assets, and repaying debt). This statement is available through most accounting packages, including QuickBooks. It is simply a different choice off the report menu, so if you have not seen one, ask to have it prepared for you.

WHAT PRACTICES SHOULD MONITOR

Small practices historically monitored their operations simply by watching the bank balance. If there was money left over after the bills were paid, then things must have been going well. If the money ran out before the bills got paid, something had to change or some payments had to be delayed (usually the owner's compensation). The problem with this approach was that it provided no information about what to do differently to make the money outlast the expenses. It also did not allow an owner to plan for expenses that were not due for several months, such as deferred payments on purchases of drugs and supplies. That could, and sometimes still does, lead to unpleasant surprises and cash crunches when the bill comes due.

Larger practices generally have monthly financial statements, but often receive them weeks or even months later if an outside accountant is producing the reports.

Production reports frequently get more attention, since doctors' compensation is often based on production, and since the profession has emphasized the importance of measuring specific data such as total revenue, average transaction charges, and the number of new and active clients, etc.

Here is a short list of items you should review monthly. Furthermore, you should have this information about the prior month in your hands no later than the 15th of the current month; otherwise, the information may be too stale to allow you to make any meaningful decisions based on that data. In addition to reviewing a monthly P&L, a balance sheet as of the end of the month, and a cash flow statement (if you find it useful), you should monitor the following:

- Gross production from services
- Gross production from drug/pharmacy sales
- Gross production from boarding and grooming, if you offer these
- Production by doctor, including owner(s)
- Average transaction charge overall
- Average transaction charge by doctor
- Client visits
- New clients
- Drug and supply costs as a percent of income for the month
- Salary expense by job classification as a percent of income for the month
- Ancillary costs as a percent of income for the month
- Rent expense as a percent of income for the month
- Net profit after all expenses but before owner(s)' compensation
- Net profit after all expenses (and after owner(s)' compensation)
- Outstanding client accounts receivable at the end of the month,including their age (current, 30 days, 60 days, etc.)
- Cash on hand at the end of the month.

This information is meaningful in any one month, but becomes even more useful when compared to prior months. Comparing these figures side by side over a 12-month period will help you identify trends quickly. If you are an owner, and even if you see no other reports for the month, have your hospital administrator or practice manager give you this information for the current month, as well as the prior 11 months, summarized in a spreadsheet.

BENCHMARKING A PRACTICE AGAINST INDUSTRY AVERAGES

Financial analysts frequently compute ratios to test a company's profitability, stability, inventory management, etc. While a book on finance can teach you how to make these calculations, the results are not very useful for most veterinary practices. The results depend largely on the method of accounting, and several ratios cannot be computed by the typical veterinary practice for that reason alone.

However, comparing a practice's results against national averages can be useful, though there is a risk of reaching questionable conclusions. Whenever you use benchmarks, ask yourself four questions:

- Am I looking at an average or a benchmark? In other words, am I trying only to be average or do I want to be better than average and reach a loftier goal set by successful practices' data?
- What do I know about the data that makes up this average? How extensive is the underlying database? How much variation is there in the data? In other words, $1,000,000 and $200,000 average to $600,000. But so do $545,000, $620,000, and $635,000. Only by also knowing the standard deviation would you know whether the data points are close to the average or vary widely.
- What is the definition of the number you are comparing? In other words, do you include the same items in your number as the people who generated the benchmark? One of the most notorious differences relates to "net income." Is that figure (1) net income before subtracting veterinarian compensation, (2) before subtracting owners' compensation but after deducting associate pay, or (3) after deducting both owners' and associate compensation? All three variations exist in the veterinary professional literature. The moral: be sure you're comparing apples with apples, not oranges.
- If your number is different from the benchmark (which it almost always will be), how concerned should you be about the difference? There is a risk that practices that spend too much time benchmarking will lower themselves to the average rather than setting goals that make sense and are attainable for their unique practice.

With those caveats, there are a few good sources for benchmarking. One is the *Veterinary Economics* annual benchmark study available through DVM 360 (http://www.dvm360.com/).[1] The American Animal Hospital Association (AAHA) also has a publication entitled *Financial and Productivity Pulsepoints*.[2] Included are statistics on staff, income, productivity, and expenses, with definitions provided for each category. WTA publishes the Well-Managed Practice study, which provides a good complement to the other statistics (https://www.wmpb.vet/). Be sure to understand their definition of terms to make good comparisons.

Finally, if your practice provides equine or food animal-related services, it can be difficult to find suitable benchmarks (see 1.26 – Equine Practice Management; 1.27 – Food Animal Practice Management; 1.28 – Mixed Animal Practice Management). Data for specialty and emergency practices is also hard to find, but there is increased emphasis on collecting and publishing reliable data for these practices as well (see 1.25 – Specialty and Emergency Centers).

7.2. FINANCIAL STATEMENTS



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
AVMA: American Veterinary Medical Association
IRS: Internal Revenue Service
NCVEI: National Commission of Veterinary Economic Issues
P&L: Profit and loss

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Recommended Reading

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Tracy, J. *How to Read a Financial Report*, 7th edn. John Wiley & Sons, New York, NY, 2009.

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7.3. Measures of Liquidity, Solvency, and Profitability



BASICS

OVERVIEW

• Practice managers use measurements derived from a practice's financial information to plan practice profitability and uses of capital.
• The development and use of mathematical relationships between various monetary measures appearing on the practice financial reports is called financial ratio analysis.
• Financial ratio analysis compares various asset, liability, and equity accounts to compute ratios that give clues about a practice's liquidity and financial structure. Liquidity and solvency ratios predict financial flexibility. Financial flexibility is the ability to quickly respond to unexpected cash demands and new opportunities to enhance earnings and assets.
• Financial flexibility correlates with financial liquidity, the time needed by a practice to:
  ◦ convert noncash assets to cash,
  ◦ pay maturing liabilities.
• Financial flexibility relies on profit. Profitability measurements are based on the relationship of revenues and expenses; specifically, what level of expense (a measure of asset utilization and depletion) will be incurred to generate revenues? As such, profitability measures generally evolve from the analysis of revenue and expense measurements over specific periods of time.
• Financial measurements are often used to help outside parties weigh the relative financial stability of a veterinary practice and its ability to reinvest capital, to meet timely payment of obligations, and to pay dividends to owners/investors.

TERMS DEFINED

Accounts Receivable Turnover (Revenue:Asset Measurement): The relationship between sales made through credit and accounts receivable, computed by dividing sales on account by average net accounts receivable. The higher the accounts receivable (A/R) turnover number, the quicker collections occur (and higher the probability of successful collection).
Acid Test Ratio (Asset:Liability Measurement): Sum of cash, receivables, and marketable securities divided by current liabilities. The acid test provides a quick measure of the practice's ability to pay its near-term liabilities out of liquid assets. Passing the acid test requires that the sum of highly liquid assets be at least equal to current liabilities, if not greater.
Aging Accounts Payable (Liability Computation): Accounts payable reported in layers, subtotaled by the duration of time the payable has been due to the vendor.
Aging Accounts Receivable (Asset Computation): Accounts receivable reported in layers, subtotaled by the duration of time the receivable has been outstanding and owing from the client. (Less than 30 days, 30–60 days, 60–90 days, > 90 days.)
Cost of Professional Services (COPS): Direct costs of patient care and product retailing, including drug and pharmacy costs, professional and hospital supplies costs, laboratory supplies and reference laboratory fees, radiology and imaging supply costs, surgery and anesthesia supply costs, dietary product costs, mortuary costs.
Current Asset: Cash or another asset that may reasonably be expected to be realized in cash, sold, or consumed within a year or less, through normal practice operations.
Current Liability: Amounts owed to outside parties that are due and must be paid within the next 12 months.
Current Ratio (Asset:Liability Measurement): Current assets divided by current liabilities. In general, moneylenders look for a ratio of 2:1 or better as a sign of financial flexibility and health. The current ratio is one of the most commonly used financial ratios to evaluate a business's balance sheet.
Days in Accounts Receivable (Asset Measurement): Divide 365 days by the Accounts Receivable Turnover Ratio for the entire year's sales. In general, a measure of less than 40 days in A/R is considered a good measure of likely collection, and would equate to an annual A/R Turnover of approximately 9. The shorter the average days in A/R, the more likely collection of outstanding accounts. Conversely, the better payment and collection policies, the shorter the average days in A/R.
Gross Income: Income resulting from all veterinary operations before any cost/expense deductions and excluding interest income, service charge income, rebates, sales tax collected, or any other income resulting from other than veterinary professional services, animal care ancillary services such boarding and grooming, and pharmacy/product retail income.
Gross Profit (Profitability Measure): A monetary amount, computed by subtracting total cost of professional services from gross income.
Gross Profit Percentage (Profitability Measure): The ratio percentage resulting from gross profit divided by gross income.
Horizontal Analysis: Comparison of a specific account in one financial reporting period to the account balance or amount in another financial reporting period. Also, the comparison of one percentage or ratio in a financial period with that in another period.
Inventory Turnover (Expense:Asset Measurement): The relationship between expense of total items sold and inventory value, computed by dividing the cost of drugs and dispensed items by the average inventory value. The higher the number, the more often inventory turns over, resulting in less outdating, less damage, and less inventory on hand at any one time. Typical veterinary practice inventory turns are 5–8 times per year, but some practices attain very high turnover of 10–12 times per year.
Leveraging: Borrowing money (incurring debt/liabilities) to obtain capital needed to pay for the costs of revenue generation. In theory, the revenue thus generated is adequate to pay for newly incurred expenses, to pay interest on the debt, to retire (over time) the principal portion of borrowed funds, and to generate adequate additional profits for further capital investment in needed assets consumed to allow future revenue growth.
Net Profit (Profitability Measure): A monetary amount equal to gross income from operations, less cost of professional services, less general and administrative expenses (before interest income or expense, before income tax expense, before any other sources of income or expense other than from veterinary services and retailing).
Quick Asset: An asset that can be converted to cash (liquidated) rapidly: cash, accounts receivable, short-term notes receivable, certificates of deposit, and other short-term investments in marketable securities. Specifically excludes inventory.

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Vertical Analysis: Comparison of a specific account in a financial reporting period to the total within that period. For example, the ratio of cash compared to all assets as of a specific date, or the percentage ratio of support staff wages to total practice revenues during a specified period of time.



ISSUES AND OPTIONS

- In order to generate meaningful financial ratios and measurements, financial records must be maintained in a logical and consistent fashion to yield information that is reliable and useful. Consistently gathered and compiled data leads to a story based in the financial information of a business, such as a veterinary practice, beginning with the first day of practice.
- Comparison of carefully compiled financial data leads to meaningful measures of profitability, solvency, and liquidity.
- Practice solvency and liquidity measurements primarily use data from the financial report most commonly known as the balance sheet (see 7.2 – Financial Statements). The balance sheet is organized in a logical fashion that allows calculation of financial ratios. The balance sheet lists the most liquid assets first (cash, cash equivalents, accounts receivable, prepaid expenses, inventory). Fixed assets (property, plant, and equipment) are presented next, first listing tangible property that will be used up most rapidly and followed by equipment and property with longer life expectancies (computer equipment, medical equipment, office equipment). Building, land improvements, and land are the final fixed assets listed. Intangible assets (computer software licenses, patents, goodwill) are listed after fixed assets.
- The balance sheet lists liabilities after assets, in order of most currency for payments due. Current liabilities (coming due within the next 12 months) include accounts payable, payroll taxes, retirement funds payable, short-term debt, current portion of long-term debt and of capital leases. Long-term debt is listed next: that portion of debt due in greater than 12 months.
- Measures of solvency and liquidity compare:
  - assets to liabilities,
  - current assets to current liabilities,
  - invested capital to profit,
  - owner's equity to liabilities.
- Profitability measures derive from the profit and loss report (similar to the income statement or the statement of revenues and expenses). These different terms have specific meanings and definitions within the accounting profession. For the purposes of the veterinary practitioner or practice manager, we will simply refer to the profit and loss statement as the starting point for profitability measures in this chapter.
- Profit and loss statement measures and ratios compare:
  - operating expenses to gross income,
  - relative periodic increases and decreases in revenue contribution.
- Steps in ratio analysis:
  - convert cash basis financial statement to accrual basis
  - include A/R, inventory value, all equipment, and tangible property
  - capitalize purchase leases by
    - including the asset (equipment) value
    - recording the remaining liability (the present value of future lease payment obligations).
- Transaction classification analysis:
  - Prepaid expenses recorded?
  - A/R collectible?
  - Inventory correct?
  - Short-term debt or long-term debt?
  - Other current liabilities recorded?



EXAMPLES

LIQUIDITY MEASURES

Working Capital (Also "Net Working Capital")

- Total current assets $50,000
- Total current liabilities $20,000
- Difference = working capital $30,000

Current Ratio, Working Capital Ratio (Measure of Liquidity)

- Current assets $50,000
- Current liabilities $20,000
- Current ratio computes to 2.5
- Or, expressed as 250%
- Or, as 2.5 to 1
- $2.50 of current assets for each $1 of current liabilities

Acid Test

More severe test of immediate liquidity – ability to react to sudden demands on current assets, especially cash.

- Quick assets = cash, A/R, short-term notes receivable, and short-term investment in marketable securities (excludes inventory)
- Quick assets $25,000
- Current liabilities $20,000
- Acid test computes to 1.25
- Or, expressed as 125%
- Or, as 1.25 to 1
- $1.25 of quick assets for each $1 of current liabilities

SOLVENCY INDICATOR RATIOS

Working Capital to Total Assets

Measures liquid assets relative to total capitalization and distribution of resources employed as to liquidity:

- Net working capital $30,000
- Total assets $300,000
- Working capital to total assets computes to 10%

Receivable Turnover

Measures credit and collection efficiency of trade accounts and notes:

- Net credit sales (1 year) $500,000
- Average trade receivables $50,000
- Average trade receivables = average receivable balance over 1 year (in this example)
- Receivable turnover = 10
- Days in A/R = 365 days/10 = 36.5 day

7.3. Measures of Liquidity, Solvency, and Profitability

Inventory Turnover Ratio

Measures effectiveness and efficiency of inventory purchases and use:

- Drug and profession supply purchases (1 year) $150,000
- Average inventory on hand $20,000
- Average inventory on hand = average inventory value over 1 year (in this example)
- Inventory value = physical count at cost
- Inventory turnover = 7.5 times per year

Days Supply in Inventory

Indicates general condition of over- or under-stocking:

- 365 days
- Inventory turnover 7.5
- 365 days/7.5 = 48 days
- Number of days' supply in the average inventory

Working Capital Turnover

Indicates effectiveness with which average working capital was used to generate sales:

- Net sales $1,000,000
- Average working capital $50,000
- Working capital turnover = 20

Basic Sources of Funds Used

Owner's equity and/or creditors' equity:

- reflects certain financial strengths and weaknesses of the business
- reflects long-term solvency and potential for obtaining investment resources.

Debt to Equity Ratio

Measures balance of resources provided by owners versus those of creditors:

- Total liabilities $200,000
- Owner's equity $300,000
- Debt to equity ratio computes to 0.67
- Or, as 0.67 to 1
- Or, $0.67 of debt for each $1 of owner's equity

Owner's Equity to Total Assets

Measures proportion of assets provided by owners and reflects the practice's financial strength and cushion for creditors:

- Owner's equity $300,000
- Total assets $500,000
- Owner's equity to total assets ratio computes to 0.6
- Or, as 0.6 to 1
- Or, $0.60 of owner's equity for each $1 of assets

PROFITABILITY MEASURES

Revenue Growth

Percent increase over prior defined period:

- Current year revenues – last year revenues $1,000,000–$900,000
- Last year revenues $ 900,000
- Revenue growth is 11%

Gross Profit

- Gross income (revenues) $1,000,000
- Less cost of professional services $210,000
- Gross profit $790,000

Table 7-3-1. Example of vertical analysis and veterinary industry ratios (expenses as percentage of gross revenues).

Gross income	$1,000,000	100.00%
Drugs and professional supplies	$150,000	15.00%
Laboratory fees	$30,000	3.00%
Dietary product expense	$25,000	2.50%
Mortuary expense	$5,000	0.50%
Total cost of professional services	$210,000	21.00%
Veterinary wages – owner	$130,000	13.00%
Veterinary wages – associates	$160,000	16.00%
Wages – other employees	$205,000	20.50%
Payroll taxes	$41,000	4.10%
Employee benefit programs	$32,000	3.20%
Advertising and promotion	$9,000	0.90%
Licenses and permits	$3,800	0.38%
Office and computer supplies	$18,000	1.80%
Postage expense	$3,700	0.37%
Accounting, legal, and professional services	$12,500	1.25%
Miscellaneous taxes	$1,100	0.11%
Rent expense	$70,000	7.00%
Real estate taxes	$6,000	0.60%
Property and casualty insurance	$6,200	0.62%
Utilities	$10,400	1.04%
Telephone	$6,600	0.66%
Maintenance	$10,000	1.00%
Janitorial supplies and service	$3,600	0.36%
Repairs	$2,700	0.27%
Depreciation and amortization	$12,300	1.23%
Interest expense	$7,800	0.78%
Income taxes	$12,000	1.20%
Profit after income taxes	$26,300	2.63%

Gross Profit Percentage

- Gross profit $790,000
- Gross income $1,000,000
- Gross profit percentage is 79.0%

Small animal practice gross profit percentages typically range from 76% to 82%, but can go higher or lower. Lower gross profit percentages (less than 78%) are typical with higher levels of product vending and/or inadequate fee structure (revenue generation).

Table 7-3-1 shows typical veterinary practice expenses as percentage of gross income (vertical analysis). It is intended as an example only. The number of veterinarians, mix of services, patient species types, product vending philosophy, fee structure, and many other factors affect the unique ratio relationships identified in a particular practice.

Horizontal analysis compares financial information (dollar values or ratios) for two or more financial periods. Example comparisons include:

- current fiscal quarter with year-to-date
- current fiscal quarter with last fiscal quarter
- current fiscal half with same six months of prior year
- Most recent 12 months of revenues and expenses with immediately preceding 12 months of activity (12 months ending April 30, 20XX with the 12 months ending April 30, 20XY).

Table 7-3-2 shows an example of expense ratio horizontal analysis.

7.3. MEASURES OF LIQUIDITY, SOLVENCY, AND PROFITABILITY

Table 7-3-2. Example of expense ratio horizontal analysis.

	Year ended 12/31/20XY	*Year ended 12/31/20XX*	*Increase/ (Decrease)*
Gross income	100.00%	100.00%	
Drugs and professional supplies	15.00%	16.00%	(1.00)
Laboratory fees	3.00%	2.75%	0.25
Dietary product expense	2.50%	3.25%	(0.75)
Mortuary expense	0.50%	0.50%	0.00
Total cost of professional services	21.00%	22.50%	(1.50)
Veterinary wages – owner	13.00%	11.00%	2.00
Veterinary wages – associates	16.00%	14.50%	1.50
Wages – other employees	20.50%	21.25%	(0.75)
Payroll taxes	4.10%	3.90%	0.20
Employee benefit programs	3.20%	2.80%	0.40
Advertising and promotion	0.90%	1.20%	(0.30)
Licenses and permits	0.38%	0.40%	(0.02)
Office and computer supplies	1.80%	2.00%	(0.20)
Postage expense	0.37%	0.35%	0.02
Accounting, legal, and professional services	1.25%	1.15%	0.10
Miscellaneous taxes	0.11%	0.06%	0.05
Rent expense	7.00%	7.40%	(0.40)
Real estate taxes	0.60%	0.65%	(0.05)
Property and casualty insurance	0.62%	0.57%	0.05
Utilities	1.04%	1.11%	(0.07)
Telephone	0.66%	0.80%	(0.14)
Maintenance	1.00%	1.20%	(0.20)
Janitorial supplies and service	0.36%	0.30%	0.06
Repairs	0.27%	0.50%	(0.23)
Depreciation and amortization	1.23%	1.80%	(0.57)
Interest expense	0.78%	0.95%	(0.17)
Income taxes	1.20%	0.70%	0.50
Profit after income taxes	2.63%	2.91%	(0.28)

Earnings before interest, tax, depreciation, and amortization (EBITDA) is a profitability measure used by financial analysts of large publicly traded entities, with audited and generally accepted accounting principles (GAAP)-based financial statements. EBITDA is usually computed as profit (after all expenses) plus interest expense, plus income taxes, plus depreciation expense, plus amortization expense (see Table 7-3-3).

The EBITDA computation works well for publicly traded entities, but not for closely held businesses such as veterinary practices. In small businesses, tax entity structure, tax mitigation, and compensation strategies take precedence over financial statement presentation that allows the EBITDA ratio to be meaningful.

Table 7-3-3. Example of EBITDA computation.

Profit after income taxes	$26,300	2.63%
Income taxes	$12,000	1.20%
Interest expense	$7,800	0.78%
Depreciation and amortization	$12,300	1.23%
EBITDA	$58,400	5.84%

Practice valuation models use profit analysis and earnings adjustments that provide the best determination of net profit and allow one practice to compare itself to the industry or another practice on an "apples to apples" basis. Such profit margin computations adjust for the following items (list is not all inclusive):

- Excessive or below market compensation (usually owners and related parties, such as spouses working in the practice).
- Excessive or below market perquisites, such as unnecessary vehicle expense; high travel, entertainment, and continuing education expense; and non-essential business expenses.
- Unusual, nonrecurring expenses or income (such as insurance proceeds).
- Errors in expensing long-lived property that should be capitalized and depreciated over the property's true life expectancy.
- Lease payments on equipment intended to be eventually owned.
- Fair value of practice real estate utilization (rent expense) when real estate is owned by a related party, such as the owner of the veterinary practice itself.
- Interest expense.
- Depreciation and amortization expense.
- Revenue and expenses not related to veterinary practice operations.
- Fluctuations in expense due to timing differences in payment (e.g., 13 utility payments in one year, and 11 payments in the next).
- Errors in inventory capitalization (or lack thereof).

Engage your accountant or a practice management/financial consultant to help you evaluate true practice profitability. A commonly used measure of practice profit is based on earnings before rent, veterinary compensation cost, interest, depreciation, and miscellaneous non-operational revenues and expenses (see Table 7-3-4).

Table 7-3-4. Example of profit computation for earnings before veterinary compensation and rent expense.

Profit after income taxes	$26,300	2.63%
Income taxes	$12,000	1.20%
Interest expense	$7,800	0.78%
Depreciation and amortization	$12,300	1.23%
Veterinary wages – owner	$130,000	13.00%
Veterinary wages – associate	$160,000	16.00%
Employer payroll taxes for veterinarian wages	$20,000	2.00%
Employee benefits – veterinarians' portion	$20,000	2.00%
rent expense	$70,000	7.00%
Earnings before DVM compensation and rent	$45,840	45.84%

7.3. Measures of Liquidity, Solvency, and Profitability

The ratio of earnings before veterinary compensation and rent to gross income usually ranges between 40% and 50% in small animal practices, and 35% and 45% in equine and large animal practices. The amounts of product vending (professional supply expense) and support staff wage and salary structure have the greatest impact on earnings in this computation of profitability.



CAUTIONS

- Ideally, record-keeping methods are similar among businesses globally, nationally, and within a specific industry, such as private veterinary practice.
- In the United States, publicly traded businesses report financial information in accord with guidelines promulgated by the American Institute of Certified Public Accountants (AICPA) through what are known as generally accepted accounting principles (GAAP). Most veterinary practices do not follow these complex rules because of the associated accounting expense. Privately owned veterinary practices must develop systems that allow consistent collection of financial data.
- "Off-balance sheet" accounting will skew and corrupt ratios. Before using ratio analysis for balance sheet accounts, financial information must be converted to accrual basis so that all assets and liabilities are reported.
- Bankers and loan officers often apply rules of thumb to financial reports, which are based in ratio analysis. If you present financial statements and/or tax returns that omit significant practice assets, your practice may present a misleadingly weak financial picture. Make sure the banker is aware of all your veterinary practice owns. Perhaps ask the banker to tour the practice to observe activity, assets, and available collateral.
- Some practice balance sheets omit significantly valuable assets, such as fair value of inventory and supplies, collectible accounts receivable, and equipment.
- In veterinary practices, the actual value of long-lived medical equipment may be far greater than the balance sheet implies. Also, many items of equipment or valuable tangible property may not be correctly reported on the balance sheet.
- Liabilities may not be recorded on the balance sheet, either. For example, the present value of required future lease payments may not be recorded.
- Contingent liabilities are those liabilities dependent on a future event. A lawsuit against the practice could be a contingent liability depending on the findings of the court or jury. The amount of the liability might not be measurable to a future date. Contingent liabilities, known or unknown, could affect the interpretation of financial ratios of liquidity and solvency.
- The saying goes "garbage in, garbage out." If practice bookkeeping systems poorly compile transactional data, all ratios and measures become suspect. Attention to detail ensures financial information you (and others) can rely upon.
- Published benchmarks can be misleading. Financial measures of profitability, liquidity, and practice capital health should derive from understanding the unique trends and consistency of your own practice's data. Many surveys and data pools represent accumulation of voluntarily submitted information that has not been audited or evaluated for accuracy. Be careful of basing your management decisions solely on published financial information applied comparatively to your practice.
- Veterinary practice profit margins range widely from practice to practice (see 7.11 – Understanding Practice Profitability). True profit is difficult to ascertain based on simple examination of a tax return or financial statement. Apparent profitability can be affected by the type

of tax entity, the number of owners, the types of patients treated, the type of practice (general, specialty, emergency, not-for-profit), among other factors. Regular profit margin analysis through the assistance of the practice's accountant or a veterinary consultant experienced in finance is advisable.



MISCELLANEOUS

- Use the standardized veterinary industry chart of accounts (https://www.aaha.org/professional/resources/chart_of_accounts.aspx) to set up a practice accounting system that allows your practice data collection to be as similar as it can be to other practices.
- Engage your accountant's services to develop financial reports, ratios, and measures that help you actively manage your practice with meaningful information.

ABBREVIATIONS

AICPA: American Institute of Certified Public Accountants
A/R: Accounts receivable
COPS: Cost of professional services
EBITDA: Earnings before interest, tax, depreciation, and amortization
GAAP: Generally accepted accounting principles
P&L: Profit and loss statement

References

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Recommended Reading

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7.4. GETTING THE MOST OUT OF YOUR ACCOUNTING PROFESSIONAL



BASICS

OVERVIEW

The integration of an accounting professional into a practice owner's stable of consulting professionals (practice management consultant, accountant, attorney, financial planner, risk management consultant, etc.) is a great addition to filling the desired spokes on the "valued professionals" wheel of good fortune (see 1.17 – Practice Management Support Professionals). What most veterinary practice owners do not realize, though, is that not all accounting professionals are alike.

TERMS DEFINED

Accountant: Term typically applied to Certified Public Accountants (CPAs), bookkeepers, tax preparers, enrolled agents, auditors, and general corporate-level accountants. Each is particularly suited for certain tasks at hand consistent with each of their discrete windows of experience. However, the best and most comprehensive financial analysis can be obtained by a professional with a vast array of financial, accounting, and tax experience, and the CPA provides this. By working in various industries, not just the veterinary profession, to obtain their certification, a CPA can translate cutting-edge and sophisticated techniques from a host of industries to the practice at hand.

Certified Public Accountant (CPA): College-trained accounting professional who has attained certification in the state that he or she practices in by passing a comprehensive two- to three-day exam, maintaining continuous professional education, obtaining relevant years of experience, and subscribing to a heightened level of ethics in a challenging business context.

Chartered Accountant (CA): Canadian/UK certification for accountants, similar to the CPA designation in the United States.



ISSUES AND OPTIONS

The most general examples of work products that an accountant can provide are financial statements, income tax returns, income tax planning, and management consulting.

FINANCIAL STATEMENTS

Financial statements are written historical records of financial standing, earnings, and cash flow for a given period (see 7.2 – Financial Statements). Lenders, boards of directors, and veterinary practice owners may require certain types of financial statements from a CPA firm on behalf of a client in order to gain some level of assurance (by an independent third party such as a CPA) that the financial records are indeed what the practice asserts.

"Audited" financial statements provide the highest, but not absolute, level of assurance. Audits are a comprehensive undertaking, entail a lengthy process, and are generally expensive. They rely on statistical sampling methods to capture relevant data and, therefore, do not examine all financial data. The audit report is a one- or two-page letter signed by the CPA (or on behalf of the CPA firm as a whole) attached to a set of financial statements. When the audit is completed, the CPA's standard audit report states that an audit was performed in accordance with generally accepted auditing standards, and expresses an opinion that the financial statements present fairly the entity's financial position and results of operations. This is known as expressing "positive assurance." In addition, the auditors are required as a part of their procedures to report incidences of fraud, should those matters come to their attention, but they are not specifically engaged to search for it unless that is part of another separate and specified engagement.

"Reviewed" financial statements provide a greater level of assurance than compiled financial statements, although not much more. A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the object of which is to express an opinion regarding the financial statements taken as a whole. In order to generate the reviewed financial statements, the CPA must gain an understanding of the internal accounting controls and obtain representations from management that certain fundamental aspects of control are adhered to as presented.

Upon completion, a review report is issued stating that a review has been performed in accordance with AICPA professional standards, noting that a review is substantially less in scope than an audit, and that the CPA did not become aware of any material modifications that should be made in order for the practice's financial statements to be in conformity with generally accepted accounting principles (GAAP), or another comprehensive basis of accounting, such as the "income tax basis" method of accounting. A review may be adequate for entities that must report their financial positions to third parties, such as creditors or regulatory agencies. Reviewed financial statements may also be useful to practice owners who are not actively involved in managing their practices.

"Compiled" financial statements provide the most basic level of assurance. The CPA must comply with certain basic requirements of professional standards, such as having knowledge of the client's industry and applicable accounting principles, a clear understanding with the veterinarian of the services to be provided, and whether there are any obvious departures from generally accepted accounting principles (or, in some cases, another comprehensive basis of accounting as described above).

It may be necessary for the CPA to perform other accounting services, such as correcting general ledger reporting or assisting with adjusting entries for your practice's accounting records before financial statements may be prepared. Upon completion, a report is issued that states a compilation was performed in accordance with American Institute of Certified Public Accountants (AICPA) professional standards and that no assurance is expressed that the statements are in conformity with GAAP.

INCOME TAX RETURNS

The preparation of annual federal and applicable state income tax filings fulfill a basic need – regulatory compliance – for all practice owners. However, the goal of obtaining all relevant information in a manner that secures the filing of these returns by the due date (March 15 for S corporation and partnership tax returns and April 15 for individual, trust, and calender-year C-corporation tax returns) also compresses a year's worth of activity into a relatively short window for the CPA to examine, adjust, and produce tax returns. Thus, to get the most efficiency (and effectiveness) out of a CPA at this time of year, it is best to have obtained income tax planning services prior to the end of the calendar year and to have all accounting records, either QuickBooks or other accounting software package information, to the CPA firm by the third or last week in January. This is entirely possible to accomplish, as bank statements necessary for reconciling practice bank accounts are available either online or by the second week of January. Then your practice's tax work will not accumulate with that of all the other clients of the firm with the same filing goal. In speaking with every CPA, the same tenet holds true – the early client gets better service.

INCOME TAX PLANNING

To many veterinary practice owners, income tax planning typically involves "planning to use the same CPA next tax season." But the best approach to managing tax consequences of income and expense levels, equipment purchases, and cash flow concerns is to begin a regular and consistent approach to tax planning. The typical tax planning engagement should entail your CPA using either a safe harbor approach (based on the previous year's adjusted gross income and tax

7.4. GETTING THE MOST OUT OF YOUR ACCOUNTING PROFESSIONAL

liability) or a projected income for the current year. Then you would provide your CPA quarterly, semiannual, and/or November/December financial statements that you can utilize to plan a few scenarios, using projected income for the remainder of the year as well as large equipment purchases, employee bonuses, and so on. Then there will be no surprises in March or April when tax obligations are due.

MANAGEMENT CONSULTING

Many CPA firms are now heavily involved in niche industry management consulting as a way of differentiating themselves from the competition. The CPA that specializes in automotive dealer inventory valuation issues or litigation support for trial lawyers may not necessarily be the right source for your veterinary practice's future growth, unless the staff of the CPA firm gains the requisite knowledge necessary to advise the veterinary practice owner on issues pertinent to the veterinary industry.



EXAMPLES

Because your entire venture revolves around money (making it, saving it, protecting it, using it, investing it), accountants play a critical role in helping you run a successful veterinary practice. Thus, your CPA should be one of your most trusted professional advisors. You should hire an accountant even before contemplating the organization of a veterinary practice, as the CPA can utilize the team approach with your legal counsel, risk management professional, and/or veterinary practice management consultant to gain the most efficient route of formation, organization, and development of your veterinary practice.

The Massachusetts Society of CPAs sponsored research with Bentley College designed to discover how small businesses choose an accounting professional (21% of the survey participants showed gross annual revenues under $1,000,000). The survey also found that 12.87% of participants stated that they do not use a CPA, while 93% of those who do said that it is beneficial and worth the extra money to use a CPA over a noncredentialed accountant.



CAUTIONS

Just as with all the professional advisors on your team, your ultimate goal should be to hire a firm that adds intrinsic value to your company's service delivery, and ultimately bottom line profitability. Therefore, finding a good match in a CPA firm generally has very little to do with price for professional services.

As with evaluating a veterinarian, physician, architect, or attorney for the provision of professional services, you should examine the following relevant factors to see if there is a true value your accounting professional can provide to you:

- **Talented people:** Make sure the professional staff members have enough experience, and the right kind of experience, as well as veterinary industry contacts you can leverage.
- **Industry expertise:** Make sure the firm has sufficient depth of expertise in areas affecting the veterinary industry.
- **Continuing improvement (CPE):** Make sure the firm's staff members are current on continuing professional education requirements.
- **Involvement:** See how active the CPA firm is with professional organizations, not only in the accounting world like the American Institute of Certified Public Accountants (AICPA) and/or state CPA societies, but with the American Animal Hospital Association (AAHA), VetPartners, and the American Veterinary Medical Association (AVMA).
- **Publication:** Research how many and what type of articles in trade publications, books, and seminars the CPA firm's staff members have written, published, lectured, and presented.
- **Regulatory boards:** Check with state boards of accountancy or other regulatory bodies to ensure the firm is in good standing in the CPA and financial communities.



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
AICPA: American Institute of Certified Public Accountants
AVMA: American Veterinary Medical Association
AVPMCA: Association of Veterinary Practice Management Consultants and Advisors
CA: Chartered accountant
CPA: Certified Professional Accountant
CPE: Continuing professional education
GAAP: Generally accepted accounting principles

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7.5. ANALYZING CLIENT TRANSACTIONS



BASICS

OVERVIEW

• There is an abundance of client transaction information available to practice owners and managers from their practice information management systems (PIMS) and medical records.
• Analysis of client information from the PIMS will reveal trends in numbers of active clients, new clients, lost clients, number of pets per client, number of visits per client, and other areas. These types of metrics are often called key performance indicators (KPIs) (see 7.8 – Key Performance Indicators).
• Analysis of hospital medical records helps determine how compliant clients are with doctor recommendations, whether all services are being charged for, and if there is inconsistency in care among doctors in treating similar medical conditions.
• All of this information is extremely helpful in improving both the medical/surgical care offered by the practice and the practice's profitability.

TERMS DEFINED

Full-Time-Equivalent (FTE) Doctor: A doctor who works 40 hours a week for a full year. Normal vacation, sick time, holidays, or other paid time off are treated as work hours in this calculation but an extended leave is not.
Key Performance Indicators (KPIs): Key metrics (financial and operational) used to measure performance of an organization.
Practice Information Management System (PIMS): The software system used by the practice for client invoicing, medical records, inventory, metric analysis, tracking of accounts receivable and other revenue-related activities.



ISSUES AND OPTIONS

ANALYZING CLIENT KEY PERFORMANCE INDICATORS

KPIs are used very effectively to:
• measure performance of the practice,
• explain changes seen in the financial statements.
They also help to answer the question, "How am I doing?" by:
• providing detail as to why hospital changes are occurring (this detail is necessary to understand which areas of the hospital need improvement),
• allowing comparison of a hospital's data internally (e.g., from quarter to quarter or year to year),
• allowing comparison of a hospital's data to published benchmarks.

The most common client-related KPIs include the total number of active clients, number of clients per doctor, number of new clients, number of lost clients, number of transactions per client, and revenue per client. Client retention ratios and the average retention of a client in years can also be calculated from this information.

COMMON CLIENT KPIS AND COMPARATIVE BENCHMARKS

Some of the most helpful sources for comparative benchmarks include: the American Animal Hospital Association's *Financial and Productivity Pulsepoints*,[1] the Well-Managed Practice Benchmarks Study (WMPBS),[2] and the Veterinary Hospital Managers Association monthly Insiders' Insights report (www.vhma.org).

Active Clients per FTE Doctor

Most studies consider an active client to be one who has visited the practice in the last 12 months. It is important that this same definition be used if comparison is to be made to these numbers. The number of active clients per doctor is influenced by several factors, including efficiency of the doctors in seeing patients, productivity of the doctor/staff teams as a whole, type of practice (wellness services versus internal medicine focus), local demographics, the economy, and practice marketing.

Annual New Clients per FTE Doctor

The number of new clients a practice "needs" depends on the practice, whether it is a growing or mature practice, the demographics of the area, and other factors. The number of new clients per doctor is influenced by several factors including type of practice (wellness services versus internal medicine focus), local demographics, client service, the economy, and practice marketing.

Lost Clients Per Year

Published benchmarks are not usually seen for this KPI; however, it is a very valuable figure to know, particularly when compared to the number of new clients. The number of lost clients is calculated as follows:

$$\text{Lost clients} = \text{active clients last year} + \text{new clients this year} - \text{active clients this year}$$

For example, if your practice had 4,000 active clients in 2011, 5,000 active clients in 2012, and 1,200 new clients in 2012, then:

$$\text{Lost clients} = 4,000 + 1,200 - 5,000 = 200$$

The definition of active clients must, of course, be the same for each year used in the calculation for the results to be valid. Clients are generally lost because they no longer own the pet, they moved, they had a poor service experience at the practice, or they can get (or perceive they can get) better value for their money at another practice.

Transactions Per Client Per Year

The number of transactions per client per year is influenced by several factors, including the range of services offered by the practice, the level of client education done by the practice, local demographics, client service, and the local economy.

DEVELOP YOUR OWN SET OF HOSPITAL KPIS

The practice's management team should review its client KPIs each month. Additional related metrics can be added depending on the management areas the practice is currently focusing on.

Most KPI information is available from the hospital's PIMS. The software company's help desk can assist a practice to determine how to access information they are having trouble finding.

The reports generated by the management software are often not in the best format for trend analysis, but simple spreadsheets can be set up in Excel or a similar program to facilitate this review.

ANALYZING CLIENT MEDICAL RECORDS

As mentioned in the overview, analysis of hospital medical records helps determine how compliant clients are with the practice's recommendations, whether all services are being charged for, and if there is inconsistency in care among doctors in treating similar medical conditions.

Some information can be obtained manually from records, some from the practice management system, and more from available data mining software.

CLIENT COMPLIANCE WITH VETERINARY PRACTICE RECOMMENDATIONS

The AAHA 2002 Compliance Study demonstrated that client compliance with practice recommendations in the areas of heartworm testing and preventive, dental prophylaxis, therapeutic diets, senior screenings, core vaccines, and pre-anesthetic testing was much less than veterinarians thought (see 4.11 – Compliance and Adherence). It was

Table 7-5-1. Example of a medical record audit for missed charges.

Doctor	*Date*	*Patient*	*Invoice amount*	*Items not charged*	*Value of items not charged for*
Dr. A	5/15/13	"Sam" Smith	325.00	No missed charges	0
Dr. A	5/16–18/13	"Thomas" Jones	632.25	Hospital stay, pet vomiting	
				No exam fee charged 5/16	$45
				Hospitalization not charged 5/16	$30
				Fecal not charged 5/17	$25
				No meds noted on 5/17; were they given? If so, not charged	?

also clear that the quality of pet care suffered due to this lack of compliance. Although many practices have seen improved client compliance, it still remains a significant issue.

The practice's management software or reasonably priced data mining services provide information that can be used to determine client compliance in almost any area.

Once the practice has determined areas in which client compliance is not as high as it should be, goals can be set for the future and plans laid to achieve these goals. Recommendations from the AAHA study include establishing protocols for common services provided to clients, reviewing all client records before appointments to determine compliance status, providing written follow-up instructions, improving reminders, and making follow-up calls.

HOW MANY PROCEDURES NEVER MAKE IT TO THE INVOICE?

Analyzing client medical records for services not billed can be a real revelation. In the typical practice, a remarkable number of procedures are not invoiced. There is no point in developing an excellent fee structure if the item is not billed.

The first step in correcting this is to identify the scope of the problem by comparing invoices to medical records for missed charges:

1. Select a recent week.
2. Select 40–50 medical records per doctor where services were performed during that period. Also pull all the invoices that correspond to these medical records. The invoices should cover all types of services provided: outpatient, surgery, dentistry, etc.
3. Set up a chart similar to the one in Table 7-5-1.
4. Look for patterns during the times the missed charges occur. Do they only occur with one doctor? With one technician? At one time of day?
5. Review the practice's system for getting charges into the computer. Is a travel sheet used? Is everyone consistent in how they mark the travel sheet? Does the staff have time to input the charges? Do staff members look for charges the doctor may have missed?

CONSISTENCY IN CARE

Although there will always be some differences among doctors in the same practice in how they treat particular cases, it is important that most services offered (particularly preventive care services) be consistently performed among doctors (see 9.3 – Standards of Care and Care Pathways). It is very confusing to both clients and staff if one doctor uses one vaccine protocol and another uses another. Or if one doctor treats an ear infection by examining the debris under a microscope, flushing the ears, and then determining an appropriate medication, and another doctor simply sends the client home with a tube of ointment.

These differences are very difficult to explain to clients. It appears as if one doctor did more than was needed simply for financial gain, or else the other doctor was negligent in his or her workup. It is similarly confusing to staff. They cannot work efficiently because there are no consistent expectations nor can they communicate effectively to clients.

Written guidelines for every common medical service the hospital performs are critical to ensure consistency of care. The doctors in the practice should discuss each common type of case and come to an agreement as to how they should be treated. Doctors, of course, always have the option to modify the protocol if appropriate for a certain case or if clients refuse treatment.

EXAMPLES

N/A

CAUTIONS

Although comparison with industry standards is very useful for identifying areas that a practice is successful in versus those that may need further investigation, it is important to remember that every practice is unique and industry standards are not always the "right" answer for every practice.

MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
A/R: Accounts receivable
KPI: Key performance indicator
PIMS: Practice information management system
WMPBS: The Well-Managed Practice Benchmark study

References

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Recommended Reading

N/A

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7.6. BENCHMARKING



BASICS

OVERVIEW

One of the oldest business axioms still rings true today: "You must be able to measure it in order to manage it." Benchmarking should be an ongoing process for all practices that wish to improve their processes and outcomes. Otherwise, a practice may remain static or decline.

There are three primary types of reference data for benchmarking: historical information, rules of thumb, and industry norms. Each of these types has specific strengths and weaknesses. Consequently, a prudent person should consider more than one type of reference data before drawing conclusions and planning a course of action.

TERMS DEFINED

Benchmarking: Process by which a practice compares itself to others (especially those known for outstanding performance) in an attempt to improve performance. Today all types of businesses perform some degree of benchmarking as part of their normal management protocols. There are typically five distinctive components to a benchmarking program: (1) identifying the area requiring benchmarking, (2) collecting the data, (3) analyzing the data, (4) recommending and implementing changes, and (5) evaluating the results.

Business Life Cycle: The four major phases that describe a business from the time it is formed until the time it is closed: startup, growth, plateau, and decline.

Continuous Quality Improvement (CQI): An ongoing process of seeking small improvements in processes that have an overall effect of improving efficiency and productivity while reducing waste within an organization.

Flowchart: Graphic representation of the stages in a process or of the steps required to solve a problem. A flowchart is commonly used to outline the sequence of functions in a complex process. For example, some practices have created a step-by-step graphic representation of a healthy pet wellness exam in order to identify all of the potential roadblocks to customer service and/or practice efficiency.

Historical Benchmarks: Data from your own practice that represents various time periods. The most common historical data is collected at the end of each operating year, although other periods of time may be used depending on the specific focus of the research.

Industry Norms: Values derived from the analysis of a large number of practices. Most of the national groups that represent organized veterinary medicine publish some variety of industry norms. The most common examples would be the American Animal Hospital Association (AAHA) and the American Veterinary Medical Association (AVMA).

Rules of Thumb: Standards of performance used by specific industries in analyzing all types of businesses. For example, banks have rules of thumb for analyzing the financial statements of all professional service businesses whether they are veterinary practices or not.



ISSUES AND OPTIONS

THE PROCESS

• **Identifying the area:** This is an important decision because each management discipline has its own distinctive set of benchmarking tools. Examples of common areas that practice benchmark include customer service, human resources management, productivity, and profitability.

• **Collecting the data:** Once you have chosen the area you wish to analyze, you must begin collecting a library of reference data (i.e., historical information, rules of thumb, and industry norms) that you will compare against similar data derived from your practice.

• **Analyzing the data:** This is an important part of the process and often the most challenging. Data analysis is best handled by someone with experience that can identify deviations from the data and potential root causes for the deviation. This is commonly facilitated using a flowchart analysis to identify potential problems. In order to address each potential problem discovered on the flowchart, the use of additional benchmarks and further comparative analysis is almost always required.

• **Action plan:** Once the root cause of poor performance has been identified, the practice leadership should develop an action plan to correct the problem(s).

• **Evaluation:** Benchmarking is a continuous and ongoing process in a well-run veterinary practice (or business of any type). After a predetermined amount of time, the benchmarking process should be repeated to determine if the action plan, as implemented, accomplishes the desired changes within the practice. The cycle repeats itself again and again.

PERFORMING A BENCHMARK ANALYSIS

• The first step in the benchmarking process is to identify clearly the process or issue you wish to analyze.

• The second step is to gather as much specific data as possible. Mixing the types of data collected (such as historical and industry norms) is always a prudent course of action.

• In addition to the specific data, it is important to take into account related data, as it may also influence your analysis. Some of this information is obvious, such as the type of your practice, the size of your practice, and whether you are in an urban, suburban, or rural location. Other information may be less obvious to the beginner, such as where your practice is on the business life cycle. A startup practice has different characteristics than a growing, plateau, or declining practice.

• A flowchart that represents the process under evaluation helps speed up the interpretation of data by quickly identifying additional, related benchmarks that may also need to be evaluated.

• Once you have completed your analysis, you have two possible outcomes: a favorable result or an unfavorable result. If the results are favorable, share the good news with the practice team. If the results are unfavorable, you will need to develop an action plan that you believe will correct the root cause of the problem and prospectively place the practice into a favorable zone.

• All action plans should be time limited. A deadline often works as a motivator as well as a schedule by which to initiate a new benchmarking analysis to determine if your action plan has accomplished its purpose.

• The cycle then repeats itself on an ongoing basis as part of the backbone of a continuous quality improvement cycle.



EXAMPLES

In this example, we will explore how benchmarking procedures can be applied to answering one of the most frequent questions in veterinary medicine. Is our practice productive? Obviously, this is an expansive inquiry, but it is useful in illustrating some basic concepts.

One approach may be to look at historical data and industry data for practices of similar size and scope. If unable to locate a sufficient number of similarly situated practices, you may instead choose to focus on the productivity of individual doctor(s) in your practice. For example, if you feel that the productivity of each individual doctor is low, you may wish to compare the productivity of each of your full-time doctors against those of a similarly situated competitor. In

other words, document the number of hours each doctor works per week. Do the same for other practices and compare the data on a per-doctor basis. Keep in mind that the definition of a "full-time" doctor can be quite varied depending on the source (see 7.9 – Making Valid Comparisons Between Practices and Services).

If your doctor works a similar number of hours, you may wish to look at how well your doctor is leveraged. What does the available data say about the number of support staff per doctor?

If you are happy with the level of staff support your doctor has, you may wish to look in a different direction. Practice revenue comes from the number of transactions times the value of the average transaction. You may wish to evaluate each of these components on an individual doctor basis. How does the number of transactions completed by your doctors each year compare to industry norms? If it is low, you may need to develop an action plan that gets more client transactions through the door, such as increasing the appointment fill rate and/or reminder return rate. If your number is comparable to an industry norm, the amount of your average transaction may be low. If the number of transactions is high, then their average transaction is probably significantly lower and further benchmarks should be analyzed to evaluate why.

If the average transaction value is low, it could be the result of low fees, missed charges, poor treatment recommendation compliance rates, or any combination of previously mentioned factors. Thus, additional benchmarks and audits would need to be conducted to get to the root cause of the problem.

This example illustrates how important it is to flowchart an entire process (in this example, how a doctor creates revenue) and continually analyze benchmarks that represent a standard or norm that evaluates or measures the influence of a specific component on the flowchart.



CAUTIONS

- Always test your conclusions on others within the practice to make sure they seem plausible and that there are not other indicators you should be exploring to identify a more accurate conclusion. This technique is often much more efficient and effective than wasting time and resources implementing an action plan that does not address the root cause of the process or outcome you wish to improve.
- Never draw a conclusion from a single benchmark or indicator, because most outcomes are affected by multiple influences. Some managers create dashboards that consolidate all of the necessary benchmarks related to a specific discipline. They may have a human resource, financial, practice productivity, inventory, and client satisfaction dashboard. This well-organized data collection supports early detection of problems within the practice.
- Beware of putting too much faith in industry norms. Many times, the data in these studies come from practices that are managed by individuals with the same (and often fewer) skills and experiences than you have. Meeting an industry norm only indicates that you are "average." If you desire to be above average, you will need to produce results that exceed the norm.
- If you are using industry norms, try to find a subset that relates more closely to your specific situation such as practice type, size, location, scope of services, and position in the business life cycle. This is often referred to as "comparing apples to apples," whereas data that come from dissimilar practices is referred to as "comparing apples to oranges."
- Industry norms can be problematic if the industry is having hard times. For example, many Internet-based businesses produced consistent norms in 2000, only to declare bankruptcy in 2001.
- Historical data eliminate a lot of the variations that are present in industry norms. Business location, size, scope of services, and philosophy are generally pretty standard from year to year because it is the same practice. If you did make a significant change to your practice operations from one year to the next, you are at least familiar with all of the aspects relative to that change, so you can properly account for them in your analysis.



MISCELLANEOUS

Utilize technology as much as possible in gathering, storing, and comparing data. Computer spreadsheets are ideal for this purpose, and many veterinary practice management software products have built-in benchmarking tools.

ABBREVIATIONS

AAHA: American Animal Hospital Association
AVMA: American Veterinary Medical Association
CQI: Continuous quality improvement

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N/A

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7.7. DATA YOU SHOULD BE REVIEWING REGULARLY



BASICS

OVERVIEW

It is not possible to manage a practice effectively without reviewing key data on a regular basis to identify what the practice is doing well and where the challenges lie. As the old adage says, "You can't manage what you can't measure."

- Although there is an endless list of items in a veterinary practice that could be measured, most of these are not meaningful and practice owners and managers do not have the time or inclination to review things that do not matter. Therefore, it is essential that a reasonable number of meaningful metrics be identified for regular review.
- Much of the data analyzed will be of a financial nature; other operational information will help explain changes in the financial data or be useful in planning and monitoring future progress.
- The financial data and related metrics give an overall picture of how well the practice is doing. Regular review of this data will help the practice understand its progress financially and operationally.
- After determining what data need to be reviewed regularly, a system should be set up to ensure the data are collected properly each month. The practice's accountant, bookkeeper, practice manager, and any other pertinent people should be involved in the process to be sure everyone understands the system, including the source of all the information used and what the data are really saying.
- The financial and other data that should be regularly reviewed can be grouped into three categories – data that come from the balance sheet, data that come from the income statement, and other operational key performance indicators.

TERMS DEFINED

Balance Sheet: A commonly prepared financial statement that shows a business's financial position at a specific point in time; this statement lists a practice's assets, liabilities, and owners' equity.

Income Statement: Another commonly prepared financial statement that shows a business's performance over a period of time; this statement lists income and expenses during the covered period (also known as a profit and loss statement, or P&L).

Key Performance Indicators: Key metrics (financial and operational) used to measure performance of an organization.

Practice Information Management System (PIMS): The software system used by the practice for client invoicing, medical records, inventory, metric analysis, tracking of accounts receivable, and other revenue-related activities.

Statement of Cash Flow: The third of the commonly prepared financial statements listing the sources of cash in a business (such as revenue from services, proceeds from debt incurred, and collections on client accounts) and uses of cash (such as debt payments or purchases of drug and supply inventory) during a period of time.



ISSUES AND OPTIONS

FINANCIAL DATA — THE BALANCE SHEET

- Most practices do not have an employee with the financial knowledge necessary to prepare an accurate balance sheet, and therefore they rely on their accountant to prepare this statement. Some practices receive financial statements from their accountant monthly; others get them on a quarterly or annual basis (see 7.2 – Financial Statements). Some practices may be able to generate some of the balance sheet data from their accounting system even if they do not prepare a full balance sheet.
- Balance sheets are generally more confusing to most small business owners than income statements and are less useful in running the practice on a day-to-day basis. However, very important information is included in the balance sheet concerning the assets and liabilities of the practice, and this should be reviewed at least annually (preferably quarterly) with the practice accountant. Practice owners and managers should understand the items included on the balance sheet, and why these amounts have changed from period to period as well as the practical implications of these items.
- Significant items on the balance sheet (such as levels of cash, accounts receivable, inventory, accounts payable, and other loans) should be reviewed and compared to prior periods. Large or unusual changes should be investigated to determine if there is a problem that needs to be resolved or an opportunity to be further capitalized on.

FINANCIAL DATA — THE INCOME STATEMENT

- The income statement is intuitively easier to understand than the balance sheet. This statement shows the revenues, expenses, and net income of a practice for a given period of time, usually a month or a year. The income statement should be reviewed by the practice manager and owners on a monthly basis. The bottom line (usually called "net income") on financial statements that are not prepared using generally accepted accounting principles generally is not a measure of the true profitability of the business; this must be calculated separately.
- This statement may be prepared on a cash or an accrual basis. Most practices prepare income statements in-house on a cash basis, and the accountant prepares the income statement on either a cash or an accrual basis at the end of the year.
- Accrual basis financial statements are more accurate than cash basis ones in matching revenue and expenses to the activity that caused these items to be incurred; however, regular monthly review of cash basis financial statements is still very useful in managing the practice.
- The AAHA/VMG Chart of Accounts[1] is a list of the most useful and most commonly used accounts for recording financial transactions. Using this chart of accounts will ensure that a practice gets meaningful information from its income statement and that the accounts will be reasonably comparable to outside benchmarks.
- The financial statements are most useful if they can be reviewed on a comparative basis. Instead of looking at only one month, look at the current month in comparison to prior months to locate changes and trends in significant items.
- Some accounting packages are limited in the comparative reports they can generate. For example, it may be possible to print a report that compares this month's activity to last month's, but not to each of the past six months. Therefore, it is often useful to put this data into a spreadsheet program each month to get the best results from the analysis.
- Each income and expense item should be shown as a dollar amount and as a percentage of gross revenue. Some expenses (such as drugs and medical supply costs) fluctuate with gross revenue, and changes in these need to be analyzed in conjunction with the changes in revenue. For example, if the practice revenue is growing, it would be expected that drug costs would also grow. However, looking just at the dollar amount of the drug costs may not reveal that the costs have grown at a much faster rate than revenue, indicating a potential inventory-control problem. Reviewing the expense as a percentage of gross revenue, as well as a dollar amount, will improve the analysis.
- When first reviewing the income statement, it is important to understand what each account means and what kinds of transactions go into that account. For example, what kinds of things are recorded in "Drugs and Medical Supplies"? In some practices, everything related to medical care, including dietary products, goes into this account; in others, there are several accounts such as "Dietary Product Costs," "Laboratory Costs," and "Pharmacy Costs."

7.7. DATA YOU SHOULD BE REVIEWING REGULARLY

• There is often a single line item for practice revenue on an income statement, whereas expenses are broken out into multiple categories. Because increasing revenue will generally have more impact in increasing profits than reducing expenses (assuming expenses are within reasonable limits), it is important to review income by category in order to best understand the changes. This information is easily obtainable from the practice's PIMS and will be discussed further in the Key Performance Indicators section.

KEY PERFORMANCE INDICATORS (KPIS)

• KPIs in a veterinary practice are financial and operational metrics that are used to measure performance within a practice, expand upon the information seen in the financial statements, explain changes seen from one period to another, and compare a practice to other practices. They should be reviewed on a monthly basis.
• Many KPIs offer more detail about the revenue generated by the practice; for example, is an increase in revenue due to an increase in the number of clients seen or an increase in the average amount each client spends at the practice? Other KPIs are used to measure client activity, the collectability of accounts receivable, and doctor performance.
• KPI information is readily available from the PIMS but usually needs to be input into a spreadsheet program to be most useful. This data input should not take more than an hour or so each month.
• Each month's totals should be compared to the prior month and the same month in the prior year in order to understand the trends within the practice. For example, is revenue increasing at a steady pace each month? If there is a decline, is this something normally seen at this time of year? Remember that the number of days the practice is open for business may vary each month and will impact this analysis.
• Common KPIs that should be reviewed monthly include:
  ◦ Total practice revenue
  ◦ Total practice transactions
  ◦ Average transaction charge (ATC) for the practice
  ◦ New clients
  ◦ Lost clients
  ◦ Revenue, transactions, and ATC per individual doctor
  ◦ Revenue by category (immunization, laboratory, etc.)
  ◦ Accounts receivable by aging category.
• Other KPIs can be very useful to individual practices depending on where their attention is focused. For example, a practice that wants to increase the number of dentals done will track this statistic each month, both for the practice as a whole and by doctor.
• A chart such as Table 7-7-1 will help a practice easily review the information discussed as well as show how these figures stack up on a per-full-time-equivalent doctor basis. Because practices are of different sizes, calculating this information on a per-doctor basis will let a practice compare their operations to others. Comparative data are readily available in several veterinary publications. One chart would be prepared for each KPI (see Table 7-7-1).
• As with balance sheet and income statement information, large or unusual changes should be investigated to determine if there is a problem that needs to be resolved or an opportunity to be further capitalized on.



EXAMPLES

N/A

Table 7-7-1. Key performance indicator template.

Total revenue	*2018*	*2019*	*$ change*	*% change*
January	$ 91,526	$ 93,211	$1,685	1.84%
February	$ 84,297	$ 82,915	($1,382)	−1,64%
March	$ 109,944	$ 115,238	$5,294	4.82%
April	$ 109,128	$ 116,734	$7,606	6.97%
May	$ 119,410	$ 120,233	$ 823	0.69%
June	$ 129,031	$ 134,000	$4,969	3.85%
July	$ 113,915	$ 118,579	$4,664	4.09%
August	$ 114,413	$ 115,989	$1,576	1.38%
September	$ 94,371	$ 97,065	$2,694	2.85%
October	$ 99,724	$ 98,234	($1,490)	−1.49%
November	$ 95,567	$ 95,123	($ 444)	−0.46%
December	$ 86,968	$ 88,354	$1,386	1.59%
Total	$1,248,294	$1,275,675		
# of FTE doctors	3	3		
Revenue per doctor	$ 416,098	$ 425,225		



CAUTIONS

• All practices are different, and comparison to outside data must be done carefully. Differences between your practice and the outside benchmarks can indicate an area that should be investigated, but they do not necessarily mean there is a problem in your practice.
• Tracking changes is not enough. Significant changes must be investigated in order to understand why they occurred and if corrective action is necessary.



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
ATC: Average transaction charge
KPI: Key performance indicator
PIMS: Practice information management system
VMG: Veterinary management groups

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7.8. KEY PERFORMANCE INDICATORS



BASICS

OVERVIEW

Key performance indicators (KPIs) are quantifiable measurements used by businesses of every size to evaluate progress toward attaining their objectives. Veterinary hospital owners and managers can use KPIs along with other metrics to gauge the effectiveness of changes implemented to improve anything from overall profitability to compliance to client satisfaction.

There are literally thousands of KPIs that could be implemented by a veterinary practice and measuring them all would be a full-time job. The challenge is to limit KPIs to those things that are truly "key." It takes time to compile information from KPIs and to research any changes. Limiting the number of KPIs in place will not only save time but will help owners and managers focus on the most important aspects of the business.

TERMS DEFINED

Full-Time Equivalent (FTE): The equivalent of a full-time employee or one working 40 hours per week. For example, a practice with two veterinary nurses working 35 hours per week plus one working 50 hours per week would equal three FTE nurses calculated as $(35 + 35 + 50)/40 = 3$ FTE.

Gross Revenue: The total dollar amount taken in by a business before expenses are subtracted.

Key Performance Indicator (KPI): A quantifiable measurement used to evaluate the performance of a department or organization compared to its goals.



ISSUES AND OPTIONS

KPIs are intrinsically linked to a company's strategic goals (see 14.5 – Strategic Planning and Implementation). Even though there are thousands of KPIs to choose from, selecting the right KPIs for your practice is relatively simple. The most important KPIs to monitor are aligned with your strategic objectives and the hospital's core values. Therefore, goal setting is the first step in identifying the best KPIs. For example, if the hospital has a goal to increase revenue by 10% this year, the KPIs should reflect progress toward that goal. Examples of related KPIs include revenue per doctor, revenue per staff member, sales of annual health maintenance plans, forward booking of appointments and boosting compliance. A common mistake is to measure everything in the hopes that something will be important. A better strategy is to limit KPIs to no more than 15–20. Monitoring too many numbers leads to confusion and dilution of effort. Do not select a specific KPI simply because it was a hot topic at the latest conference or in a recent management article. If it does not relate directly to your hospital's goals, it is not a KPI for your business.

Often there is synergy among goals, and a single KPI may track progress toward multiple hospital goals. A common goal for veterinary hospitals is increasing the rate of compliance because higher levels of compliance should result in healthier pets (see 4.11 – Compliance and Adherence). Of course, increased compliance rates also result in increased income for the practice, thus providing a win–win for the business.

USING BENCHMARKS WITH KPIS

It is important to understand the meaning of the word "benchmark." Merriam-Webster defines benchmarks in several ways (www.merriam-webster.com), first as "a standard of excellence or a standard by which others can be measured." An alternative definition is "a point of reference from which measurements are made." When applying the term to the veterinary industry's published benchmarks, it simply means "the average from a set of data." This is an important distinction. When evaluating industry benchmarks, understand that these are not recommendations for where your numbers should be, but averages of the practices included in the survey (see 7.6 – Benchmarking).

The two best-known sources of benchmarks for companion animal practices are the American Animal Hospital Association (AAHA) and the Well-Managed Practice® Benchmarks (WMPB) Study.[1,2] KPIs can be used in conjunction with benchmarks to improve performance. Use benchmarks as reference points and use KPIs to evaluate progress toward goals. For example, if the goal is to increase practice profitability, one KPI to monitor is the change in profitability. Some of the benchmarks that relate to profitability are doctor and staff wages as a percent of gross income, production by doctor, and the percent of total income provided by professional services compared to the percent derived from product sales (see 7.7 – Data You Should be Reviewing Regularly).

Remember that the benchmarks are only as good as the data on which they are based. Regarding AAHA's *Financial and Productivity Pulsepoints*, those data were subjected to rigorous statistical testing to ensure the results were accurate. WMPB goes to great lengths to ensure the numbers in their study are reported consistently. Not all benchmarks are so thoroughly vetted.

Regardless of which benchmark or survey you use for comparison, that benchmark represents an average of the practices surveyed. That average may or may not represent your practice. For example, AAHA's benchmark for prescription food revenue as a percent of total revenue is 3.4–3.6%[1] and the WMPB for food revenue is 3.9%.[2] For practices that sell considerably more food than average, is it appropriate to intentionally sell less food simply to fit within these ranges? Only if the hospital owner makes a conscious decision to do so to free up space or other resources for a different purpose. No benchmark or KPI should replace strategic planning.

There is no such thing as an "average" hospital. Some of your hospital's numbers will be similar to national averages and others may be very different. It is important to understand what each KPI measures and whether the national benchmarks apply to your hospital. Gain a thorough understanding of how the study defines each measure and consider whether your practice is similar enough to use the data as published. Define the benchmark using the same criteria the publication uses. For example, if "employee benefits" on the hospital's profit and loss statement includes only health insurance and retirement contributions, that number cannot be directly compared to the AAHA average because AAHA includes life and disability insurance, uniforms, dues and continuing education in "employee benefits." If you find yourself wondering why the benefits you offer do not compare favorably, verify that you are making an "apples to apples" comparison. At the same time, do not excuse poor performance by insisting the data are not comparable.

Be cautious when applying a benchmark, and understand that the best performance is not always above or below the benchmark. Consider a benchmark related to staff salary and wages. The industry

benchmarks for this expense as a percent of gross fees are 19.1–20.4%[1] (AAHA) and 22.5%[2] (WMPB). If the hospital's total salaries and wages are higher than 22.5%, it could mean that:
- wages are high compared to the market,
- the schedule is too heavy or includes too many hours of overtime,
- there are too many staff members on the payroll,
- gross fees are too low for the number of staff members.

In contrast, if wages are below 19.1%, it may mean that:
- the practice uses staff very effectively,
- doctors are doing procedures that technicians should do,
- client service levels may be suffering,
- the owner is working too many hours doing things a staff person could do.

You can see that operating below a particular benchmark is not always a positive indicator. This underscores the importance of understanding the factors that influence salaries and wages. If total staff compensation is lower now than it was at the same point last year, did you reduce staff size or cut hours? Have you hired new positions at lower rates than you were paying before? Are the same number of payroll runs included? Perhaps a mistake was made when recording payroll one month. There are many reasons why the numbers may be higher or lower. The most important question to ask when reviewing your practice's performance is, "does this make sense?" Make sure you understand the underlying cause before you take remedial action.

Because every practice is different and none conforms exactly to the industry benchmarks, there are times when it is best to use internal benchmarks and compare your practice to its own performance over time. Unless you have made changes to internal accounting procedures, such a comparison will provide you with accurate, "apples to apples" comparisons.



EXAMPLES

PRODUCTIVITY KPIs

Productivity measures the hospital's income compared to the number of doctors and staff in the practice. Productivity KPIs can support goals such as increasing revenue, bringing a new doctor up to full capacity, determining whether to enlarge the facility or identifying the number of staff hours to include in the schedule. Examples of KPIs include:

- **Revenue per FTE veterinarian:** This is calculated by dividing the hospital's gross revenue by the number of FTE veterinarians, including relief doctors. In addition to regular fee increases, revenue per FTE doctor can be increased by offering all appropriate services, following up on recommendations, increasing compliance levels, capturing all charges, minimizing discounts, ensuring clients understand the recommendations made and why they are appropriate for the pet, and following up on cancelled appointments and "no shows." This is a good example of a KPI that requires concerted effort from multiple team members.
- **Revenue per FTE staff member:** This is calculated by dividing the hospital's gross revenue by the number of FTE nonveterinarian employees. This KPI may be part of goals to increase revenue, improve efficiencies, reduce overtime hours, and increase profitability, a KPI in its own right. The methods to use to increase revenue per staff member are consistent with those for increasing revenue per FTE doctor. However, this KPI comes with a caveat. Understand that the ideal revenue per employee is neither too high nor too low. Often, practices with low revenue per FTE employee will defend their position by saying that their practice focuses on client service more than the average practice, and more employees are needed to provide that higher level of service. Consider, however, that businesses that provide excellent customer service can charge more than a practice that provides lower levels of client service. At the opposite end of the spectrum, if revenue per FTE staff member is much higher than the benchmark, it may indicate that there are not enough staff hours or not enough people on the schedule to handle the caseload. This situation may lead to stress and potential burnout, as well as lower levels of client satisfaction.
- **Revenue per open hour:** This is calculated by dividing gross revenue by the number of hours open. This KPI measures how well the facility is utilized as well as its ability to meet the demand for services. This KPI relates to goals for increasing revenue as well as strategic goals for expanding hours of operation.
- **Revenue per square foot:** This is calculated by dividing gross revenue by the square footage of the facility. This KPI provides information regarding how efficiently the facility is used as well as whether it is time to consider an expansion or a move to a larger facility. Revenue per square foot will be very different for a practice that does a large amount of boarding than for a practice that does little to no boarding.

INCOME-TO-EXPENSE RATIO KPIS

- **Laboratory income compared to laboratory expense:** The ratio of laboratory income to the corresponding expense can be used to determine if pricing is appropriate, whether missed charges are being identified, and whether income is keeping pace with inflation. To make this measurement even more useful, track the ratio of in-house lab income to in-house lab expense separately from ratio of reference lab income to reference lab expense. Although many practices have integrated laboratory equipment, meaning every test ordered appears on a client invoice, a percentage of tests are not charged, frequently because a doctor or staff member chooses to discount the test in part or in full. Tracking these ratios over time will help to identify areas where the practice may be losing money.
- **Prescription food income-to-expense ratio:** With the competition for food sales, most veterinary practices have a very low margin on food, meaning the markup is small. As decisions are made to reduce the number of brands and varieties stocked, this income-to-expense ratio should stay the same or increase. This KPI relates to cash flow, profitability, as well as client satisfaction.

FINANCIAL

- **Quick ratio:** "Quick" assets can be converted to cash within 90 days and the quick ratio measures how easily the business can meet short-term liabilities. This ratio, defined as quick assets divided by current liabilities, is often used as a KPI related to the practice's financial stability and growth.
- **Costs of professional services (COPS):** These are the costs associated with providing veterinary medicine to your patients. This is a huge category of expenses that includes pharmacy, laboratory, imaging, anesthesia, surgical supplies, and diet and over-the-counter products. COPS represents a huge investment of money, and closely managing this area can improve profitability, cash flow, and return to owners.
- **Inventory turnover:** This ratio calculates how quickly the practice sells the inventory on its shelves or how often it "turns" or replaces

7.8. KEY PERFORMANCE INDICATORS

inventory on hand. Tracking inventory turnover as a KPI would relate to goals for reducing COPS or increasing cash flow. Although having a higher number of turnovers indicates that the practice is keeping a minimum amount of product in stock, if the number of turns is too high it could indicate that an excessive amount of staff time is required to place frequent orders, or that inventory levels are inadequate for the level of business the practice generates.

- **Profitability:** Of all the financial KPIs, profitability is the most important for overall practice success as well as sustaining the value of the business to a buyer. Profitability represents the money remaining after all normal business expenses are paid, including fair market rent and owners' compensation equal to what a non-owner would be paid. Profitability KPIs support goals related to cash flow, financial stability, return to owners, practice value, and owner exit planning.

There are many other KPIs related to the financial aspects of running a business. However, relying strictly on financial KPIs takes attention away from a large portion of practice activity. KPIs from several different areas should be tracked to give a broad view of the practice. Other critical areas where KPIs are often implemented relate to compliance levels, client engagement, marketing, and human resources. Examples of relevant KPIs for veterinary practices include the following:

- Compliance
  - Number of fecal tests per number of wellness exams
  - Number of senior panels per number of senior wellness exams
  - Number of pre-anesthetic laboratory tests per number of surgeries/dentistries
  - Percent of dogs on heartworm preventive
- Client engagement levels
  - Client satisfaction scores
  - Client retention rates
  - Frequency of visits
- Marketing
  - Lifetime value of a client
  - Social media traffic, "likes" and "followers"
  - Brand awareness
- Human resources
  - Time to fill positions
  - Engagement level
  - Ethnic and age diversity
  - Absenteeism
  - Employee satisfaction.

UTILIZING KPIs IN A VETERINARY HOSPITAL

Just as it is important to review financial statements regularly, KPIs should be monitored and discussed throughout the year. Based on their relationship to the hospital's goals, some KPIs should be reviewed weekly or monthly, while those that do not change dramatically from one month to the next may be reviewed quarterly or annually. Profitability, a critical KPI for every hospital, fluctuates throughout the year due to the seasonality of most veterinary practices. Reviewing profitability more than once a year, and acting on those results, could lead to incorrect strategic assumptions.

Like most practice goals, KPIs require staff participation to be successful. KPIs should be clearly defined and easily communicated. Discuss KPIs at staff meetings and explain how each KPI will help the practice track progress toward its goals. Help each person see a direct line between his or her role in the practice and achieving each goal. When employees understand the goals and why they are meaningful, as well as the impact each person has on those goals, the likelihood of achieving those goals is greatly increased (see 2.1 – Workplace Management). Employees want to know that they play a vital role in practice success.

Just as practice goals change over time, KPIs must change along with them. Some KPIs will be relevant for many years, while others will reflect shorter term priorities. Even so, it is best to continue to monitor indicators that are no longer "key" to your goals, to ensure that the practice continues to meet the new standard. For example, if the practice achieved its goal of 80% compliance with fecal exams, instead of dropping that factor completely, review it on a less frequent basis, such as quarterly or semi-annually. Given the many competing priorities in a veterinary hospital, it is easy for compliance levels to drop off when compliance is no longer a key objective. Continual monitoring will help the practice maintain high levels of compliance even after other priorities are in place.

KPIs are important tools to help you monitor the success of the actions you take to achieve your goals. But KPIs have two serious limitations. First, KPIs report what changed, not why the change occurred. It is up to hospital owners and managers to interpret the numbers and identify what changed and why. Regular review allows you to monitor changes and switch course, if necessary, but you must invest the time to understand what caused the change to occur.

The second limitation of KPIs is that they do not measure every factor critical to business success. This is because some key indicators are difficult to measure, let alone quantify. Practice culture, for example, is difficult to measure but is critical to achieving business goals, such as providing high levels of patient care, staff retention and maintaining a positive work environment. Ignoring practice culture while focusing on financial goals may result in a pervasive attitude of being "in it for the money." According to the authors of "Understanding the Importance of Organizational Culture in Veterinary Practices," the more the practice grows, the more difficult it can be to establish and maintain a positive culture.[3]

At their best, KPIs help managers and staff members focus on those factors that influence performance. At their worst, KPIs take too much time to track and take attention and effort away from other important activities. Tracking every possible data point distracts what is truly important and may create confusion among staff and doctors. Nothing is important if everything is important.



CAUTIONS

- Do not collect data simply to collect data. Measuring KPIs takes time, and there are many other demands on practice owners' and managers' time. Measuring 50 KPIs instead of 10 does not result in 5 times the level of improvement. In fact, the time spent tracking so many figures may leave little time to fully investigate the source of changes. There is an article on LinkedIn called "The 75 KPI Every Manager Needs to Know." If veterinary managers could sit in an office all day and do nothing but monitor numbers, it is conceivable that 75 KPIs could be monitored. Given the constant demands on a manager's time, most of which are more time-sensitive than tracking KPIs, a much smaller number of KPIs should be selected.
- Explore why the numbers are changing – or not changing – before taking remedial action.



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
COPS: Costs of professional services
FTE: Full-time equivalent
PIMS: Practice information management systems
WMPB: Well-Managed Practice Benchmarks

7.8. Key Performance Indicators

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7.9. MAKING VALID COMPARISONS BETWEEN PRACTICES AND SERVICES



BASICS

OVERVIEW

There is a high degree of variability between veterinary practices, even though many of these practices offer similar products and services. Whereas the old standard for comparison between practices was often gross revenue, this does not adequately reflect differences in staffing and services rendered and is a poor barometer of practice efficiency.

TERMS DEFINED

Chart of Accounts: Systematic listing of all account names and numbers used by an organization.

Full-Time Equivalence (FTE): Method of comparing staff based on a 40-hour workweek. A staff member who works 40 hours in a week is considered a full-time equivalent employee.

Veterinary Time Equivalent (VTE): Method of assigning labor expenses on the basis of veterinary staffing expense. This allows a practice to calculate approximate labor expenses for procedures using veterinary expense as a standard.



ISSUES AND OPTIONS

STANDARDIZED REPORTING

• If veterinary practices are to be reasonably compared to one another, then the first hurdle is to arrange for all practices to use the same categories and criteria by which they report.

• A chart of accounts uses a standardized naming and numbering system by which transactions can be grouped. In ideal circumstances, with all veterinarians in similar types of practice using the same system, this would allow for the categorization of income, expense, asset, and liability information according to a single industry standard. This standard does not exist, although the American Animal Hospital Association (AAHA) does publish a recommended chart of accounts for companion animal practices (https://www.aaha.org/professional/resources/chart_of_accounts.aspx).

• Most accounting and practice management software comes with an existing chart of accounts that can be modified. If the practice hopes to compare itself with industry benchmarks, then it will be important to modify the chart of accounts from the outset.

BENCHMARKING

• Covered in more detail elsewhere in this book (see 7.6 – Benchmarking), benchmarking is becoming more and more popular in veterinary medicine, as more practices start to embrace more standardized methods of reporting. There now are several excellent resources for benchmarking income and expense elements, veterinary fees, and compensation and benefits, which can be found in the Recommended Reading section.

PROFIT CENTERS

• Although it is certainly possible to lump all revenues together, as well as all expenses, there are benefits to breaking down hospital services into profit centers – self-contained elements of the practice that have their own revenues and expenses (see 9.5 – Profit Centers).

• Profit center assessment is critical in veterinary practice, because veterinarians often use one portion of a practice to subsidize another. For example, the cost of delivering radiography is not necessarily borne only by those clients needing radiography services. Those costs are often spread across other hospital operations, such as office visits and pharmacy, concealing whether radiography is actually generating a profit or costing the practice money.

• Some common profit centers in veterinary practice are pharmacy, outpatient visits, laboratory, surgery, dentistry, hospitalization, vaccination, and others. Depending upon how informative the assessment is to be, the profit centers might be broken down into their component elements, such as pharmacy being attributed to prescription items dispensed or administered, nonprescription items sold (including parasite-control products), and diet sales (prescription and nonprescription).

• Tracking revenues and expenses related to profit centers is relatively simple in a computerized practice, because once the centers have been established in the software's chart of accounts and assigned appropriate codes, the process is automatic.

STAFFING ELEMENTS

• It is generally accepted that practices are most profitable if veterinarians do what they are best trained to do (practice veterinary medicine), and paraprofessional staff handle most other medically oriented tasks in the practice. In the very oldest models of the profession, the veterinarian may have literally been a "one-person" taskforce, doing all of the associated labor and often the billing as well. That was very limiting, because the veterinarian could not deal with more than one patient at a time, and thus could only be compensated by one client at a time for services rendered.

• In most small animal practices, there are four or five nonveterinary staff members to every full-time equivalent (FTE) veterinarian. This allows staffing to perform duties for which the veterinarian is not directly required, such as the duties performed by receptionists, technicians/nurses, assistants, kennel attendants, and managers. There are still some practices where this ratio is close to 1:1, whereas with others the ratio might be 15:1 or even more. Both of these kinds of practices can be profitable. Veterinarians who like to do all of their own patient work save money on practice staff, which often consumes 25% of practice revenue. Veterinarians who delegate more responsibility often generate higher gross revenues, but have increased staffing expenses.

• Whenever comparing practices, it is important to understand these differences so that valid comparisons can be made. One basic way of doing this is to compare services between practices, correcting for the number of FTE veterinarians. For the purposes of standardization, an FTE veterinarian is expected to work a 40-hour workweek, even if the typical veterinarian works much more than that.

• Comparing practices based on full-time veterinary equivalency is useful, but it does not provide a lot of information on staff efficiency. One way to compare staffing among practices is to assess the number of staff hours needed to generate a single invoice. This can be accomplished by measuring the total nonveterinary staff hours in a given period and dividing that by the number of transactions in the same period. In most veterinary practices, a good goal is to keep this ratio (total staff hours/total transactions) at two or less. Some very efficient practices can function at a ratio of 1.75 to 1.85 to 1. Another method of comparing staff productivity is to measure income per nonveterinarian employee, by dividing a practice's total income by the number of FTE nonveterinarian employees and comparing that with industry benchmarks (such as the AAHA's *Financial and Productivity Pulsepoints*[1]).

• Another way to assess the impact of staff on income and expenses is to use veterinary time equivalents (VTE) for all medical aspects of the practice that involve veterinarians, technicians/nurses, or assistants. This is a useful method of spreading overhead and labor expenses across all the professional and paraprofessional time available in a practice, and within specific profit centers. This is important, because (for example), veterinary practices are expensive operations to manage, and most of the expenses are not things that can be directly allocated to clients (e.g., staff wages, utilities, telephone expense, etc.). VTEs are a way of correcting for this.

7.9. Making Valid Comparisons Between Practices and Services

• For example, within the medical arena of a veterinary practice, the only medical duties that get billed to clients do so because of the efforts of veterinarians, technicians/nurses, and assistants (not receptionists or office managers who can support those efforts, but not directly deliver them). Therefore, if we can determine the hours these medical staff members work, and their rate of pay compared to that of a veterinarian, we should be able to spread the cost of overhead on a per-minute basis across all of these professionals and paraprofessionals on a compensation-adjusted basis. Another option is to spread the charges over all transactions to get an overhead rate per transaction, but this does not fairly allocate expenses based on how much staff time is required.

CALCULATIONS

ABC Veterinary Hospital wants to calculate an overhead rate per minute for the hospital and a labor rate per minute for its employed (associate) veterinarians, technicians/nurses, and assistants. For comparison purposes, the practice pays its technicians roughly one-third of a veterinary salary and its assistants receive (on average) one-quarter of a veterinary salary. The average veterinary rate of pay is considered one VTE. The total overhead expenses for a period is $12,000, not including veterinary or paraprofessional salaries or supplies. During the period, there were 200 hours of veterinary time available (200 VTE hours), 450 hours of technician time (150 VTE hours), and 200 hours of assistant time (50 VTE hours), comprising a total of 400 total VTE hours of medical availability. The practice's management consultant has determined that only 50% of practice time is billable to clients, so it must spread the overhead over half of the time availability, or 200 VTE hours.

$$\begin{aligned}\text{Overhead rate} &= \text{Overhead/VTE availability}\\ &= \$12,000/200 = \$60/\text{hour or } \$1/\text{minute}\end{aligned}$$

Therefore, for procedures performed at this clinic by veterinary or paraprofessional staff, an overhead rate of $1 per minute should apply. (Applications of this principle are covered in more detail in 7.12 – Pricing Strategies.)

The management consultant has determined that for associates to receive their current compensation (based on production), they must be billed out at $4.20 per minute. How much should the practice calculate the labor portion of the cost of placing a catheter in a dog, if it takes one technician and one assistant six minutes, on average, to perform the task? Not counting overhead, materials, or profit, the labor cost should be approximately the following:

$$\begin{aligned}\text{Labor cost} &= \tfrac{1}{3}\ \text{VTE} * \$4.20/\text{min} * 6\ \text{minutes}\\ &\quad + \tfrac{1}{4}\ \text{VTE} * \$4.20/\text{min} * 6\ \text{minutes}\\ &= \$8.40 + \$6.30 = \$14.70.\end{aligned}$$

Therefore, the labor portion of the charge should be $14.70 for the six-minute task. (Applications of this principle are covered in more detail in Section 7.12 – Pricing Strategies.)



EXAMPLES

Practice A has medical service income of $825,000 with two veterinarians on staff, whereas Practice B has medical service income of $960,000 with four veterinarians. Which practice is more productive? One way to compare the revenues is based on the veterinary hours worked. In Practice A, Dr. Smith works 60 hours a week and Dr. Jones works 50 hours a week. Therefore, Practice A has doctors working 110 hours a week, which converts to 2.75 FTE veterinarians (i.e., 110/40). In Practice B, the veterinarians each work 30-hour workweeks, averaging 120 hours a week in total, or 3 FTE veterinary positions (i.e., 120/40). Therefore, Practice A generates $300,000 per FTE veterinarian ($825,000/2.75), while Practice B generates $320,000 per FTE veterinarian ($960,000/3).



CAUTIONS

• These are only some of the techniques used to help make valid comparisons between practices. A variety of other models can also be used, including calculating various measures of profit (such as earnings before interest, taxes, depreciation, and amortization, EBITDA), which can help compare veterinary practices across other industries.
• It is important to realize that whenever generalizations are made about what constitutes business success, by studying existing companies (such as with benchmarking studies), the results are likely to be plagued by selection bias – that is, relying on samples that are not representative. Surprisingly, one of the best ways of overcoming such bias is to examine both thriving and floundering companies and trying to identify the qualities that separate the successes from the failures.



MISCELLANEOUS

To effectively determine how a veterinary practice is doing relative to others in the profession, there needs to be certain measurements that can be used as benchmarks (see 7.6 – Benchmarking). Newer tools, especially on-site resources and surveys performed by various veterinary organizations, are producing results that make this an achievable reality.

ABBREVIATIONS

AAHA: American Animal Hospital Association
EBITDA: Earnings before interest, taxes, depreciation, and amortization
FTE: Full-time equivalent
VTE: Veterinary time equivalents

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7.10. COMPENSATING OWNERS IN MULTI-OWNER PRACTICES



BASICS

OVERVIEW

When starting a business with one or more partners, the owners may share everything equally, from responsibility to salary. As the business grows and changes occur in the owners' lives, compensation structures must adapt to meet these evolving needs.

TERMS DEFINED

ProSal: The practice of compensating veterinarians with a base salary and performance bonuses for personal production exceeding a specific threshold. The term is a conflation of "production" and "salary" and provides the security of a salary with the opportunity to earn more.



ISSUES AND OPTIONS

From a theoretical perspective, compensation for veterinary practice owners consists of two pieces: compensation for the work they do in the practice and a share of the practice's profits, usually allocated per ownership percentage. Whether they are veterinarians or managers, hospital owners must understand that their total compensation reflects their personal efforts and overall hospital profitability.

The first piece of ownership compensation is based on the work each owner does in the practice. For veterinarian owners, this piece includes a clinical portion as well as a management portion. For manager owners, only the management portion applies.

COMPENSATION FOR CLINICAL PRODUCTION

Veterinarian owners should be compensated for clinical production in the same manner and rate as the associate doctors in the practice. This compensation may be based on straight production, ProSal, or a salary. A salary should reflect what each owner would make if paid on production. Salary-based pay can lead to resentments in multi-owner practices if there is a mismatch between the salary and the work schedule. With multiple veterinarian owners, some form of production-based pay is ideal because it minimizes disagreements over mismatched schedules and compensation.

COMPENSATION FOR BUSINESS MANAGEMENT

Owner managers should be paid for the responsibilities they have, and the expertise required to address those responsibilities properly. As a rule, total compensation for practice management should not exceed 5% of the hospital's total gross fees. A range of 1–5% of gross fees for management compensation is common, with smaller practices paying a lower percent of gross. Large practices require more management infrastructure for shift managers, facility managers, IT managers, etc. A higher percentage of gross is needed to pay for this additional management expertise, The more money spent on non-owner management, the less compensation is available for owners to take.

PROFIT DISTRIBUTION

Practice owners receive a portion of the business's annual profit in the form of dividend, distributions, or draws. The ability to withdraw profit is one of the greatest rewards of business ownership. The caveat is this: the business must be profitable before this payment can occur. Some owner compensation formulae dictate a percentage of gross fees to allocate to owner distributions. What these formulae ignore is actual practice profitability. The business must first be profitable or there is nothing to allocate to the owners.

It is important to leave sufficient money in the practice to cover normal expenses and have cash available to take advantage of opportunities that may arise throughout the year. Sometimes owners take such large distributions that there is little left to invest in new equipment, doctor and staff education, or facility improvements.

FAIR COMPENSATION

In multi-owner practices, it is important that each owner's compensation is "fair." Understand that "fair" compensation does not mean "equal" compensation. If two veterinarian owners invest the same amount of money to start a practice, work the same number of shifts, produce the same amount of income, and divide management responsibilities between them, having identical compensation and benefits may be fair. Unfortunately, the facts are rarely this clear.

An owner may need to work a reduced schedule temporarily or permanently. Another may wish to take an extensive vacation. Because there is no way to predict what the future holds, use a flexible owner compensation formula and make it part of the owners' agreement. Decide in advance under what circumstances changes will be made to the formula, so it is not necessary to make a critical decision during a crisis.



EXAMPLES

The hospital is owned by two veterinarians. Each works four days per week and is paid 20% of veterinary production. Owner A spends one out of four days on management instead of seeing patients, while Owner B spends all four days seeing patients and does the schedule from home on the weekend. Together, they decided that total owner management compensation will equal 2% of gross fees, and that each will have an equal portion of management responsibility. The tacit agreement is that each spends approximately 12 hours per week on management responsibilities.

Example 1	*Owner A*	*Owner B*
Gross fees = $1,500,000		
Clinical production	$400,000	$480,000
Clinical compensation @ 20%	$ 80,000	$ 96,000
Management compensation @ 2% of fees = $30,000	$ 15,000	$ 15,000
Total	$ 95,000	$111,000

Comparing compensation, each is paid appropriately for their clinical production. Owner B will make more veterinary compensation because she sees more cases. Management compensation is equal, based on their agreement.

The following year, Owner A wants to increase time spent on management duties such that half of her time in the practice is spent on management and her time as a veterinarian is reduced to two days per week. What is the impact on owner compensation?

Example 2	*Owner A*	*Owner B*
Gross fees = $1,500,000		
Clinical production	$320,000	$480,000
Clinical compensation @ 20%	$ 64,000	$ 96,000
Management compensation @ 2% of fees = $30,000	$ 15,000	$ 15,000
Total	$ 79,000	$111,000

In this situation, Owner A's production is lower which results in lower clinical compensation. The $80,000 reduction in personal production, which resulted from working one fewer day as a

7.10. Compensating Owners in Multi-Owner Practices

veterinarian, must be generated by another doctor in the practice to maintain the same level of gross fees. Because all doctors are paid the same rate of production, total veterinary compensation remains the same, but compensation to Owner A is lower.

Now consider management compensation. In this example, the allocation of management compensation remains the same; but should it? Would it be "fair" to reallocate the pool such that Owner A receives 2/3 of the pool ($20,000) and Owner B receives 1/3 ($10,000)? Should Owner B accept less management compensation simply because Owner A wants to do more management? Would Owner A relieve Owner B of some or all management responsibility?

This simple situation underscores the need for a clearly defined owner compensation strategy. Seemingly minor changes in responsibilities, combined with the sensitive nature of compensation discussions, can create tension between practice owners. The more hypothetical situations can be discussed and decisions regarding compensation made in the early conversations and incorporated into a compensation formula, the fewer difficult conversations may occur in the future.

What considerations should be part of the owner compensation formula? Certainly, the hospital's gross fees and profit level should be captured. There should also be an allowance for principal payments on loans, acquisition of new equipment, leasehold improvements, and a decision on the minimum cash balance to maintain in business bank accounts.

Differences in the costs of benefits should also be part of the equation. If one owner is much younger than the others, health insurance costs will be different. Life insurance premiums will be higher for the older owners, too. Include premiums paid by the practice on behalf of the owners' families, plus other benefits provided for family members such as cell phones, car insurance, or gym memberships.

Sometimes, the owners' spouses work long hours in the practice without compensation. Other times, family members may be on the payroll but rarely set foot in the practice. This arrangement may allow nonworking spouses to contribute to a retirement plan, or may help fund college savings plans for children. When family members are on the hospital payroll, the owners' total compensation formula should include any "excessive" pay to family members above what an unrelated person would earn for a similar position. For example, if kennel attendants are paid $10/hour but an owner's son is paid $25/hour for the same work, the $15/hour difference should be reflected in the calculation of total owner compensation.

Strong business partner relationships make owning a business more manageable, lessening the burdens on and increasing the strength of the management team. Flexible, well-documented compensation agreements allow all parties to understand the impact changes in their personal situations will have on their compensation.



CAUTIONS

- Business owners should work closely with their tax advisors when making decisions related to compensation and profit withdrawals to understand the income tax consequences to the business and to each owner personally.
- Work with an attorney to draft formal agreements among owners that include compensation structures. Include a flexible formula that can accommodate changes in owners' circumstances.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

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7.11. UNDERSTANDING PRACTICE PROFITABILITY



BASICS

OVERVIEW

Understanding the profitability of a practice is one of the most important concepts necessary to manage a veterinary hospital well. The operating profit is the one single number that indicates how well the practice is doing financially. In addition to the obvious impact on current cash flow, profitability also is a critical determinant of practice value.

Most practice owners do not know what their operating profit is and many practices are not particularly profitable. Calculating the true operating profit of a practice is not a simple task. Large or publicly held businesses are required to use generally accepted accounting principles (GAAP) and the financial reports these businesses get consequently include a measure of operating profit. Small businesses are not required to use GAAP accounting, and the financial reports these practices generally receive do not include a reliable calculation of the operating profit of the business. Taxable income per the tax return is calculated based on tax law and this figure is not the same as operating profit. The first time many owners realize their true profitability is when their appraiser talks to them about it prior to selling the practice.

Fortunately, there are many things a practice team can do to improve the profitability of the practice, once they understand what is causing the problem.

TERMS DEFINED

Net Operating Profit: The dollar amount left over after all normal and necessary operating expenses calculated at fair market value rates are subtracted from the revenue of the practice.

No-LoSM Practice: A term coined by the Veterinary Valuation Council of VetPartners describing a practice with no profit–low profit or no value–low value.

Profit Margin: The dollar amount of profits divided by the gross revenue of the practice and expressed as a percentage.

VetPartners: A US-based professional association for those involved in veterinary practice management (www.vetpartners.org).

W-2: Internal Revenue Service (IRS) form that reports income paid and taxes withheld by an employer for a particular employee during a calendar year.



ISSUES AND OPTIONS

As previously noted, the net operating profit of a practice is the single most important financial metric that must be calculated in order to understand the financial success of a practice. In addition to the obvious impact on current cash flow, profitability also is a critical determinant of practice value. In the United States, practice owners have historically assumed (and with good reason) that when they decided to sell their practices there would be buyers ready to purchase them and willing to pay a good price. In other words, they have assumed there was value in these businesses that could be transferred to someone else. Of course, there have always been a few practices for which this assumption did not hold true. A buyer could not be found or what buyers wanted to pay was not remotely what the seller thought the practice was worth. Fortunately, there were not too many of those practices.

In the last 10–15 years, however, the number of practices with no or little profitability (and no or little value) has been increasing – to the point where the Veterinary Valuation Council of VetPartners (a US-based professional association for those involved in veterinary practice management) coined the term "No-LoSM practice" (no profit–low profit or no value–low value) to describe these practices. More and more practices, when appraised, did not have the profit or value that would normally have been expected and thus fall into this No-LoSM category. In almost all cases, the owners of these practices were totally unaware of the problem.

Some of these practices had traits in common with the practices that have historically had little or no value. They were small practices that had not kept up with changing client demands regarding service, quality of medicine, advanced technology, and improved facilities.

The other practices with no or little value, however, were a surprising group. On the surface, these practices would appear to be doing very well. They were located in very attractive facilities, offered a high quality of medicine and surgical care, had all the latest equipment, a large support staff, offered comparatively high compensation and benefits to their employees and, in the owners' eyes, cash flow was strong.

7.11. UNDERSTANDING PRACTICE PROFITABILITY

Table 7-11-1. Calculating operating profit.

Taxable Income	
+	Depreciation (Note A)
+	Amortization (Note B)
+	Equipment lease payments (Note C)
–	Average amount spend on equipment per year (Note D)
+	Interest on debt (Note E)
+	W-2 compensation paid to practice owners and related payroll taxes (Note F)
–	Fair market value owner compensation for medical and surgical work (Note F) including related payroll taxes
–	Fair market value owner compensation for management work including related payroll taxes (Note G)
+	Rent paid (Note H)
–	Fair market value rent for the land/building that the practice is housed in if the practice owner also owns the facility (Note H)
+	Personal expenses paid by the practice on behalf of the owner (Note I)
–	Estimated value of free services provided to the practice by family members or others (Note J)
+	Compensation paid to family members or others who do not provide an equivalent amount of work for the practice (Note K)
+	One-time, nonrecurring expenses such as clean-up costs related to a massive flood (Note L)
–	Nonrecurring income (Note M)
–	Interest income (Note N)
=	Operating profit

However, practice value is largely based on profits and the very factors that make these practices look attractive on the surface are those that can reduce profitability (see 14.13 – Determining a Practice's Worth).

As noted, calculating the true operating profit of a practice is not a simple task for a small business. Large or publicly held businesses are required to use GAAP and the financial reports these businesses get consequently include a measure of operating profit. Small businesses are not required to use GAAP accounting and the financial reports these practices generally receive do not include a reliable calculation of the operating profit of the business. Taxable income per the tax return is calculated based on tax law, and this figure is not the same as operating profit. This does not mean those reports are improperly prepared; it simply means the reports required by the IRS or US accounting standards for small businesses were not designed to determine profitability. No one report will give a practice all of the financial information it needs to make intelligent operating decisions; unfortunately, the report that seems to be prepared least often is the one that calculates true practice profitability. Because practice owners and managers are not used to getting this kind of information, they generally do not know what the true profitability of their practice is. The first time many owners realize their true profitability is when their appraiser talks to them about it prior to selling the practice.

Because the reports received by a practice do not include true practice profitability, the practice owner or manager needs to either perform this calculation themselves or consult with a veterinary financial advisor about doing it. The taxable income per the tax return is usually the starting point for this calculation. Although the specific adjustments needed to convert taxable income to operating profit will vary in individual practices, the basic concept is the same for all.

The operating profit is the difference between the operating revenues and expenses of a practice. Operating revenue and expenses include only items normally and necessarily seen in the day-to-day operations of a veterinary practice. Revenue items would include fees for professional services and income derived from the sale of drugs, pet food, or other pet products carried by the practice. Expenses would include facility rent, compensation for doctors and staff, and drugs and medical supplies expense. Non-operating items should not be included. Examples include rental income collected by the practice for an apartment located adjacent to the practice facility or personal expenses paid by the practice on behalf of the owner.

All operating revenue and expense items should be stated at fair market value (FMV) rates. Ideally, the reports used for this calculation are prepared on an accrual basis. If they are not, adjustments may be needed for inventory, prepaid expenses, or other items for which there is a significant variation between cash and accrual accounting. An accountant or financial consultant can help determine if this needs to be done.

For ease of comparison with other practices, the operating profit is generally stated as a percentage called the profit margin – this is calculated as operating profit divided by gross revenue.

The basic formula for calculating operating profit is shown in Table 7-11-1. Various adjustments are made to taxable income to arrive at this figure.

The operating profit is divided by the gross revenue of the practice to get the percentage profit margin. In some practices, there may be other adjustments necessary to convert taxable income to operating profit. Remember that the goal is to include all operating practice revenue and expenses in the calculation at fair market value rates. If non-operating revenue or expenses are included in the tax return,

7.11. Understanding Practice Profitability

remove them. If operating revenue or expenses are *not* included in the tax return, then they should be included in the calculation. If any operating revenue or expense item is included but not at fair market value rates, then adjust the figure to fair market value.

The following is a discussion of the adjustments included in Table 7-11-1:

- Note A: Depreciation is a way of allocating one-time expenditures to the various periods in which the practice will benefit from the expenditure. For example, the purchase of an ultrasound machine will benefit a practice for more than one year; therefore, the entire expense should not be recorded in the financial records of the practice in the year of purchase. Instead it should be spread out over the years that the practice will own the equipment. The IRS generally does not use depreciation methods that truly reflect the "use" of the expenditure by the practice over the life of the equipment. Instead they are using the tax law to promote various policy decisions and the depreciation period used in the tax return does not reflect the actual useful life of the equipment. The depreciation amount must be removed from the operating profit calculation and replaced with a better estimate (see Note D).
- Note B: Most items amortized in a practice's tax return (goodwill, startup expenses) are one-time expenditures that should not be included in the operating profit calculation.
- Note C: Equipment lease payments included as expenses in the tax return should be removed in the profitability calculation. A better estimate of the average amount spent on equipment each year will be substituted instead.
- Note D: Depreciation related to equipment purchase is removed from the operating profit calculation because the amounts used in the tax return are not correct for these purposes. Similarly, lease payments are also not included in the profit calculation. However, equipment purchase is an ongoing, important expenditure in a practice and must be included in the operating profit calculation. This is normally done by deducting the estimated average amount spent on equipment per year.
- Note E: The interest portion of any loan payments is not included in the operating profit calculation. This is considered a financing cost, not an operating cost.
- Note F: Owner compensation is one of the most significant adjustments and almost always has to be calculated differently in determining operating profit than would be done for the tax return. Owners often arbitrarily determine an amount they will be paid through their payroll system; this amount often has no correlation to the actual medical, surgical, and management work the owner does in the practice, and therefore, the tax return looks as if the practice is more or less profitable than it really is. Owner compensation for medical and surgical services provided to the practice can be reasonably calculated as a percentage of the personal revenue generated by the practice owner. Twenty percent of owner production is commonly used in a small animal practice. The salary could also be estimated as the amount that would be paid a non-owner veterinarian for similar work. Related payroll taxes should also be adjusted.
- Note G: Owners generally provide management and leadership services to the practice and an estimate of the value of these services must be determined. If the practice owner is the only person providing these services to the practice, a reasonable estimate for owner management compensation would be 3–4% of total practice gross revenues. If the practice has a practice or office manager who is paid to perform some of these services, the owner compensation would be at a lesser rate – perhaps 1.5% of total gross practice revenues. Related payroll taxes should also be adjusted.
- Note H: If the practice owner or a related party does not own the practice facility, no adjustment is necessary to facility rent expense because it is assumed the rate charged for rent is a fair market value. An adjustment may be necessary if the practice owner also owns the practice facility and the rent paid from the practice to the owner is not a fair market value rate. Owners will sometimes charge a rent rate different from fair market value for tax or other reasons. A rent adjustment is also necessary if the facility is owned by the same legal entity that owns the practice and no rent is paid. There is an economic cost to using a facility that must be included in the operating profit calculation.
- Note I: Many small businesses pay for the personal expenses of owners in order to gain a tax deduction. These payments make the practice look less profitable than it really is. These expenses are not necessary to the operation of the practice and should not be included in the operating profit calculation. Examples of these expenses include: excess meals and entertainment expense, excess auto costs, swimming pool payments, personal furniture, trips to Tahiti, airplanes, and so on.
- Note J: Family members or others may provide free business services such as bookkeeping or management services to the practice at no charge. If the practice had to hire someone to do this work, there would be a cost involved and this should be included as an expense in the operating profit calculation.

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• Note K: Family members or others are sometimes paid a salary and benefits from the practice even though they provide no or limited services to the practice. These expenses make the practice look less profitable than it really is and should be removed from the operating profit calculation.
• Note L: Occasionally, a practice will have some kind of very unusual one-time expense that is not representative of normal ongoing operating expenses. These expenses make the practice look less profitable than it really is and should be removed from the operating profit calculation. An example of this kind of expense is the clean-up and repair expenses related to a natural disaster.
• Note M: Occasionally, a practice will have some kind of unusual one-time receipt of income that is not representative of normal ongoing operating income. This will make the practice look more profitable than it really is and should be removed from the profit calculation.
• Note N: Interest income is not considered to be operating income and should be removed from the profit calculation.

In the United States, a profit margin of greater than 18% for a companion animal general (non-referral) practice is considered to be superior, 16–18% is excellent, 13–15.99% good, 8–12.99% is considered fair, and less than 8% a poor level of profitability. The majority of noncorporate-owned practices are thought to fall in the bottom two categories.

Even with this calculation outline, it can be difficult for a practice manager or owner to calculate their own profitability because there are often individual practice variables that impact the calculation. One resource is a practice management consultant with strong knowledge and experience both in finance and in veterinary medicine. Visit the VetPartners website for a list of member consultants (www.VetPartners.org). It is important to remember that operating profit can be measured in both absolute dollars and as a percentage of gross revenues (the profit margin). Both are important numbers and must be understood by the practice owner. The profit margin is useful in that it can be compared between one practice and another. Comparing absolute dollars does not make sense because practices differ in their size and character. Profit margin percentages also help predict whether a practice will sell at a higher or lower price. The absolute dollar profit figure, however, drives cash flow and dollar value of a practice.

If the profits in a practice are not as high as desired, what can be done about it? A lack of profitability either comes from revenues that are too low, expenses that are too high, or a combination of the two. Increasing revenue while holding expenses constant (i.e., increasing productivity and efficiency) will usually have the most profound impact on practice profitability. However, it is critical that expenses be kept within normal limits. Key expenses to focus on include drugs and medical supplies and doctor/staff compensation and benefits. It is also very important to review the expected profitability of major investments such as the purchase of new equipment or a move to a new facility. Too many discounts and missed charges can also lead to declining profitability.

Understanding not only the profitability of the practice but the kinds of factors that lead to this state is critical. Until the practice has an idea of the root causes of the problem, it is difficult to determine what the correct solution is. There are a large number of continuing education courses and publications available to help with practice improvement. Another solution is to work with a financial advisor or practice consultant to gain a greater understanding of the issues impacting profitability as well as possible solutions.



EXAMPLES

N/A



CAUTIONS

Calculating profitability can be very helpful to practice owners and managers who want to understand this information. However, it is important to realize that many practices will have unique aspects in how data are recorded in their accounting system, which will require other adjustments in addition to those discussed here to get the correct profitability calculation. Working with a financial professional can help ensure the calculation is done correctly.



MISCELLANEOUS

ABBREVIATIONS

FMV: Fair market value
GAAP: Generally accepted accounting principles
IRS: Internal Revenue Service

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N/A

Recommended Reading

From the Vetpartners Experts: What's A No-Lo Practice? December 21, 2018. https://www.vetpartners.org/whats-a-no-lo-practice/

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7.12. PRICING STRATEGIES

BASICS

OVERVIEW

There are many different methods by which veterinary services can be priced. Veterinarians frequently price services on the basis of benchmarking to other sellers of similar goods and services (sometimes referred to as community pricing). This is convenient, but is fraught with a number of hazards:[1,2]

- Other practices may be undercharging for the service, so you could be losing money by matching prices.
- Other practices may be overcharging for the service, so there may be opportunities that would result in a competitive advantage.
- In many cases, practices "bundle" their prices (examination, anesthesia, surgery, medications), so it may be difficult to discern the true cost of providing services.

Markup pricing is commonly used in veterinary practices and involves taking the acquisition cost of the product and multiplying it by a markup percentage (or a markup factor) to arrive at a retail price for customers.

Margin (cost-plus) pricing is a basic pricing method in which all of the costs of providing a product or service are calculated, including direct and indirect costs of overhead, labor, and materials, and then a profit margin is added once all costs have been recovered to arrive at the retail price.

TERMS DEFINED

Acquisition Cost: The wholesale price at which a good or service can be acquired for re-sale.
Community Pricing: Establishing a price for a good or service based on the prices charged by others.
Direct Labor Hours: Costs associated with providing staffing for a service.
Margin Pricing: Also known as cost-plus pricing, this involves taking all the direct and indirect costs in providing a good or service and adding a set amount or percentage that corresponds to a gross profit margin to arrive at a retail price.
Markup Pricing: Pricing based on taking the acquisition cost and increasing it by percentage or factor to arrive at a retail price.
Materials: Costs associated with providing products used for a service, including both direct and indirect costs.
Overhead: Costs of operating a business, even if no clients avail themselves of any services.
Profit Margin: The (gross) profit margin is the difference between the total cost to the practice of delivering a product or service, and the final price to the client. It is typically expressed as a percentage.

ISSUES AND OPTIONS

MARKUP

Although markup is currently the most common pricing model used in veterinary practice, it has several disadvantages:

- Applying a fixed markup percentage to the acquisition cost has uneven effects depending on the acquisition cost. So, inexpensive medications that are "marked up" remain inexpensive and provide very little profit potential for the practice, whereas the same markup applied to more expensive goods and services tends to inflate the retail price to the customer, without providing commensurate value.
- Veterinarians may use markups for commodities (products) that are significantly higher than those used by retailers for the same or similar items, potentially making veterinary prices seem artificially higher than competitors.
- Markups tend to amplify the costs of products or services that tend to be more expensive or used to treat larger animals while minimizing the costs of less-expensive goods or services or those used to treat smaller animals, unrelated at all to value delivery.
- Markups applied to acquisition costs tend to work best on moderately priced goods and services in which there is minimal variability in price, or when different markups are used in a tiered fashion, based on acquisition price.
- Paying employed veterinarians (associates) a commission (production) on such items to be marked up forces the final retail price to be even higher to the consumer without providing additional value than was gained from the office visit.
- Using markup enables the easy determination of a retail price, but additional calculations would be necessary to determine indirect costs and profit margin (Figure 7-12-1).

MARGIN

Margin (cost-plus) pricing is used to price a good or service based on full cost recovery plus a gross profit "margin" that could be a percentage or a fixed amount (Figure 7-12-2).

- Margin pricing accounts for all the direct and indirect costs associated with providing a good or service and then adds a gross profit margin.
- It does not penalize an animal that needs a more expensive product or service and does not artificially discount less expensive goods or services or those intended to treat smaller animals.
- Margin pricing intends to achieve full cost recovery for delivering a good or service, and then add a fair gross profit margin based on the value delivered.

OVERHEAD

- Overhead for a veterinary practice includes all basic expenses associated with offering services (such as rent, utilities, and insurance),

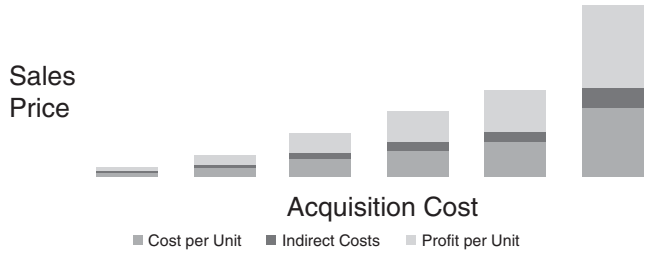


Figure 7-12-1.

When the acquisition cost is "marked up," the gross profit varies with the acquisition cost, rather than value delivery. Accordingly, inexpensive goods deliver very meager profits, whereas more expensive products deliver considerably more gross profit than would be anticipated based on the value being provided.

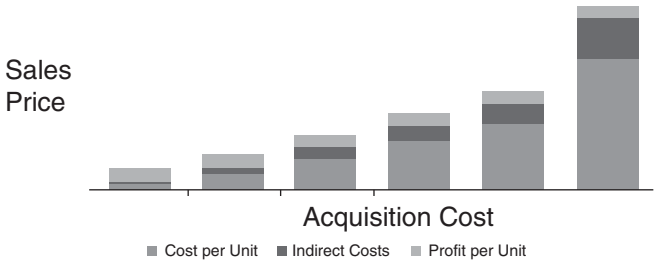


Figure 7-12-2.

When margin pricing is used (in this case, a fixed margin amount), there is full recovery of direct and indirect costs and the desired gross profit margin can be added to determine the retail price to the client.

or total expenses minus the cost of professional and paraprofessional staff and the costs associated with materials that typically would be used up in the process of offering services (suture material, for example). Overhead can be calculated for the entire practice, or there can be individual overheads for each profit center in a hospital.

- The purpose of acknowledging overhead is that it can be an invisible expense for both doctors and staff. When performing procedures within the hospital, it is important to remember that along with products and direct services provided, charges must also include an amount suitable for covering such fixed expenses as rent, utilities, telephone service, insurance, and many others.
- Once overhead is calculated, there needs to be a fair and equitable way to spread that cost over all the services performed. Some overhead items can be directly allocated to specific profit centers, such as the radiographic machine lease to the imaging profit center, but other charges, such as property maintenance, telephone service, and utilities, need to be assigned based on some other "driver," such as square footage of the facility, personnel levels, and so on.
- For equipment used during a procedure, it is also worthwhile to build replacement cost into the final fee. Thus, if a piece of equipment has a likely lifespan of 1,000 applications, then the eventual replacement can be paid for by assessing one one-thousandth of that replacement cost every time the piece of equipment is used (and accounting for time value of money if relevant; see, 7.1 – Time Value of Money) and passing that expense along to the beneficiaries of that equipment use.
- Once overhead has been apportioned, there needs to be some unit measure by which it can be passed along to clients. One of the most direct ways of doing this is using veterinary time equivalents (VTE) (see Section 7.9 – Making Valid Comparisons Between Veterinary Practices and Services). This spreads the overhead over the time availability of those individuals capable of initiating billable services; namely, veterinarians, technicians/nurses, and assistants. In fact, it allows a practice to calculate how the overhead should be assigned to clients on a per-minute basis, depending on the level of staffing required and the length of the procedure.
- In practices that do not bill clients for time spent by technicians and assistants, nonveterinary staff expenses can be included in overhead.

LABOR

- A large part of offering veterinary services is the staffing component for the hospital. Although most veterinary staff are continuously busy throughout the day, it is still almost impossible that every minute is directly billable to one client or another. There are many "nonbillable" gaps in the day, including communicating with clients on the telephone, cleaning, the time between appointments or procedures, and the time needed to complete medical records. It is not unusual that only about 50% of a veterinarian's time (and about 75% of a technician's time) in any given day is directly billable to specific clients.
- VTEs can also be used to apportion labor charges for any given procedure, based on staffing levels and length of procedure. In general, if a per-minute billing rate can be determined for veterinarians in the practice, the cost of paraprofessional staff can be expressed as fractions of this amount. For example, most technicians are compensated at about one-third of that of an employed veterinarian, and veterinary assistants are typically compensated at about one-quarter of that of an employed veterinarian.
- Once again, if the practice does not bill clients on the basis of nonveterinary paraprofessional staff efforts, then those staff expenses can remain in overhead and only veterinary time can be counted in labor calculations.

MATERIALS

- Materials used in the process of offering a service must be included in the pricing, together with the "invisible" indirect costs of the products. The indirect costs are often significant, and likely average 20–45% of the direct costs in most practices. Indirect costs include ordering costs (employee's time spent buying the product, receiving and unpacking the orders, and putting the product on the shelves) and holding costs (the value tied up in inventory, personal property taxes paid on the inventory, wastage, insurance costs, theft, etc.). In some practices, product theft (often known as "shrinkage") can be significant enough that indirect costs surpass 50% of direct costs.
- When considering materials costs in a margin (cost-plus) equation, it is important to add up all the materials used in the process and then add a reasonable percentage for indirect costs. If the numbers have not been determined for an individual practice, a standard of 30–35% would not be unreasonable.
- When considering direct and indirect materials charges, do not forget common expenses such as medical waste disposal. Every time any form of tissue, or a syringe, needle or gauze is used and discarded as medical waste, an appropriate charge should appear on the client's invoice.

PROFIT

- There are many definitions for profit, but in margin pricing, the gross profit is the actual dollar value (often expressed as a percent) that is added to the equation as the desired return on investment once all the costs of offering the service have been recovered. It is important to note that the gross profit margin must be based on the final retail consumer price ("off the top") or the amount remaining will not cover the underlying costs. The same holds true for production-based compensation. If it is not calculated correctly, the profit margin will not yield the desired return.
- For example, a consultant determines that the total cost of offering a service (including direct and indirect costs of overhead, labor, and materials) is $100. The practice wishes to make a 25% profit on the service, and initially prices the service at $125 (i.e., marking it up by 25%). The consultant informs them that this does not deliver a 25% profit and shows why. Twenty-five percent of the total bill of $125 would actually be $31.25, significantly more than the $25 remaining after the costs have been paid. If the client was charged $125 and $100 went to cover costs, the $25.00 remaining provides only a 20% profit (i.e., $25/$125 = 20%; 20% of $125 is $25). The proper way to calculate a profit margin is demonstrated in the Calculations section.

CALCULATIONS

A markup is calculated by taking the acquisition cost and multiplying it by a markup percentage or factor. If the acquisition cost is $100 and a 25% markup is desired, then the retail price would be:

$$\underset{\text{Markup percentage}}{\$100 + (25\% \text{ of } \$100)} \text{ OR } \underset{\text{Markup factor}}{\$100 * 1.25} = \$125$$

So, a markup can either be achieved by adding a markup percentage to the acquisition cost, or by multiplying the acquisition cost by a markup factor (Table 7-12-1). Table 7-12-2 shows the relationship between markup percentages and markup factors. So, for example, a markup of 100% is the same as doubling the acquisition cost; a markup of 150% is the same as multiplying the acquisition cost by 2.5.

Table 7-12-1. The relationship between markup percentages and markup factors.

Markup %	*Markup factor*
25%	1.25
30%	1.3
40%	1.4
50%	1.5
100%	2
150%	2.5
200%	3

7.12. Pricing Strategies

Table 7-12-2. When total costs are used, rather than acquisition cost, markup and margin are algebraically related.

Markup %	*Markup*
25%	20%
30%	23%
40%	29%
50%	33%
100%	50%
150%	60%
200%	67%

For margin pricing, to claim a fixed percentage profit of the retail client charge (C), the equation needs to be set up as follows:

$$C = T + (P)(C)$$

where C is the final charge to the client, T is total costs associated with overhead, labor, and materials, P is the percent "off the top" that needs to be available after costs are covered. This could be the profit margin alone, or could include any commission that will be paid to associates.

In this example, if the practice wants a 25% profit margin, the equation is:

$$C = \$100 + 0.25C$$
$$C - 0.25C = \$100$$
$$0.75C = \$100$$
$$C = \$100/0.75 = \$133.33$$

Now, 25% of the final bill is $33.33, leaving $100 to cover costs. If total cost is known, rather than just the acquisition cost, then margin and markup are just different sides of the same coin. For any desired margin percentage, the markup percentage can be calculated as the desired margin divided by 100 minus the desired margin (and expressed as a percentage), or determined through a profit margin calculator (such as https://www.calculatorsoup.com/calculators/financial/profit-margin-calculator.php).

If the desired margin percentage is 60%, then the markup is 60/(100 – 60) or 150%. So, when a practice uses a 2.5 × markup (150%) on acquisition costs, they are achieving a gross profit margin of 60% (not counting production commissions that they may be paying their associates, the indirect costs of maintaining their inventory, and any shipping charges or taxes). Notice how steeply the markup climbs compared with the margin, and you can appreciate the pricing impact that markups have on client costs (Table 7-12-2).



EXAMPLES

EXAMPLE 1: GROSS PROFIT MARGIN ON A SERVICE

ABC Veterinary Hospital, which sets prices on the basis of both professional and paraprofessional labor, would like to price catheter placement – a procedure that does not involve a doctor, but does involve one technician and one assistant, and takes an average of six minutes. The labor rate based on VTE for the six minutes has already been calculated (see 7.9 – Making Valid Comparisons Between Practices and Services) to be $14.70. The overhead rate for the practice has been determined to be $1.00 per minute. The direct cost of supplies is $6.00, and an estimate of the indirect expense is 45%; therefore, the total materials cost is $8.70 [$6 + (0.45)($6)]. If the practice hopes to make $25% profit on the procedure, what should it charge? In this case, the equation is:

$$T = \text{Overhead} + \text{Labor} + \text{Materials} = \$1 * (6 \text{ minutes}) + \$14.70 + \$8.70 = \$29.40$$

To make a 25% profit,

$$C = T + P(C)$$
$$C = \$29.40 + 0.25(C)$$
$$C = \$39.20$$

EXAMPLE 2. FIXED GROSS PROFIT MARGIN ON A MEDICATION

ABC Veterinary Hospital preferentially uses injectables when medically prudent to do so, both as convenience for pet owners and to ensure compliance. They are having trouble pricing some of these medications for pet owners when using standard markups and are wondering if margins might make the medication more cost-effective for pet owners. For one of the medications, they have determined that the direct cost is $2.25 per kilogram to treat and they estimate that the indirect costs are approximately 33–35% of the direct costs, or roughly $0.75 per kilogram, and the total drug cost is therefore about $3 per kilogram treated. In a 4.5 kg cat, that represents about $13.50 in total drug costs [($2.25 + 0.75) * 4.5 kg] and they typically use 150% markup on the acquisition cost of $2.25/kg (2.5 times the acquisition cost) to price the product at $25.32 ($2.25 per kg * 4.5 kg * 2.5 markup factor) for most cats (not counting the injection charge). This amount was acceptable to most cat owners, but they questioned how much profit they were actually making on the basis of this markup. On the other hand, they did get objections when they attempted the same approach with large dogs. Recently they wanted to treat a 45 kg Labrador retriever with the medication but the pet owner balked at the suggested price of $253 (acquisition cost of $2.25 per kg * 45 kg * markup factor of 2.5) plus an injection fee.

The hospital administrator evaluated the situation, considered the effort involved, the value to the customer, and the gross profit margin and had several suggestions. It was first suggested that because it takes the same effort to inject the large dog as it does the small cat, perhaps they should price the product with full cost recovery and a sensible fixed gross profit margin of $25 per animal treated. In this instance, the 45 kg dog would be treated with total medication costs of $3 per kg * 45 kg, plus the $25 fixed margin, or $160 (not counting the injection fee). They found that this was much more attractive to owners of large dogs. Using the same rationale, they determined that they should change the price for 4.5 kg cats to $38.50 plus the injection fee, so they were making the same gross profit margin on dogs and cats, covering all their direct and indirect expenses, and adding the injection charge to cover technical services (Table 7-12-3).

Markup is calculated by multiplying the patient weight by the acquisition cost per kilogram and then multiplying by the appropriate markup factor. Notice that after full cost recovery for the medication, there is a huge disparity between the gross profit margin for the dog versus the cat, despite the fact that the value delivery (the convenience and compliance of the injection) was essentially the same. This value was captured in the margin approach in which there was full cost recovery (acquisition cost plus indirect cost) and then a fixed profit margin of $25 was added, making the proposition more attractive to dog owners while cat treatments became more profitable to the hospital.

One of the veterinarians in the practice wondered if they were losing money because the price for very large dogs had dropped when they converted to the margin method, but because nobody in the practice

Table 7-12-3. Prices determined by markup and margin, not including the injection charge.

Patient	*Method*	*Acquisition cost ($2.25 per kg)*	*Indirect cost ($0.75 per kg)*	*Client price*	*Gross profit margin*
Cat (4.5 kg)	Markup	$10.13	3.37	$25.32	$11.82
	Margin	$10.13	3.37	$38.50	$25
Dog (45 kg)	Markup	$101.25	33.75	$253.13	$118.13
	Margin	$101.25	33.75	$160	$25

was managing to sell the service to large dog owners at the standard markup, the point was moot. In the new margin model, the practice was injecting both dogs and cats, covering all their costs, and making a fixed gross profit margin with each injection, plus the injection charge. The change resulted in more hospital profit and happier clients.



CAUTIONS

• Using margin (cost-plus) pricing is only as accurate as the estimates used for indirect costs. However, it is far better than benchmarking alone, and approaches pricing from the perspective of covering costs and then charging a standard gross profit margin based on value delivered.

• When employed veterinarians (associates) are paid a commission on their production, this greatly affects the final price to the client in the same way that adding a markup of *x*% delivers a profit margin of less than *x*%. In the example provided previously in which costs were $100 and the practice wanted to make 25% profit, the price to the client was 33.33% above costs to deliver that 25% profit margin. If an associate veterinarian was entitled to make a commission of 22% on the final price, but was not involved in the procedure itself (and so was not counted in direct labor), then the required pricing formula would be:

$$C = \$100 + (0.25 + 0.22)\,(C)$$
$$C = \$181.81$$

Note that to deliver a profit margin of 25% and pay an associate commission of 22%, the actual cost of the service needed to be marked up almost 82%.



MISCELLANEOUS

• The true costs of providing veterinary goods and services is often shocking given that most veterinary practices undercharge for their professional services. This is a chronic problem and translates not only to the relatively low profit margins for many veterinary hospitals, but also to what the practices can then afford to pay paraprofessional staff, receptionists, and practice managers.

• Clients may not know what the price of veterinary products or services should be, but they often have some knowledge of signpost items, things they have purchased in the past that might be considered an approximation. Clients might use the prices of signpost items to form an overall impression of prices quoted, thereby giving at least an impression to guide the purchase of items when they have less actual price knowledge.[3] In some instances, the disconnect between what clients know about the prices of signpost items (such as their own medicated shampoos, or flea-control products they see at a pet store) can lead them to believe that veterinary products are overpriced, so attention must be given to value-based prices, especially those considered shoppable.

• Pricing in the retail marketplace tends to be more dynamic that just establishing a single price for services. In many cases, offering tiered solutions (good, better, best) allows clients to select the level of service they prefer, and often results in higher revenue generation for veterinary practices.[4]

• Today's consumers are not passive price-takers, so it is important to price goods and services in a manner that is considered fair, and a way that focuses on relationships over transactions.[5] If at all possible, prices should be set in ways that encourage customer behavior that benefits both the practice and the pet owner. Businesses that are transparent about how they make their money tend to foster engagement and build trust with clients, which in turn lead to better client satisfaction and retention.

• With continued use, value-based approaches to pricing will help veterinarians charge appropriately, or stop performing services for which they cannot be adequately compensated to cover costs and make a fair return on investment.

ABBREVIATIONS

FTE: Full-time equivalent
VTE: Veterinary time equivalent

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7.13. BREAKEVEN ANALYSIS

BASICS

OVERVIEW

Breakeven analysis shows how revenues related to a new project relate to costs – the breakeven point being the dollar value at which revenues will cover all costs (before there is any thought of profit).

Breakeven analysis is particularly useful when opening a new hospital, expanding an existing practice, or buying major equipment.

TERMS DEFINED

Breakeven Point: The level of sales that will just cover all costs, both fixed and variable. It can be expressed in dollars or units sold (or, in a veterinary practice, the number of patients seen).

Fixed Costs: Costs that do not fluctuate with revenue. For example, the rent paid to lease the building in which the veterinary practice is located is a fixed cost. Even if no clients come in the door and no revenue is generated by the practice, the business still has to pay rent.

Semivariable Costs: Costs that do not fluctuate directly with revenue, but still do not stay fixed in the sense that rent does. Staff salaries are an example. Often these costs increase in a step-wise fashion. Staff salaries may be fixed over a certain range of revenue but increase once the high end of that range is reached.

Variable Costs: Costs that fluctuate directly with revenue. For example, variable costs in a veterinary practice would include anesthesia, drugs, and supplies. If no patients are seen, none of these items is used and there is no procedure-associated cost (other than the original cost of the existing supplies).

ISSUES AND OPTIONS

WHAT IT IS ALL ABOUT

- Breakeven analysis is particularly helpful in analyzing the consequences of starting or expanding a business or when acquiring significant pieces of new equipment.
- In thinking about fixed costs, it is important to note that very few are fixed forever over the life of the business. A two-exam-room veterinary hospital may spend $5,000/month in rent payments for the facility. This amount will be the same whether the practice generates $300,000 or $600,000 in revenue per year.
  - Rent can thus be a fixed cost over a very wide range of revenue (in this case from $0 to perhaps $900,000).
  - There will come a point, however, at which the hospital facility is simply too small to accommodate any more clients or any more revenue growth. In order to continue growing the business, facility expansion will have to occur, and this cost will increase.
  - It is important to recognize that if there were no fixed costs, there would be no breakeven point. A practice would have no costs if it had no revenue.
  - These costs are still considered fixed because they do not change over a long time period.
- At the breakeven point:

Revenue = Fixed costs plus Variable costs

or

Revenue = Total costs

- The formula for calculating the quantity of items sold (or in a veterinary practice, the number of patient visits) at which the business breaks even is as follows:

$$\text{Number of patient visits} = \frac{\text{Fixed costs}}{\text{(Average transaction charge less average variable costs per transaction)}}$$

EXAMPLES

- Dr. Felsted wants to open a cat clinic. She has found a leasehold space that suits her needs and has prepared a budget for the first year of operation. She estimates that staff costs will run about $80,000 during the first year, administrative costs about $85,000, and rent $48,000. She estimates that drugs, supplies, laboratory, and other direct patient care costs will run about 20% of fees. In her previous practice, Dr. Felsted had an average transaction charge (ATC) of about $180 and feels she will be able to match that in her new practice. Therefore, her variable costs are expected to be about $36 per transaction (20% of $180).
- Dr. Felsted does not have another source of income and feels she will need to take a salary of $60,000 the first year and will have debt payments of $63,079 to finance the $400,000 she has borrowed to start the practice. Therefore, her fixed costs are $336,079 for the year.
- The number of patient transactions necessary to break even is calculated as follows and shown in Figure 7-13-1:

$$\text{Patient transactions} = \frac{\text{Fixed costs (i.e., } \$80{,}000 + \$85{,}000 + \$48{,}000 + \$60{,}000 + \$63{,}079)}{\text{ATC } (\$180) \text{ less average variable } \frac{\text{costs}}{\text{transaction}} (\$180 \times 20\%)}$$

$$= \frac{\$336{,}079}{(\$180 - \$36)}$$

$$= 2{,}334$$

- Dr. Felsted must see 2,334 patients (where the line for revenues intersects the line for total costs) during the first year to break even. Assuming she will be open six days a week during the year, will not take a vacation the first year, and will be closed for six holidays, this averages about 7.6 patients a day. Dr. Felsted has a loyal following in the area and expects to draw many new clients from a newly built housing division. Thus, she feels it is reasonable to expect she will be

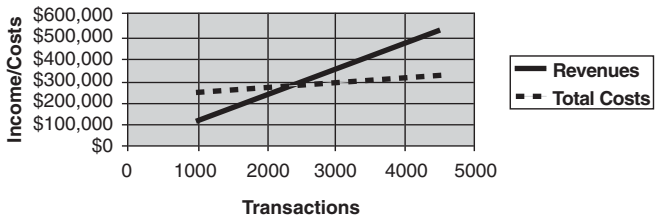


Figure 7-13-1.

Breakeven chart, showing the number of transactions needed for the business to break even.

able to see, on average, at least this number of patients per day. In addition to the revenue from patient care, she anticipates some ancillary boarding, grooming, and prescription refill revenue.

• Breakeven analysis can also be used effectively for new equipment decisions. For example, let us assume the Felsted Cat Clinic has now been in existence for five years and has been doing very well. Dr. Felsted decides to buy a new digital x-ray machine and wants to know how many radiographs she will have to take in order to pay off this machine. The machine costs $70,000, and the average fee charged to clients per series is $135.00. Costs to the practice for each radiographic series are $30 and include veterinarian compensation related to provision of the service, staff time, supplies, and maintenance.

$$\text{Number of radiographs} = \frac{\text{Fixed costs (i.e., \$70,000)}}{\text{Fee for radiographs (i.e., \$135) less cost per series (\$30)}}$$

$$= 667$$

• Dr. Felsted must take 667 radiographic series in order to pay for this machine and start making a profit. Because she takes about six series a week (312 per year), she feels this machine can be paid for in a reasonable amount of time – just over two years. It is important to note that this is a fairly simple example that excludes the time value of money.



CAUTIONS

• Although breakeven analysis is very useful in understanding the relationships among transaction volume, prices, and costs, it does have some weaknesses. As with all analyses, reasonable estimates are essential. The linear assumptions made may not hold true in all cases; for example, as the volume of transactions increases, variable costs may increase or decrease on a per-unit basis. The clientele or mix of services may change, and the ATC generated by the practice may change over time.



MISCELLANEOUS

ABBREVIATIONS

ATC: Average transaction charge

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N/A

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7.14. Activity-Based Costing and Cost Allocation



BASICS

OVERVIEW

- Activity-based costing (ABC) is a form of cost management.
- Cost management deals with the reduction and control of costs.
- ABC is a costing method that has been used effectively in the human healthcare field for many years.
- ABC identifies the true cost of producing a product or service (cost object).
- ABC identifies the activities or processes associated with the sale of a product or service, and estimates the costs of those activities.
- ABC is considered a more accurate method of costing compared with traditional costing methods.
- ABC focuses on indirect costs and makes them direct costs. It traces more costs to a particular product or service than traditional cost accounting, and it identifies the drivers of costs.
- ABC supports management in making strategic decisions on a day-to-day basis and for the long term.

TERMS DEFINED

Cost Driver: Quantifiable measure used to assign costs to activities; reflects the consumption of costs by activities; for example, labor, supplies, equipment, and associated depreciation.

Cost Object: Any activity for which a separate measurement of costs is desired; for example, services, service lines, products, product lines, processes, and responsibility centers (surgery, pharmacy).



ISSUES AND OPTIONS

Traditional cost accounting methodologies determine cost by adding the direct cost of a product or service to a proportionate amount of overhead. The overhead is usually allocated based on a volume indicator such as the number of units produced or number of labor hours. This methodology assumes a direct and proportional relationship between volume and cost, which is not always the case.

In a veterinary hospital, different services and products consume very different amounts of resources. Some products and services require significantly more resources to produce than others: for example, selling a retail product versus spaying a dog. Resources consumed include labor, medical supplies, and equipment. Consumption of these resources results in substantially different costs, depending on the cost object.

ABC focuses on indirect costs. The goal of ABC is to convert as many indirect costs as possible into direct costs by tracing more costs to a particular product or service. A significant component of cost in a service setting is labor. ABC takes into account what are typically considered indirect costs of labor and makes them direct costs. These include employee benefits, employee-paid taxes, uniforms, and unproductive employee time. Tracing these labor costs to a particular service results in a more accurate representation of the true cost of delivering this service. There are still indirect costs associated with ABC.

BENEFITS

- ABC assists management with strategic decision-making.
- It identifies the true cost of a product or service.
- It provides an accurate representation of the profitability of a product or service.
- ABC assists management with pricing decisions, outsourcing decisions, allocation of resources (staffing), and continuous quality improvement.
- By implementing ABC, management becomes more aware of the activities that drive costs, allowing management to put into action strategies to reduce costs.
- Nonvalue-added activities are more apparent. They can be reduced or eliminated from the process.



EXAMPLES

EXAMPLE 1: APPLYING ABC TO A PROFIT CENTER

Transforming Indirect Doctor Labor Costs to Direct Costs

- ABC is critical in practices where there are different profit centers and costs need to be fairly shared.
- Assume there are three profit centers: pharmacy, surgery, and medicine. Doctors spend 30% of their time in surgery.
- The cost object is the profit center.
- The cost driver is the amount of time doctors spent in surgery expressed as a percentage of total labor time.
- The percentage of total labor time is multiplied by the total cost of doctor labor to arrive at an estimate of the cost of labor for the surgery profit center. Total cost of doctor labor includes indirect costs such as uniforms and unproductive time.

Transforming Indirect Photocopy Costs into Direct Costs

- Assume a practice makes a total of 1,500 photocopies per year.
- The cost object is the photocopy machine.

7.14. Activity-Based Costing and Cost Allocation

Table 7-14-1. Applying ABC to outpatient radiographic procedure.

General activity	*Cost drivers (labor, supplies, equipment)*	*Application rate*	*Cost/activity*
Front office admission	Receptionist labor time	$ .27/minute[a]	10 minutes × $ .27 = $2.70
Radiographic procedure	Technician labor time	$ .33/minute	12 minutes × $ .33 = $3.96
	Assistant labor time	$ .17/minute	10 minutes × $ .17 = $1.70
	No. of x-ray films	$2.50/x-ray[b]	4 x-rays × $2.50 = $10.00
	X-ray machine	$1.56/x-ray[c]	4 x-rays × $1.56 = $6.24
	Unproductive labor time	$ .27/minute	5 × .27 = $1.35
	Receptionist technician	$ .33/minute	8 × .33 = $2.64
Doctor interpretation	Doctor labor	$ .75/minute	5 × $ .75 = $3.75
	Unproductive labor time doctor	$ .75/minute	5 × $. 75 = $3.75
Client communication	Doctor labor	$ .75/minute	5 × $ .75 = $3.75
	Technician labor	$ .33/minute	5 × $ .33 = $1.65
	Unproductive labor time doctor	$ .75/minute	3 × $ .75 = $2.25
	Technician	$ .33/minute	5 × $ .33 = $1.65
Discharge	Reception labor time	$ .27/minute	5 × $ .27 = $1.35
	Unproductive labor time reception	$ .27/minute	2 × $ .27 = $ .54
		Subtotal direct costs	$47.28

[a] Includes direct labor costs plus what are traditionally considered indirect expenses (benefits, taxes, an uniforms).
[b] Includes direct cost of x-ray film plus what are traditionally considered indirect expenses (processing fluids and maintenance of fluids calculated on a per x-ray basis).
[c] Includes what are traditionally considered indirect expenses (annual depreciation of x-ray equipment divided by the number of x-rays per year).

- The cost driver is the number of photocopies expressed as a percentage of total photocopies.
- The medicine profit center makes 750 copies (50%).
- The percentage of total photocopies is multiplied by the total cost of the photocopy machine, including indirect costs (depreciation), to arrive at a cost of photocopier use for the medicine profit center.
- If some of the profit centers in the hospital have very disparate photocopy needs, it may be more fair to split the cost of the unit between the different profit centers, and then calculate a per-copy cost that takes into consideration the costs of paper, toner, and maintenance that can be directly allocated to each profit center based on its use.

EXAMPLE 2: APPLYING ABC TO A SERVICE OFFERING

An example of how ABC can be applied to an outpatient radiographic procedure follows, and is illustrated in Table 7-14-1.

Step 1. Develop a Flowchart of Activities (Figure 7-14-1) and Draw Up a Detailed List of Activities (Column 1)

The list helps to identify areas where resources are consumed and costs accumulated.

- Front office admission
  - Receptionist schedules appointment, greets client, retrieves records, weighs patient, provides estimate, has appropriate releases signed, updates computer.
  - Receptionist transfers client and patient to technician.
- Radiographic procedure
  - Technician communicates with client regarding procedure; transfers patient to imaging area.
  - If needed, animal anesthetized for the procedure.
  - Radiographic set-up.
  - X-ray exposure.
  - Animal recovered from anesthesia (if anesthetized).
  - Technician transfers patient back to client.
  - Staff assists with x-ray exposure and development.
- Doctor interpretation
  - Doctor reviews radiographs, interprets findings.
- Client communication
  - Doctor communicates radiographic findings to client.
  - Any needed medications or treatments prepared for client.

Front Office Admission → Radiographic Procedure → Doctor Interpretation → Client Communication → Discharge

Figure 7-14-1.

Flowchart of activities involved in outpatient radiographic procedure.

7.14. Activity-Based Costing and Cost Allocation

- ◦ Technician determines charges for patient.
- ◦ Technician transports client and patient to discharge area.

• Discharge
- ◦ Receptionist inputs data into computer, receives payment.
- ◦ Receptionist discharges client with appropriate client communication.
- ◦ Client scheduled for appropriate follow-up visit

Step 2. Identify Cost Drivers (Column 2)

• Identify where and how resources are consumed by examining the details of the activities.
• In this example, we will focus on the labor, supplies, and equipment resources that are consumed.

Step 3. Develop Rates for Applying Costs to the Cost Drivers (Column 3)

• Annual labor costs divided by 1,950 hours divided by 60 minutes = labor costs/minute of activity.
• Labor costs include direct plus traditionally indirect expenses (annual salary, benefits, employer-paid taxes, training, uniforms).
• Unproductive labor time should also be factored into the costing exercise.
• Examples of unproductive labor time include doctor waiting time associated with radiograph development, technician waiting time for a doctor to view films, personal communication with other staff members, and so on.
• Supply costs include the direct cost of film plus the cost of processing fluids per radiograph.
• Equipment costs include annual depreciation divided by the annual use of the equipment.
• Note how ABC changes the indirect costs of labor (uniforms), supplies (processing fluids), and equipment (depreciation) into direct costs.

Step 4. Calculate the Cost Associated with the General Activity (Column 4)

• Multiply the application rate determined by the estimated consumption of the cost driver; for example, the technician's rate of $ .33/minute multiplied by 10 minutes.
• The total direct costs associated with the radiographic procedure are $47.28.

Step 5. Calculate Remaining Overhead

• Determine remaining overhead attributed to radiographic area based on the square footage of the radiographic area. Divide the total remaining annual overhead cost by the number of radiographic procedures per year, and add to the subtotal of direct costs.

Note: The estimates and data used to perform ABC should be based on interviews with staff, observation, and analysis of available historical data.

7.14. Activity-Based Costing and Cost Allocation



CAUTIONS

• Human healthcare facilities have the advantage of accounting software packages to assist with implementation of an ABC system.
• Implementing ABC throughout an entire veterinary clinic can be an onerous and expensive task; however, the simplified approach taken in these examples can provide management with the tools to make more accurate strategic decisions.



MISCELLANEOUS

ABC methodologies can be applied to many areas within a veterinary practice including the following:
• Services and service lines – grooming, boarding, wellness visits, dentistry, and so forth.
• Responsibility centers (departments) – pharmacy, surgery.
• Products and product lines – food supplements, pet foods, toys, and so forth.

Dr. Lowell Ackerman provides an excellent example of ABC applied to profit centers in his book *Business Basics for Veterinarians*.

ABBREVIATIONS

N/A

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N/A

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7.15. INTERNAL ACCOUNTING CONTROLS



BASICS

OVERVIEW

Insider fraud and embezzlement comprise the greatest source of internal crime in any business, whether small, medium-sized, or large in scale. Internal accounting controls are a documented series of procedures designed to promote and protect secure general and financial management practices. By instituting sound, proven, internal accounting control procedures, veterinary practice owners, managers, and shareholders will significantly increase the likelihood that:

- financial information as presented is reliable enough without external third-party verification so that veterinary practice owners can make important strategic decisions with confidence;
- tangible and intangible practice assets and records of the organization are not stolen, misused, or accidentally destroyed;
- the veterinary practice's accounting and operational policies are followed;
- regulations promulgated by the taxing and governmental boards and authorities are met.

A study by the international accounting firm of KPMG, US, LLP identified three key factors that determine whether a person will commit fraud. These determinant factors are as follows:

- **Situational pressures:** Employees may be attempting to deal with overwhelming factors such as compounding debt and financial pressures, their own or family medical problems, alcoholism, drug abuse, or even psychological problems, and they may feel that they are unable to share these problems with employee assistance personnel (EAP), if available, family, friends, or coworkers.
- **Opportunity:** The opportunity for an employee to commit fraud generally increases as their job roles and responsibilities increase and/or poor internal controls are inherent in the job place.
- **Personal integrity:** This is probably the single most important factor in determining whether a person will commit fraud. Employees who are intent on doing so may often be successful in perpetrating fraud in a well-managed organization. However, given high personal integrity, an employee driven by strong moral values will probably not commit fraud even when faced by situational pressures or an opportunity to commit fraud.

Other key findings of the KPMG forensic practice study were the following:

- Fraud committed at the company level is typically embezzlement facilitated by a feeling of trust. Employees under age 25 who committed fraud produced a median loss of $12,000, whereas employees older than 60 years of age had a median loss of $346,000. Older employees enjoy both greater trust with employer longevity and greater access to company assets.
- Twice as many companies as five years ago took legal action (either civil or criminal) against embezzling employees, and almost the same percentage notified a regulatory or law enforcement agency after finding fraud.
- Companies show a dramatic rise in internal controls as the chief method for detecting fraud.
- Collusion between employees and outside third parties (a vendor organization offering kickbacks if a company employee buys its product, for instance) is a growing problem.
- Some 60% of companies in the study reported being victimized by employee fraud.

TERMS DEFINED

Defalcation: Misappropriation of money or funds by someone entrusted with their care or management.

Embezzlement: The fraudulent appropriation of funds or property entrusted to your care, but actually owned by someone else.



ISSUES AND OPTIONS

By far the most common method of embezzlement in a veterinary practice is the misappropriation of the practice's cash and checks by the practice manager. The practice manager generally knows the makeup of the deposits and knows the vendors, what they supply, and what they charge. He or she also has a reasonable understanding of your pet owner base. In most cases, you value the fact that your practice manager understands your practice so well, but this information can also be used against you. The following represent potential embezzlement scenarios.

Two broad types of internal accounting controls are listed below:

- "Prevent controls" are procedures designed to prevent an error or fraud at a single transaction level.
- "Detect controls" are policies and procedures designed to monitor the attainment of relevant processes (disbursement, recording, custody), including identifying errors or fraud applied to groups of transactions. Without prevent controls, a high error rate can render detect controls ineffective in finding and correcting intentional or unintentional errors in a timely fashion. In a practice with a high patient volume, a lack of prevent controls significantly increases the risk of errors and increases the need for sensitive detect controls.

To be effective, internal accounting control systems must include strong prevent controls in addition to detect controls.

DESIGNING AN INTERNAL ACCOUNTING CONTROL SYSTEM

The first step in developing an effective internal accounting control system to both prevent and detect potential problems is to identify areas where abuses or errors are likely to occur:

- **Cash receipts:** Ensure that all cash intended for the organization is received, promptly deposited, properly recorded, reconciled, and maintained under adequate safeguards.
- **Cash disbursements:** Ensure that cash is disbursed only upon proper authorization of management, for valid business purposes, and is properly recorded.
- **Petty cash:** Ensure that petty cash is disbursed only for proper purposes, adequately safeguarded, and properly recorded.
- **Payroll:** Ensure that payroll disbursements are made and recorded only upon proper authorization to bona fide employees, and that related payroll tax deposits are complied with.
- **Fixed assets:** Ensure that fixed assets are acquired and disposed of only upon proper authorization, are adequately safeguarded, and properly recorded.

An accounting policies and procedures manual should be developed that describes each administrative task and employee(s) responsible for that task. The manual should document how functions such as paying vendors, making bank deposits, reconciling bank accounts, and replenishing petty cash are handled. Writing the initial document as well as periodic revisions and testing of the practice's accounting policies and procedures manual are good opportunities to ascertain whether proper internal accounting controls are in place and working as intended. The manual also serves as an introductory guide to new financial staff and as a reference to current staff. The practice manager should be responsible for overseeing day-to-day implementation of practice policies and procedures, but the practice owner should have ultimate responsibility for the success of an internal accounting control system.

The best method of reducing employee opportunity to commit fraud is to properly separate all financial tasks in the practice, thereby minimizing inherent task conflicts. The same person who opens the mail should not also post cash receipts and make bank deposits. This segregation of duties is highly improbable in a practice with only one

employee responsible for all financial tasks, but with adequate supervision and complementary controls, some of the risk factors can be factored out.

One of the best practices to show owner involvement in internal controls to staff is to require the bank to send the practice's monthly bank statement directly to one of the practice owner(s) instead of to the bookkeeper (or mandate that the practice owner download the statement directly and review it for any unusual or suspicious entries). Payees and endorsements on checks should be examined with special attention paid to checks made payable to "cash," an employee, or bookkeeper. After the practice owner reviews the statement, it is forwarded to the bookkeeper for reconciliation.

For some schemes to work there needs to be collusion between two or more individuals. With the proper internal controls in place, cash safeguards will minimize fraud risk if:

- mail is opened by the receptionist upon receipt, and the receptionist prepares a deposit slip;
- a copy of the deposit slip and a photocopy of every check is forwarded to the practice bookkeeper for an accounts receivable system update;
- the practice manager takes the daily deposit to the bank and returns with a validated deposit slip;
- the practice manager gives the deposit slip to the bookkeeper.



EXAMPLES

There are many checklists and programs that will combat fraud, embezzlement, and defalcation in your veterinary practice. Your CPA or accounting professional should be able to assist you in obtaining them for you. However, a sense of ethics is not instilled in each employee in the same manner and fashion. It is imperative the existing environment shows that practice owners and managers maintain high expectations from practice employees. The following list of general steps will help prevent fraud within your veterinary practice:

- Develop a written code of ethics for all employees, including the veterinarians.
- Communicate to employees a zero tolerance for theft and fraud, and the policy that, if discovered, employees will be prosecuted without exception.
- Conduct a thorough background and reference check on all employees hired, including a criminal background check and credit check on those handling cash and accounting transactions.
- Bond employees so that in the event you are defrauded, insurance can reduce potential losses.
- Compensate employees fairly, reward personnel where appropriate, and try to help employees in financial trouble.
- Develop a training program for partners and staff on fraud awareness and detection.
- Enforce mandatory vacations for all employees involved in the positions of financial responsibility for the firm.
- Insist that key personnel be cross-trained in other positions and that they rotate jobs for a two-week period each year.
- Reduce exposure to accounts receivable manipulation by requiring your employees to deposit all the day's receipts intact.
- Ensure that practice owners and/or managers review and authorize all fee adjustments.
- Make sure the practice owner or manager reviews a vendor invoice or other supporting documents before signing a check for payment.
- Compare today's patient appointment list to the practice day sheet. Verify that every patient seen was charged.
- Conduct surprise mini-audits on a random annual basis, possibly with the help of your own accountant, or contact a member of the Association of Certified Fraud Examiners (www.acfe.com).



CAUTIONS

Practice owners and practice managers should be wary of employees in significant levels of responsibility that show many of the following characteristics in their daily job performance:

- Displays resentment toward the veterinarian's income and associated lifestyle
- Creates unexplained and unusual financial statement trends
- Operates outside accepted practice procedures
- Resists change in present accounting controls and systems
- Produces sloppy records that have many corrections and are difficult to follow
- Desires inordinate amounts of job responsibility, but rejects offers of assistance from colleagues
- Personally appears to create severe financial pressures with frequent pay advance requests
- Changes personal spending patterns
- Employs new vendors for no apparent reason
- Does not strictly control petty cash
- Refuses to take vacations due them
- Determines to control the mail receipt or downloading of the practice bank statement
- Is a "workaholic" – arrives before and leaves after other employees and practice owner(s)
- Is associated with frequent pet owner complaints.



MISCELLANEOUS

ABBREVIATIONS

EAP: Employee assistance personnel

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7.16. RETURN ON INVESTMENT FROM PRACTICE OWNERSHIP



BASICS

OVERVIEW

• Return on investment (ROI) is a measure of a company's ability to use its assets to generate additional value for the owners of the company. There are many versions of this formula; one of the more common ones is discussed here.
• ROI is a valuable measurement, but as with many measurements of company performance, it should be used in conjunction with other information when evaluating a company.
• In addition to being useful for evaluating a company's internal performance, it is also valuable when considering purchase of a business. However, in veterinary medicine, ROI often is not an easy figure to obtain and is rarely used on a regular basis to evaluate a practice for sale.

TERMS DEFINED

Return on Investment (ROI): Income that an investment generates compared to the cost of the investment. ROI is a measure of how effectively a firm uses its assets to generate profit.



ISSUES AND OPTIONS

ACCOUNTING METHODS AND ROI

• Veterinary practices, as with other small businesses, are not required to use generally accepted accounting principles (GAAP) in the preparation of their financial statements.
• They are allowed to use other accounting methodologies, and most practices generally use a tax-based methodology for financial statement reporting.
• Many small veterinary practices do not include all assets and liabilities on their balance sheets, either because they do not use the accrual method of accounting or because only minimal accrual adjustments are made.
• Accounts receivable and inventory may or may not be recorded in the financial statements or may not be recorded at appropriate amounts. Not only does this impact the calculation of the profits, but it impacts the calculation of the operating assets, both of which are necessary figures in calculating ROI.
• Some practices that do include inventory on their balance sheets do not base the figure on an accurate count of actual inventory at year-end. They simply estimate the figure and do not change it from year to year.

If the balance sheet is not prepared accurately with all assets and liabilities included at the correct amounts, then the ROI calculation will not be accurate.

ENTITY STRUCTURE AND ROI

• Tax regulations dictate different ways of accounting for certain transactions, depending on what kind of entity a business is: corporation, partnership, or sole proprietorship. Even if the businesses had exactly the same revenue and expenses, the line called taxable income will not be the same for different entity types. Therefore, the ROI calculations would not be the same, simply due to tax reporting issues, not genuine financial differences.
• For example, the taxable income for a sole proprietorship will not include a deduction for compensation for medical and surgical work of the owner doctor, whereas taxable income for a corporation will.

Taxable income should not be used as an estimate of net income in the ROI calculation.

CALCULATIONS

• ROI is calculated by dividing net income by the average operating assets of the company and expressing the result as a percentage. A company with an ROI of 18% is using its assets more efficiently to generate profits than is one with an ROI of 14%.
• In order to calculate the true profits for a practice as opposed to what appears on the tax return as taxable income, a number of adjustments need to be made to the tax return figures. Net income should represent the amount left over after all normal and necessary expenses of the practice are paid at fair market rates.
• Some common areas that need to be reviewed and adjusted in order to properly calculate net income include the following:
  ◦ Compensation for owner medical/surgical work
  ◦ Compensation for owner management work
  ◦ Rent
  ◦ Equipment lease
  ◦ Perks
  ◦ Depreciation
  ◦ Free services provided to the practice.
• The calculation of profitability is covered in its own chapter in this book (see 7.11 – Understanding Practice Profitability) although a summary of the key components of the calculation are presented here. It may also be helpful to work with your financial advisor to determine the appropriate adjustments to make for your practice.
• In a sole proprietorship or partnership, owners do not receive a salary. In a corporation they do, but it may not represent the amount that would have to be paid to a non-owner veterinarian to do the work the owner does.
  ◦ Owner compensation should first be adjusted to represent a fair compensation for the medical/surgical work the owner does in the practice. Twenty percent of personal production is a good average for a companion animal practice.
  ◦ Owners generally provide management and leadership services to the practice as well, and an estimate of the value of these services must be determined. Management and leadership expense in total generally averages 3–4% of gross revenues in a companion animal practice. If the owner were the only one providing these services to the practice, a reasonable estimate for owner management compensation would be 3% of total practice gross revenues. If the practice has a practice or office manager who is paid to perform some of these services, the owner compensation would be at a lesser rate – perhaps 1.5% of total gross practice revenues.
• If the practice owner also owns the real estate outside of the practice entity, the amount of rent paid to the real estate entity should be reviewed and possibly adjusted. This figure should represent the fair market value rent that would be paid to a third-party landlord in an arms-length transaction. If the practice entity itself owns the real estate and no rent is paid, the profits need to be adjusted to reflect the real economic cost of using the real estate. If this adjustment is not made, practice profits will be overstated. The practice may be making a mortgage payment for the real estate, but this amount will almost never be the same as the fair market value rent and an adjustment is necessary.
• Many small business owners use the business entity to pay for perks or expenses that are largely personal in nature and not necessary to the operation of the practice (see 7.17 – Perks of Practice Ownership). Generally, the reason for paying for them in this way is to gain a tax advantage. Examples include: personal meals and entertainment, personal auto costs, swimming pool payments, personal furniture, trips to Tahiti, and so on. The effect of these payments is to understate the true net income of the practice; this effect must be reversed in order to calculate an accurate ROI.

7.16. RETURN ON INVESTMENT FROM PRACTICE OWNERSHIP

• Depreciation as calculated for tax purposes does not reflect the actual economic usage of equipment purchased by the practice; it also should be adjusted before calculating the ROI. Very few practices keep two sets of depreciation records, one for taxes and one for book purposes. If book depreciation figures are not readily available, an estimate can be made of the average amount spent on equipment each year, and this figure used in place of depreciation.
• Another area to be reviewed is any free services provided to the practice. Family members may provide bookkeeping or other services to the practice at no charge; if the practice had to hire someone to do this work, there would be a cost involved and this should be included as an expense. A related adjustment would be salaries and benefits paid to family members or others above the true fair market value of the services provided.
• After making appropriate adjustments to the income statement, it is necessary to review the balance sheet. Most practices do a good job of recording cash and fixed assets on the asset side of the balance sheet, but may not include accounts receivable or inventory. Without these items, the operating assets of the practice will not be accurate, nor will the ROI. None of these items is difficult to calculate – the practice's practice management system has a report containing the value of accounts receivable, and inventory can be determined through a physical count.
• Once the balance sheet has been adjusted, ROI can be calculated as follows:

ROI = Net operating income/(Average operating assets × 100)



EXAMPLES

N/A



CAUTIONS

• The percentage obtained from an ROI calculation is only as good as the information used to perform the calculation.
• It is not difficult in one's own practice to make the adjustments necessary to calculate ROI properly, but it can be difficult to get this information from other practices one is interested in purchasing.



MISCELLANEOUS

• As discussed, ROI is a valuable tool for analyzing a practice, but it is not a definitive measure of the value of a practice. It should be used in conjunction with other information when evaluating a company's performance.
• Because practices do not generally prepare their financial statements on a GAAP basis, it is necessary to make the adjustments previously discussed to get an estimate of ROI. This may be only an estimate; however, even an estimate such as this can be useful in analyzing the efficiency and profitability of the practice, particularly when compared on a year-to-year basis.

ABBREVIATIONS

GAAP: Generally accepted accounting principles
ROI: Return on investment

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N/A

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7.17. PERQUISITES (PERKS) OF PRACTICE OWNERSHIP



BASICS

OVERVIEW

One of the main benefits of owning your own practice is that it is "your name" on the door. This means that you are able to practice the kind and style of medicine that you want to practice. Other than the constraints that are put upon you by your clients and the government, you are the boss.

One of the other benefits of being the boss is that, because you own the practice, you can establish the kind of benefits the practice is going to offer. Some of these benefits will be to your advantage as well as to the advantage of the other employees of the practice; some of these benefits will be to your advantage only. In all cases, however, what benefits you choose to offer need to be legal and, to use a tax phrase, "ordinary and necessary business expenses." It is never a good idea, for a number of reasons, to run personal expenses through your practice. No matter how well you think you are hiding these expenses from your employees, you are presenting the example that there is a "limited liability to steal" in the practice. What is good for you is applicable to them also.

Presenting financial statements to a potential third-party lender or buyer that are clouded with questionable deductions can also put you in a very difficult position.

TERMS DEFINED

Perquisite (Perk): An incidental or "fringe" benefit.



ISSUES AND OPTIONS

Some of the fringe benefits associated with practice ownership are detailed below.

TAX-FAVORED HEALTHCARE

Under the Affordable Care Act (ACA) and the new Tax cut and Jobs Act in the United States, health insurance for small business is undergoing radical changes. It is critical that you work in this area with a knowledgeable health insurance professional consultant to determine the best route that you can take. As a small business owner, you are still allowed to deduct the full cost of health insurance premiums for yourself and your family, as long as they are paid from your business and you draw a salary from that entity. However, when it comes to coverage for your employees it is critical that you get good advice from a qualified professional. In 2019 the mandated individual coverage requirement of the ACA was removed. All this means is that when we think we have it figured out now, things are going to change. Make friends with a good knowledge consultant.

HEALTH REIMBURSEMENT PLANS

Health reimbursement plans (HRPs) are written plans that provide for the tax-free reimbursement to employees for out-of-pocket medical costs covered by the plans. It is important in these types of plans that the covered costs are clearly defined and that a dollar limit is placed on the amount of costs covered. Because benefits under these types of plans are considered self-insured plans, there can be no discrimination in how the plans are implemented. Talk with a qualified benefits advisor before you offer one of these plans. However, HRPs and flexible spending accounts (FSAs), a type of HRP, can fit the need for providing healthcare coverage for certain specialized situations. HRPs have also undergone some changes. There are now specific HRPs for small businesses. The exact coverage and provisions of these plans will likely change over time, so talk with a knowledgeable professional who is familiar with HRPs for small businesses.

DEPENDENT CARE ASSISTANCE PROGRAMS

A dependent care assistance program (DCAP) is a tax-favored arrangement by which the practice makes payments to third parties for care of employees' dependents (including in the case of employees caring for elderly parents). DCAP includes practice-paid payments or reimbursements for dependent care services necessary for the employee's gainful employment. Because a qualified DCAP cannot discriminate in favor of key employees, no more than 25% of the assistance benefits paid during a year can be provided for the practice owner. There are key regulations that need to be accounted for in implementing a DCAP; however, with so many employees and practice owners facing the problem of providing daycare for their children, this is a benefit that should definitely be explored.

EDUCATION ASSISTANCE PROGRAMS FOR EMPLOYEES

One useful tool to attract good employees, and possibly potential associates, is to offer a qualified education assistance program. The first $5,250 of qualified educational assistance (tuition or books, for example) provided during a calendar year is exempt compensation for federal income tax, Social Security, and Medicare tax. If the requirements for the plan are not met, all payments are taxable employee compensation. Although there are strict limits on how much of these benefits can be used for expenses incurred by owners' children, this can be a substantial benefit for employees who want to complete schooling to receive their technician certification or to go on to veterinary school. Employers can put conditions on providing these benefits, including requiring the employee to remain employed by the practice for some period of time. It is important to consult with a knowledgeable advisor before setting up one of these programs.

EMPLOYMENT OF FAMILY MEMBERS IN THE PRACTICE

One way to legally move income from parents to dependents is to employ them in your practice. It is important that the children actually work in the practice and that they are paid a reasonable wage for the services they perform. If the practice were incorporated, the wages paid to the children would be subject to the same payroll reporting requirements as wages paid to any other employee. However, because the income is earned income, IRA contributions can be made subject to the income limitations, and given the income tax brackets of most children, this is a way to move money from the higher tax bracket of the parents to the lower children's bracket. Because the money is earned income, "kiddie tax" rules do not apply to this income. Be sure to consult with your tax professional for any other issues that might affect your particular case.

PRACTICE-OWNED OR LEASED VEHICLES

An employee/owner of a practice must generally include in income the fair market value of his or her personal use of a practice-provided vehicle. If, however, substantial business use of a vehicle is necessary to carry out the work of the practice, then having the practice own the vehicle and the owner reporting its personal use can be a substantial benefit. The key in this area is to document on an ongoing basis the business use of the vehicle. There are very definite rules dealing with deducting the costs of a vehicle; for example, commuting to the office every day is not considered business use. Be sure to contact a qualified tax professional to be certain that you understand the rules and the consequences to the practice if you do not comply and if you get caught. In the absence of having the practice own the vehicle, if you own your car yourself, it is a perfectly legal practice expense to be reimbursed at the IRS rate for the business use of your personal vehicle.

CONTINUING EDUCATION

Costs to attend seminars or conferences related to the technical or business aspects of your practice are clearly an ordinary and necessary business expense (see 3.6 – Continuing Education Expenses). The

transportation costs to and from these seminars can be another issue. There is no requirement that you attend only conferences in your general practice locale, nor is there a requirement that you stay in a one-star motel and take public transportation to the conference. If the trip is related primarily to the betterment of your practice, all costs are deductible subject to the 50% limitation on meals. If you take your family with you on the trip, the costs directly related to family members are considered personal expenses. If you extend your stay for purely personal reasons, make side trips, or engage in other nonbusiness activities, only the costs associated with the business portion of the trip would be treated as business-related expenses. The costs incurred in getting you to and from the destination, however, are considered business expenses.

RETIREMENT PLANS

There are numerous qualified and nonqualified retirement plans available to veterinary practice owners. There is a special section that covers the benefits and special rules attributable to the various plans. This is an area where you would want to seek advice from a qualified retirement plan specialist.



EXAMPLES

N/A



CAUTIONS

The Jobs Cut and Tax Act has changed much of what we do with regards to deducting fringe benefits. Moving expenses can no longer be paid tax free for our employees. Reimbursing employees for job-related expenses without adequate documentation will result in taxable income to them.



MISCELLANEOUS

ABBREVIATIONS

DCAP: Dependent care assistance program
FSA: Flexible spending account
HRP: Health reimbursement plan
IRA: Individual retirement account
IRS: Internal Revenue Service
LTC: Long-term care

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N/A

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7.18. Forgotten Costs of Doing Business in a Veterinary Hospital



BASICS

OVERVIEW

When veterinarians or practice managers talk about the costs related to running a practice, they are usually thinking of the common expenses: drugs and medical supplies, laboratory costs, facility rent, payroll expense, utilities, and advertising. However, there are a number of additional costs not always considered in budgets that can wreak havoc with a practice's cash flow if they are not recognized and planned for in advance. This can be particularly devastating when purchasing a practice or starting one up. If all costs have not been included in the budget, the practice may not generate the level of profits necessary to pay back the loan and allow the owner to make a reasonable salary and return on investment.

In addition to the costs people forget to consider, there are also some expenses hidden in others. For example, most support staff training is done internally. The biggest cost related to this is payroll – the compensation paid to the person doing the training as well as the person being trained – and is lumped in with other payroll costs on the financial statements (see 3.5 – Employee-Related Costs). It is important to remember when analyzing payroll costs that paying someone for 40 hours of work a week does not mean they are available for 40 hours of receptionist or technician work. Some of that time may need to be spent in training or doing management work, and appropriate staff scheduling must take this into consideration.

TERMS DEFINED

Overtime: Hours worked in excess of the maximum regular number of hours fixed by statute, union contract, or custom.
Pro Forma: Projection of income and expenses, based on a set of assumptions.



ISSUES AND OPTIONS

CREDIT CARD MERCHANT FEES

• In most practices, veterinary services are seldom paid in cash. Checks, too, have declined as a method of payment. Instead, clients are using primarily debit and credit cards.
• The costs related to the processing of these cards add up, and are usually between 1.5% and 2.5% of a practice's total gross revenues.
• Costs vary between processing companies, so it makes sense to price-shop this service annually. Make sure you understand what all the costs are when comparing services. Run some comparative calculations using the average monthly number of transactions and dollar amount of credit and debit card transactions in your practice to see what the effect of varying percentage rates and per item rates are. Areas to discuss with the processing company include the following:
  ◦ Percentage charge per dollar of transaction (may vary depending on card)
  ◦ Per transaction fee
  ◦ Application fees
  ◦ Statement fees
  ◦ Miscellaneous other fees
  ◦ How soon the funds are deposited to your bank account, because the faster the money is in your account, the faster it can be earning interest or spent.

BAD DEBT

• Another cost of doing business that is not always considered is bad debt. If your practice accepts checks or allows clients to have an account at the practice, you will have some clients who will not pay their bills.
• With an effective credit and collections system, it is possible to limit the practice's losses, but it is impossible to eliminate them altogether.

FINANCE CHARGES FOR BUYING A PRACTICE AND PURCHASING EQUIPMENT

• Few individuals are able to buy a practice with cash; the purchase of large and expensive pieces of equipment frequently requires financing as well. Unfortunately, banks and other lending institutions do not provide this service for free and the interest charged must be considered in a practice's budget or pro forma financial statements.
• Leasing equipment also has a finance charge component; additionally, sales tax is often charged on the interest portion of the lease as well as on the principal portion.

CONTINUING EDUCATION

• Continuing education costs for doctors are usually clearly reflected in the financial statements. The practice generally pays for all or some portion of conference registration and related travel costs, and these expenses are recorded in the appropriate income statement categories (see 3.6 – Continuing Education Benefits).
• However, the compensation paid for the days used to attend the conference is not shown separately; it is just a part of the doctor's total compensation. Although the investment in continuing education is critical to the long-term success of the practice, in the short run a portion of the doctor's pay is for time he or she is not available in the practice to see clients.
• The situation is somewhat different for support staff members because the biggest percentage of staff training costs in most practices is payroll cost. Many of the people hired in veterinary practices have no previous experience in the veterinary field, and those who do will still need considerable training to learn how things are done in their new situation. Although there may be some costs related to books, videos, and so on, the compensation for training time, both that of the trainer and of the person being trained, is much higher in most practices. Thus, the total dollar effect of support staff training may not be readily visible, but it is considerable and, in the aggregate, may be more than that of the doctors.

STAFF TURNOVER

Turnover is usually seen as an inconvenience. It takes a considerable amount of time to find a new person, get them on board, complete all the paperwork, integrate them into the practice, and train them in the specifics of their jobs (see 3.20 – Staff Turnover and Retention). Certain staff members may have to temporarily add the duties of the departed employee to their own already busy schedule during the hiring and training process.

However, turnover is considerably more than an inconvenience when one starts putting a dollar value to all those hours spent in staff replacement that do not produce client revenue.
• **Interviewing and hiring costs:** The most obvious, but not usually the biggest cost, is that of advertising for a new employee. However, when done right, interviewing takes time (see 3.7 – Effective Staff Recruitment). For example, a practice may be looking for a new technician and has 10 applicants for the job, with several promising candidates. The practice manager or hiring doctor will spend time sifting through the applications and doing phone and initial in-person interviews of these candidates. A second working interview with one or two candidates will take additional hours, and more hours will be spent on the final evaluation of the candidates, paperwork, and notification of the applicants. A practice easily spends 25 or more hours in this process.
• **Training costs:** These costs represent distinct losses in productivity by everyone who is involved in training a new staff member, because time spent on training decreases the time spent with clients or on other revenue-producing activities. This is not to say that training is not important – it is tremendously important. The point to remember is that it costs real money in the form of the trainer's and trainee's wages.

7.18. Forgotten Costs of Doing Business in a Veterinary Hospital

And other team members may have to work overtime to get the work done until the new person is trained.

• **Intangible costs:** It is harder to put a dollar value on these costs, but they are there nonetheless. There can be a negative effect on client loyalty if a departing staff member was highly valued by at least some part of the client base. Further, when a position goes unfilled for a period of time, clients may become restless over the resulting poor service. And there is often a loss in productivity when a person knows he or she is leaving, but has not actually left. They usually do not work as hard and may reduce the productivity of others because they are more interested in chatting with or complaining to their colleagues.

In general, the cost of losing an employee is estimated by most experts in the field at one-third to two times the annual salary of the employee. Most of this is not in direct costs such as advertising, but in labor costs, lost productivity, and lost revenue.

STAFF MANAGEMENT

Managing people properly takes time. This time is not available for seeing clients or otherwise producing revenue. However, the practice will function much better with appropriate time spent on these tasks (see 2.1 – Workplace Management). Training and the interview/hiring process have already been mentioned. Other critical functions include:

- Scheduling
- Recording of work hours; tracking vacation, sick, and holiday pay
- Payroll check preparation
- Annual performance appraisals
- Day-to-day supervision and management
- Maintaining employee files
- Evaluating different benefit plans such as health insurance, retirement, etc.
- Mediating conflict
- Termination.

OVERTIME

- There will always be occasions when overtime is essential, but it is costly. A practice gets the usual amount of productivity for one and one-half to two times the normal cost.
- For this reason, many hourly employees in the workforce want overtime, and unfortunately there will always be some who will pace their work with that goal in mind.
- Overtime must be managed with a balance obtained between cost and having an appropriate number of staff available for both medical and client service tasks.

FREE OR DISCOUNTED VETERINARY SERVICES

- Free or discounted services are given to clients and to employees for different reasons.
- Free or discounted veterinary services are an important benefit to most employees in a practice. Veterinary staff members do not have high compensation levels and often have more than a few pets, so discounted care is one of the reasons they work at a practice. Although this is a critical benefit that should be maintained for employees, it is important to control excessive use of it (for example, by the person with 20 pets) and to recognize the labor and supply costs related to the care as well as any revenue foregone because a doctor was not available to see paying clients.
- Marketing discounts can be effective in growing a practice but random client discounts given for little reason should be held to a minimum, and it should be clear to the practice what they are accomplishing with the discount. Even a small amount of discounts can dramatically eat into practice profits. This kind of loss prevention is best addressed by having very complete fee schedules that are updated twice a year, reviewed periodically with the staff, and well understood by all. In addition, a random selection of invoices should be pulled each month and checked for completeness against the medical service records.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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7.19. CAPITALIZATION AND DEPRECIATION



BASICS

OVERVIEW

Depreciation is the term used for allocating the cost to acquire capital assets (digital x-ray machines, computers, etc.) to expense over the useful life of the acquired asset in a "systematic and rational" manner.

Theoretically, depreciation accounts for the loss in "value" of a capital asset over time. However, value has different meanings to different practices.

It is almost impossible to equate net book value to market value. No depreciation method arrives at the net book value of an asset equaling the fair market value of the asset at any point during its useful life. Thus, even given a wide variety of alternative depreciation methods, eliminating taxable gain or loss on the sale, or the disposal of a capital asset, is almost impossible.

The sheer complexity of depreciation issues should lead veterinary practice owners to outsource tax preparation to a qualified tax professional.

TERMS DEFINED

Fair Market Value: The price a willing buyer would pay a willing seller for the asset.

Intrinsic Value: The deemed asset worth derived by the practice owner, including how the equipment generates value for the practice.

Net Book Value: The historical asset cost less accumulated depreciation since the purchase date.



ISSUES AND OPTIONS

TIMING

Depreciation expense is recognized in the first tax year in which you place the asset in service. "In service" means that the practice must place the asset in productive use before the tax year's end. If you are electing Section 179 depreciation (discussed in the next section), timing is not an applicable issue as the cost of the asset may be expensed entirely in one year, subject to qualifying standards. If property is not eligible for the Section 179 election (practice real estate), the date on which you place the property in service and the total amount of property placed in service during the year are the two factors that determine how much of a full year's deduction you will get for the first year.

DEPRECIATION METHODS

- The costs of capital items having a useful life exceeding one year are depreciated over specified periods. For materiality purposes, practices should set a minimum dollar limit on those assets to consider for depreciation, such as $2,500 (for those hospitals without an Applicable Financial Statement under the new IRS DeMinimis Safe Harbor Tangible Property regulations passed in 2016). Those individual assets falling below that threshold would be expensed immediately (for example, a fax machine costing $289 or an office chair costing $199).
- Many states previously had depreciation methods different from federal income tax laws, requiring practices to keep multiple sets of depreciation records. Most states have now adopted federal depreciation standards, although some have not accepted newer depreciation regulations passed in 2003 regarding bonus depreciation eligibility.
- Straight-line depreciation is the most commonly understood and easiest depreciation method to implement. It establishes specific years of depreciation.
- Whatever rules or tables are in effect at the time you first place assets into service must be followed as long as you own the property.

SECTION 179 DEPRECIATION

Normally, you cannot take a current business deduction for the entire cost of a capital asset in the year you purchase it, because the asset's usefulness to your practice will extend beyond the year in which it was purchased. A special tax provision allows small businesses an option to claiming a deduction for the entire cost of such qualifying practice assets in the first year of service. In 2017, the maximum Section 179 expense election is $500,000, subject to a phase-out once aggregate property placed in service exceeds $2,030,000. Under the 2018 Tax Cuts and Jobs Act (TCJA), there is unlimited Section 179 expensing of up to $1,000,000 and an increased phase-out limitation of $2.5 million of aggregate property placed in service during the tax year.

- You must elect to use Section 179 on your tax return for that year on Form 4562, Depreciation and Amortization, or on an amended tax return filed before the applicable return due date, including extensions.
- Property purchased must be tangible personal property actively used in the practice, for which a depreciation deduction would normally be allowed.
- Property must be newly purchased, rather than property you previously owned but recently converted to business use. Acquisitions by gift, inheritance, or from related persons (spouse, children, parent, or other ancestor or descendent, or a business with common ownership) do not qualify for the election.
- Eligible Section 179 property includes property that is not a building or a structural component of a building, but can be a single-purpose livestock or horticultural structure. Congress extended Section 179 eligibility to air conditioning and heating units for years beginning after December 31, 2015. Off-the-shelf computer software is eligible for Section 179 tax treatment.
- The property must be used more than 50% for business. Practices may expense only the portion of the property's basis that corresponds to its business use percentage.

MACRS DEPRECIATION

The Internal Revenue Service (IRS) established property classes to group similar assets and to select the proper depreciation method and useful life for each asset. For most practice property placed in service after 1986, the IRS requires depreciation using the Modified Accelerated Cost Recovery System (MACRS). Normal MACRS uses a 200% declining balance method for three-, five-, seven-, and ten-year property, and a straight-line method for 27.5- or 39-year real estate. Taxpayers can elect to use straight-line depreciation for any other property (Table 7-19-1).

Normal MACRS depreciation tables provide the largest current tax deductions in the earliest ownership years. Although MACRS is the most common and favorable method, taxpayers may use slower depreciation methods such as a 150% declining balance method, which must be used for all farm property and for all nonfarm property in the 15- and 20-year property classes.

COST SEGREGATION

A cost segregation study is a comprehensive engineering-based analysis of the total cost or value of building and site improvements that allows building owners to reallocate Code Section 1250 (real property depreciated over 39 years) to Code Section 1245 (personal property depreciated over 5, 7, or 15 years), resulting in increased depreciation deductions. Generally, the more specialized and unique an asset is, such as a veterinary practice facility, the greater the tax benefits derived. A change in the practice's method of accounting needs to be disclosed to the IRS by the taxpayer filing Form 3115 (Change of Accounting Method). IRS Revenue Procedure 2004–11 also allows property owners to retroactively catch up on missed depreciation on assets owned as far back as 1987, with a one-time catch-up provision under an IRC Section 481(a) adjustment, precluding the use of amended tax returns.

Table 7-19-1. Property tax depreciation method using Modified Accelerated Cost Recovery System (MACRS).

Property class life	*Capital asset acquired*
3-year	Tractors; racehorses over 2 years and horses over 12 years when placed in service; and off-the-shelf computer software
5-year	Autos, trucks, computers, telephone systems, office machines (printers, copiers, etc.); R&D property; and breeding/dairy cattle
7-year	Office furniture/fixtures and any property not belonging to another class
10-year	Single-purpose agricultural or horticultural structures; and fruit/nut-bearing trees and vines
15-year	Depreciable land improvements such as shrubs, fencing, and parking lots
20-year	Farm buildings (barns, etc.) not listed as agricultural or horticultural buildings
27.5-year	Residential rental property (i.e., rental apartments attached to practice structure)
39-year	Nonresidential real estate, including practice buildings and home offices

VEHICLE DEPRECIATION LIMITS

Although the expensing limit for general business property is $500,000 in 2017, the limit for cars is much lower: $3,160 is the maximum amount of depreciation of any type that can be written off if a passenger vehicle is first placed in service in 2017. Additional bonus depreciation may be taken in the first year of service.

The maximum amounts that may be deducted under the MACRS and under Section 179 for the first year are known as the "luxury car limitations," even though they apply to cars valued at more than $19,000 in 2017. Depreciation must be proportionately reduced if your business use of the vehicle was less than 100%.

OTHER DEPRECIATION ISSUES

- Depreciation is reported on IRS Form 4562 for the first year your practice claims depreciation on acquired property; for any year you claim Section 179 depreciation (including prior year carryover amounts); and for every year you claim depreciation on a car, other vehicle, or special types of property.
- When constructing practice facilities, obtaining a "cost segregation" report, or highly detailed breakout of all construction costs incurred may enable practice owners to accelerate depreciation to 15- and 20-year property expenditures versus classifying the majority to nonresidential building costs (39.5 years).



EXAMPLES

- A van, truck, or sports-utility vehicle used in your practice whose gross vehicle weight (GVW) exceeds 6,000 pounds is not subject to the annual depreciation dollar caps.
- If you qualify for Section 179, the practice receives a significant reduction in the out-of-pocket cost for needed practice equipment. For 2017, a sole proprietor in the 33% marginal tax bracket reduces the net cost of buying a $100,000 piece of lab equipment to $67,000 (not including the reduction in associated self-employment tax).
- It may be more tax-efficient to purchase property by December 31 if you can receive an incrementally higher tax benefit from deducting the property's cost on your current tax return versus the following year tax return.



CAUTIONS

- If employees use your practice vehicle, you count any mileage driven for documented business purposes as "business use." Personal use, such as commuting to work, is treated as taxable compensation to employees.
- If you do not use the asset 100% for business, each year you must multiply the asset's total tax basis by the business percentage for that year.
- Because land is a "nonwasting" asset, its value may not be depreciated. The value of land must be segregated from the overall purchase price of property so that it is not commingled and unintentionally depreciated.
- Practices should keep records showing that your business usage was at least 51% of total usage of the property. For vehicles, a mileage record or "log" detailing starting and ending mileage, destination, and business purpose (if personal use, that should also be noted) will be deemed adequate if it displays enough to prove the work relationship, if necessary in an audit situation. Apps such as MileIQ help document business mileage generated during the year.
- If property is disposed of within the year you placed it in service, you cannot claim a depreciation deduction.



MISCELLANEOUS

ABBREVIATIONS

COLA: Cost of Living Adjustment (Allowance)
MACRS: Modified Accelerated Cost Recovery System

Reference

N/A

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7.20. Accounting Closing Processes



BASICS

OVERVIEW

The accounting closing process is a series of activities designed to take raw accounting data, notably fee income in the form of cash receipts and disbursements in the form of checks written, and transform that data into meaningful and accurate financial records. The closing process typically takes place at the end of each month, with a more substantial closing process occurring at the end of the calendar or fiscal year of the practice.

Manual and computerized accounting systems use the same underlying financial accounting concepts and principles to serve the same information gathering, processing, and reporting functions. Almost all successful veterinary practices use computers to streamline financial mechanisms to generate financial statements, management reports, and income tax returns for practice owners and decision-makers. What most practice owners do not realize is that the entire manual closing process has not been eliminated with the onset of computerized accounting programs such as Xero, QuickBooks, and others. The process has just been concealed from view and mathematical errors from transposition of digits or misposting have either been reduced or eliminated. Most manual records are now available as a part of the program's normal reporting features.

The accounting process is composed of two separate phases to ultimately produce financial records:

- The recording phase includes analyzing, recording, and classifying business transactions during the fiscal period.
- The reporting phase updates and summarizes financial data collected during the recording phase to result in the preparation of financial statements and reports.

TERMS DEFINED

Accrual Accounting: Recognizes revenues are earned and expenses are incurred, which disregards when the actual cash transaction occurs.
Cash Basis Accounting: Recognizes revenues and expenses as cash received or disbursed, regardless of the earnings process or the matching concept.
Generally Accepted Accounting Principles (GAAP): Requires the use of accrual accounting; broadly describes the body of principles that governs the accounting for financial transactions underlying the preparation of a set of financial statements. GAAP derives from such sources as the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA).
Ledger Books: Actual physical books where cash is recorded chronologically when received or disbursed, and where the value of services is recorded when rendered on credit. These subsidiary ledgers are then summarized (or "closed") daily, monthly, and annually in a general ledger, the precursor of today's computer-generated financial records.



ISSUES AND OPTIONS

- Decreasing the amount of time involved in the accounting closing cycle provides numerous benefits for a hospital, including faster decision-making and an increased confidence level in practice managers. Reducing the number of days it takes to close the books involves identifying the activities and process steps that drive longer closes and determining how to eliminate them.
- Manual work can be eliminated by automating manual reconciliations and reporting functions (now almost commonplace with artificial intelligence based rules in accounting programs).
- If practice owners can receive the numbers in a more timely fashion, they can identify trends faster and adjust to market conditions before the competition.
- The amount of time needed to complete the close may indicate how well managed the financial processes are, and how well designed the information technology systems are. If the decisions practice owners make are correct, the potential valuation of the veterinary practice may increase significantly.



EXAMPLES

Well-designed accounting systems have a predetermined time frame for completing both the monthly and annual accounting closing processes, and they are aware of stumbling blocks that may interfere with those processes. Responsible parties are also included, and may consist of other practice members besides the practice manager and/or the bookkeeper. A sample time schedule for the closing process is shown in Table 7-20-1.



CAUTIONS

- Computers usually require a general centralization of all accounting activities, and thus increase the efficiency and cost-effectiveness of the accounting system.
- Although a computerized accounting system can serve effectively in recording activities, it cannot replace the accountant, who must still determine what principles are applicable in arriving at financial statements that present fairly the company's financial position and results of operations.
- A practice using a computerized perpetual inventory system maintains the inventory and cost-of-goods-sold accounts through retail transactions in the computer, and thus no adjustment is necessary every time retail product is sold. It is highly recommended, though, that a periodic physical inventory, or cycle counts of high dollar inventory items, be taken to verify computer records and that the computer inventory balances be adjusted to the physical counts made.
- The use of standalone spreadsheets (such as Excel) and manual re-entry of data create potential fraud risks.
- Any practice that re-enters data during the closing process must find a way to automatically pass data from one system to the next (such as data downloads from your practice management software directly to Xero or QuickBooks).
- Manual journal entries should be a small part of the closing process. A high volume could signal errors in your accounting system or personnel problems.



MISCELLANEOUS

ABBREVIATIONS

AICPA: American Institute of Certified Public Accountants
FASB: Financial Accounting Standards Board
GAAP: Generally accepted accounting principles

7.20. ACCOUNTING CLOSING PROCESSES

Table 7-20-1. Annual accounting closing process.

Jan. 2	Perform physical inventory (test count or total) after all December shipment receipts entered	Technicians
	Perform inventory reconciliations	
	Perform data download from bank	Bookkeeper/Practice mgr.
	Prepare bank and petty cash reconciliation(s)	
	Review of reconciliations	Practice owner
Jan. 3	Reconcile accounts receivable	Bookkeeper/Practice mgr.
	Review accounts receivable reconciliation	Practice owner
	Print and mail customer statements with open balances	Bookkeeper/Practice mgr.
	Print AR aging, invoice register, cash journal	
Jan. 4	Process remaining accounts payable, particularly with dates prior to January 1	Bookkeeper/Practice mgr.
	Print accounts payable aging, payables register	
	Review of reconciliations	Practice owner
Jan. 5	Record capital leases	Bookkeeper/Practice mgr.
	Complete monthly fixed assets reconciliation	
	Perform physical inventory of fixed assets	
	Complete a physical count and post any adjustments	
	Post all transactions for the year including additions, changes, transfers, and retirements	
	Run depreciation for the final period of the year	
	Print additions, retirements, transfers, depreciation reports	Practice owner
	Review of reconciliations	
Jan. 6	Prepare sales and payroll tax reconciliations	Bookkeeper/Practice mgr.
	Prepare sales and payroll tax payments	
	Review of reconciliations	Practice owner
Jan. 7	Print monthly P&L, balance sheet, budget-to-actual, and general journal register	
	Print annual balance sheet, profit and loss statement, statement of cash flow, and statement of retained earnings	
Jan. 30	Run edit list of 1099s and verify all information before printing the actual 1099s. Print as required	Bookkeeper/Practice mgr.
Jan. 31	Distribute W-2 forms to all employees, mail all payroll and tax documents as required to taxing authorities	Bookkeeper/Practice mgr.

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7.21. TAX PLANNING



BASICS

OVERVIEW

Tax planning is a process of examining various presentation options in order to report business and personal transactions so that taxes are minimized, deferred, or even eliminated. Veterinary practice owners will often have the option of reporting a taxable event by more than one method. Landmark legal decisions have agreed that taxpayers may choose the practice of tax avoidance, a decision that plans to report transactions resulting in the lowest, but entirely legal, tax liability. One of the greatest of US federal judges, the esteemed Learned Hand, spoke on behalf of the US taxpayer as follows:

> *The legal right of the taxpayer to decrease the amount that would otherwise be his taxes, or altogether avoid them, by means that the law permits, cannot be doubted. (Gregory vs. Helvering, 293 U.S. 454, 1935.)*

> *Anyone may so arrange his affairs that his taxes shall be as low as possible; he is not bound to choose that pattern that will best pay the Treasury; there is not even a patriotic duty to increase one's taxes. (Gregory vs. Helvering, 69 Fed. 2nd 809 (2nd Circ. 1934).)*

As Judge Hand states, tax avoidance is legal tax planning, whereas tax evasion by a fraudulent event is illegal. In the unlikely event of an Internal Revenue Service (IRS) examination, IRS examiners typically review tax returns and imbedded transactions for the following items:

- Intentional underreporting of a practice's cash receipts
- Inflating practice tax deductions to reduce taxable income
- Accounting irregularities
- Unreasonable or inconsistent compensation
- Inadequate records to substantiate income and/or deductions
- Improper allocation of income to a child in a lower tax reporting bracket than the practice owner.

Retaining a competent accountant or other tax professional that possesses a working knowledge of how our tax system works is more often than not cost beneficial. Taxpayers must be cognizant that outsourcing tax planning and preparation to a third party does not alleviate their filing and reporting requirements, as the taxpayer bears ultimate responsibility for fulfilling federal, state, and/or local tax obligations.

The results gained by tax planning, especially with many variables entering the picture, far outweigh not engaging in the tax planning process. By not having an estimate of cash flow needs and deadlines for those tax payments, veterinary practices may be left with surprises at critical junctures of the practice financial picture.

TERMS DEFINED

Accrual Basis: Accounting recognizes revenues as earned and expenses as incurred, which disregards when the actual cash transaction occurs.
Adjusted Gross Income (AGI): The total of an individual's income (wages, salaries, interest, dividends, etc.) on a tax return after all allowable deductions have been subtracted.
Cash Basis: Accounting recognizes revenues and expenses as cash received or disbursed, regardless of the earnings process or the matching concept.
Tax Bracket: Marginal federal tax rate assessed on your taxable income. It is the tax rate applied to each additional dollar of income. You need to know your current tax bracket in order to make informed decisions.
Tax Credits: Incentive programs authorized by the IRS that provide incentives in the form of dollar for dollar tax reductions based on expenses incurred to encourage business owners to comply with the law in achieving certain commendable goals on behalf of society. Examples include providing accessibility to the disabled, hiring disadvantaged youth, establishing a presence in lower socioeconomic neighborhoods, and so on.



ISSUES AND OPTIONS

In general, veterinary practice owners should try to minimize tax liabilities in the present year, even if this increases tax liabilities in a future year. The most basic goal of tax planning is to develop both a short- and long-term tax reporting strategy to effectively and efficiently reduce taxable income and minimize marginal tax rates.

REDUCE TAXABLE INCOME

To create an effective tax plan, veterinary practice owners should estimate both personal and business income for at least three years. This is necessary because many tax planning strategies save tax dollars at one income level, but will create a larger tax bill at other income levels. The primary way to reduce the part of your income that is subject to tax is to take advantage of all available legal tax deductions. Practice owners must be generally aware of potential deductions and applicable rules related to meals and entertainment, automobile, and travel expenses. In many cases, practice owners may deduct expenses that, given other circumstances, may be classified as nondeductible personal expenses.

MINIMIZE MARGINAL TAX RATES

There are certain actions you can take that can lower your marginal tax rate:

- You may be able to shift investment income from the veterinary practice owner to a child who is taxed in a much lower income tax bracket by gifting investment assets to children. These gifts are subject to both amount and tax-attribute limitations.
- Sole proprietor practice owners can hire their children at a greater advantage than corporate practice owners. Sole proprietors with children as employees under age 18 are exempt from Federal Insurance Contributions Act (FICA), Medicare, and unemployment taxes. The children must, however, perform services commensurate with their age and abilities, and comply with state and local laws (age, work permits, hours, etc.).
- Children may be gifted interests in your practice, so that taxes attributed to business income are spread among a larger group. Family limited partnerships and limited liability companies may be the proper entities to perform this more complicated tax-skirting maneuver.
- An investment or other income transaction can be structured to receive capital gains treatment. Long-term capital gains earned by individual taxpayers are generally subject to lower tax rates than other earned income.
- Choose the proper organizational entity for your practice (such as sole proprietorship, partnership, or corporation). sole proprietorships, limited liability companies, or subchapter S corporations usually offer better tax benefits than a straight partnership or C-corporation in most, though not all, cases.

CONTROL THE TIMING OF TAX PAYMENTS

Estimated tax payments are due on April 15, June 15, September 15, and January 15 of the next year. Taxpayers are charged interest if they underpay one or more installments. Any payments outstanding after April 15 of the following year are subject to a late payment penalty in addition to late payment interest.

To avoid underpayment assessments, taxpayers must satisfy one of four "safe harbor" guidelines, as follows:

- For taxpayers with adjusted gross income of $150,000 or less, no underpayment assessments will apply if tax payments equal to last year's tax liability number (shown on last year's Form 1040) is paid.
- For taxpayers with adjusted gross income exceeding $150,000, no underpayment assessments will apply if payments equal to 110% of last year's tax liability are paid.
- Regardless of last year's income level, no underpayment assessments will apply if payments of at least 90% of the current year tax liability

are made. In this safe harbor exception, proper tax planning is critical to assessing current year income tax liability.

• The annualized installment method is used by taxpayers who often have irregular fluctuations in income and expense (sometimes due to seasonal practices, the sale of portfolio assets, etc.) that are not conducive to filing regular or even estimated tax payments. Under the annualized installment method, estimated payment liabilities are calculated to correspond to taxable cash flow. Tax planning is necessary in assessing current year income tax liability using the annualized installment method prior to the filing of tax returns. Many practice owners instead wait until filing season to use the annualized installment method as an "after-the-fact" method of tax planning to reduce underpayment assessments.

Practice owners and their tax planning professional may use any of the safe harbor methods for estimated tax planning. Taxpayers are liable for underpayment assessments if their tax planning results are later proven incorrect, which may result in additional tax due different from that planned. Most taxpayers may receive automatic extensions of the time to file their individual income tax return until October 15, but the extension of time is only an extension of time to file the "paper" or electronic copy of the tax return, not an extension to pay any resulting residual tax liability.

POSTPONE INCOME AND ACCELERATE DEDUCTIONS

Practice owners who employ the cash method of accounting may minimize current year tax liabilities by postponing the receipt of income into the next tax year and accelerating deductions into the current tax year. This is done by:

- delaying year-end billings until the following tax year,
- delaying C-corporation dividends until after the end of the tax year,
- delaying the sale of capital-gain-producing property or investments until next tax year,
- accelerating business expense payments into the current tax year,
- accelerating the purchase of depreciable personal property or real estate into the current tax year,
- electing to expense under IRC Section 179 the cost of eligible capital equipment rather than depreciating the equipment using normal methods.

It is usually more difficult to effect tax planning for accrual-based practices, as steps to eliminate the earning of income or the incurring of expenses must be enacted to enable effective tax deferral.

ACCELERATE INCOME AND POSTPONE DEDUCTIONS

In the event that you expect your marginal tax rate to be lower next year than in the current tax year, you may accelerate income by billing and collecting receipts by the end of the tax year and postponing expenditures until the following tax year.

IMPLEMENT TAX-DEFERRED RETIREMENT PLANS

Another strategy to reduce current year taxable income would involve setting up and funding qualified retirement plans such as a Simplified Employee Pension (SEP), Individual Retirement Account (IRA), 401k (a type of employer pension plan), or SIMPLE (Savings Incentive Match Plan for Employees, a type of tax-deferring employer-provided retirement plan) for practice owners and eligible employees. The practice receives a tax deduction for the amount contributed. As the practice owner controls the direction of retirement planning for a typical veterinary practice organization, the practice owner should ensure that the plan matches both practice human resource goals and the owner's own retirement objectives.

CLAIM ALLOWABLE INCOME TAX CREDITS

There is a wide variety of tax credits awarded to qualifying practice owners. One of the most underutilized tax credits is the Disabled Access Credit. Under the Americans with Disabilities Act of 1990 (ADA), businesses that are open to the public, such as veterinary practices, must make reasonable accommodations to disabled persons who intend to or do use practice services. Practices must remove physical barriers to the disabled. Renovations or new construction must include provisions for accessibility by the disabled, in accordance with technical specifications.

The following restrictions apply to utilizing the Disabled Access Credit:

- Eligible access expenditures include expenses for removal of physical barriers during renovations, equipment, services, or devices to make services available to deaf, blind, or other disabled practice clients, and various similar expenses.
- The law allows businesses to claim a credit for 50% of eligible access expenditures that exceed $250 but do not exceed $10,250, thus limiting the credit to a maximum of $5,000 in any tax year.
- The Disabled Access Credit is available only to "qualified small businesses," businesses having gross receipts of $1 million or less, or having no more than 30 full-time employees.
- The Disabled Access Credit is part of the general business credit and, as such, the total of all general business credits cannot reduce the practice owner's current year tax liability below the larger of (1) your tentative minimum tax or (2) 25% of the part of your regular tax liability that exceeds $25,000.

ALTERNATIVE MINIMUM TAX

Congress created the alternative minimum tax (AMT) to prevent higher income taxpayers from substantially reducing or eliminating their tax liabilities through incentives afforded by the tax code. AMT affects even middle-income taxpayers because the AMT exemption amounts have traditionally not kept up with inflation. As a result, many taxpayers are required to compute their income tax liability under the regular method and the AMT method. Taxpayers are subject to the AMT if their AMT liability exceeds their regular tax liability for the year due to AMT adjustments for:

- state and local income taxes and real estate taxes,
- miscellaneous itemized deductions,
- the excess of accelerated depreciation over straight-line depreciation,
- gain or loss differences on the sale of property for AMT and regular tax calculations,
- certain income from incentive stock options,
- changes in income from installment sales,
- certain passive activity loss deductions,
- deductions relating to oil and gas investments, or drilling or mining operations,
- interest income on certain municipal private activity bonds.

Careful tax planning needs to be enacted in the event that a veterinary practice owner is subject to the AMT. There are tax law changes being contemplated for elimination of the AMT, but not enacted as of this edition.

REASONABLE COMPENSATION

Subchapter S corporations must pay reasonable compensation (subject to employment taxes) to shareholder veterinarian employee(s) in return for the services that the veterinarian provides to the corporation, before nonwage distributions may be made to that shareholder employee.

7.21. Tax Planning

Pass-through income from an S corporation is not subject to self-employment tax, while partnership pass-through income is generally subject to self-employment tax. If a shareholder veterinarian employee of an S corporation provides veterinary professional services to that S corporation, then reasonable compensation generally is required to be paid in return before any nonwage distributions (classified as a return of capital) are made to that shareholder employee. Court cases support the authority of the IRS to reclassify other forms of payments made to the shareholder employee as a wage expense. In addition, several court cases have reinforced and clarified the IRS position as to the employee status of S corporation shareholders who perform services for the S corporation. "Reasonable Compensation" paid for professional services provided are then based upon all relevant facts and circumstances.

In the landmark Tax Court case applicable to the veterinary profession, "Veterinary Surgical Consultants, P.C. vs. Commissioner," a veterinarian as president and sole shareholder of an S corporation generated all corporate professional fees. The president received no salary for services rendered, but provided substantial services to the corporation, and thus was determined to be an employee. Therefore, the amounts distributed to him were actually wages subject to employment taxes. The Tax Court stated:

> *The characterization of the payment to [the president] as a distribution of petitioner's net income is but a subterfuge for reality; the payment constituted remuneration for services performed by [the president] on behalf of petitioner. An employer cannot avoid federal employment taxes by characterizing compensation paid to its sole director and shareholder as distributions of the corporation's net income, rather than wages. Regardless of how an employer chooses to characterize payments made to its employees, the true analysis is whether the payments represent remuneration for services rendered.*



EXAMPLES

EXAMPLE 1: REASONABLE COMPENSATION

Steven Newfoundland, DVM, a 100% shareholder of Springfield (Ohio) Veterinary Hospital, Inc., a subchapter S corporation, typically does not include himself in the payroll on a weekly basis similar to other employees of the hospital. He was advised by a golfing partner to not pay himself through payroll, but to instead take distributions from the corporation to avoid paying Social Security and Medicare tax. Accordingly, he does not receive a Form W-2 at the end of the calendar year. The annual pass-through income of the hospital for the year, reported on Dr. Newfoundland's Form 1040 Schedule E Part II, is $200,000.

The IRS, in the event of an audit or other comprehensive examination, is highly unlikely to concur with this "tax planning," or rather, tax evasion strategy. If $150,000 is deemed reasonable compensation for a veterinarian in a corporation of similar size in the geographic location in which Dr. Newfoundland's practice is located, then he will be required to report $150,000 as wages on his personal income tax return and only $50,000 will be treated as pass-through income.

The result may not be what was originally intended.

Re-characterizing veterinary practice owner compensation may necessitate:

- amended Form 1120S and state income tax filings,
- corrected Forms 941, W-2, and W-3, to be issued with late payment penalties and interest on the 12.4% FICA tax not originally paid up to the FICA limit and Medicare's 2.9% tax up to the total wage amount,
- amended filings for personal income tax returns with late payment penalties and interest assessed,
- amended federal and state unemployment tax filings with late payment penalties and interest assessed,
- potential worker's compensation premiums may be due, or the policy may be cancelled for undue risk.

EXAMPLE 2: UNDERPAYMENT PENALTIES

During tax planning, your accountant has calculated your projected tax liability at $24,000 for the current tax year. Only $14,000 is projected to be withheld from annual compensation by the end of the year. This results in an underpayment of $10,000. The following assumptions are correct:

- As long as the prior tax liability (the amount owed before payments were applied against it) was $14,000 or less, there is no need to make additional estimated payments. This assumes that the prior year adjusted gross income (AGI) was $150,000 or less.
- If last year's tax liability was $18,000, the practice owner will need to pay in an additional $4,000 in the form of four (4) equal federal estimated tax payments of $1,000 to qualify under the 90% safe harbor rule.

These rules only consider federal tax implications, but it is assumed that, during the tax planning process, state taxing authority regulations will also be recognized, if applicable.



CAUTIONS

- Practice owners may tend to make important business decisions based mainly on tax consequences. Consider all the strategic, financial, and tax consequences of a transaction or business practice before making important practice decisions. Decisions with only a good tax result may not always satisfy overall practice objectives. The adage "Don't let the tax tail wag the dog!" may be a prudent motto, even to the accountant.
- For calendar year individual taxpayers (including those filing as sole proprietors and single-member limited liability companies (LLC)), the filing and payment of tax due date for these returns is April 15 of the following year. For Limited liability partnerships (LLP), multi-member LLCs, and regular partnerships, the filing date for these returns is March 15 of the following year.
- For S corporations with a calendar tax year, the due date for Form 1120S, applicable state and local income tax returns, is March 15 of the following year unless an extension is filed.
- Retail tax preparation software such as Intuit's TurboTax or Kiplinger's Tax Cut handles basic input and eliminates math errors. However, the taxpayer must ensure that the amounts are properly reported. Ultimate responsibility for a missed payment, filing deadline, an improper deduction, or incomplete records to substantiate deductions falls on the taxpayer.

• For any deductible item, you should retain documents proving the expense itself (a receipt, bill, or invoice) and proving that you paid it (a cancelled check, credit card slip, or bank statement itemizing your checks).
• The IRS does not require you to keep any specific forms of records so long as your records clearly show your income and expenses for the period. If you use a computerized system, you must be able to obtain printouts of your records that are easily read.
• If you want to deduct vehicle expenses used for business, charitable work, or medical appointments, you must keep mileage records of your driving for any of these tax-deductible purposes. The IRS asks you on your tax return to answer that you have written evidence of your vehicle expenses. The mileage app MileIQ is a convenient tool for recording business mileage.
• In an audit, the IRS will combine an examination of a closely held corporation with an examination of the tax returns of a corporation's owners to discover whether personal expenses have been improperly characterized and deducted by the corporation. Items that may appear suspect are personal vacation trips deducted as business expenses, personal living items characterized as a corporate expense (such as household repairs performed by practice vendors), related-party-interest payments, sales to related parties (especially sales resulting in a loss), and excessive compensation paid to practice owners and relatives.



MISCELLANEOUS

ABBREVIATIONS

ADA: Americans with Disabilities Act
AGI: Adjusted gross income
AMT: Alternative Minimum Tax
CPA: Certified Public Accountant
FICA: Federal Insurance Contributions Act
IRC: Internal Revenue Code
IRS: Internal Revenue Service
LLC: Limited liability company
LLP: Limited liability partnership

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N/A

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7.22. EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)



BASICS

OVERVIEW

• An employee stock ownership plan (ESOP) allows employees to own stock in the private company in which they work, and it can be used as a way to transition a business from the current owner(s) to its employees.
• In general, employees are provided with stock as part of their compensation for work performed, and the stock is held in an ESOP trust until the employee retires or leaves the company, when they are bought back by the company for redistribution, or voided.
• ESOPs can be used for succession planning, when owners want to gradually pass along ownership of the company to its employees.
• In the United States, ESOPs are a qualified defined-contribution benefit regulated by the Employee Retirement Income Security Act (ERISA), a federal law that sets minimum standards for investment plans in private industry.
• ESOPs can be associated with tax benefits for both employers and employees, and are the only retirement plans allowed by law to borrow money.

TERMS DEFINED

Employee Stock Ownership Plan (ESOP): A program that allows an organization's employees to have an ownership interest in the organization.



ISSUES AND OPTIONS

WHY AN ESOP?

• ESOPs may be used as a financial strategy, to align the interests of employees with company shareholders, and participants receive certain tax benefits.
• Most ESOPs are used to provide a market for the shares of a departing owner of a profitable, closely held company. In other cases, it might be used as a supplemental employee benefit or as a means to borrow money in a tax-advantaged manner.
• Since ESOP shares are part of employees' remuneration for work provided to the practice, they help ensure that employees remain focused on practice performance so that their shares appreciate in value over time.
• Most employees participate in the process at little or no upfront costs, so there is little to deter them from participation.
• Shares in the trust are allocated to individual employee accounts, either on the basis of relative pay or some other equitable formula.
• The shares may be held in a trust until the employee retires or leaves at which time the shares revert to the organization for redistribution or are voided.
• When employees leave the company, they receive their stock, which the company must buy back from them at its fair market value (unless there is some other public market for the sale of such shares).
• ESOPs provide packages that act as additional benefits for employees and help maintain a cohesive corporate culture. A practice can issue new or treasury shares to an ESOP, deducting their value (to that allowed) from taxable income. A practice can also contribute cash, buying shares from existing owners.
• ESOPs can also be used in conjunction with employee savings plans. Rather than matching employee savings with cash, the company can match them with stock from an ESOP, perhaps even at a higher matching level.
• Since employees become partial practice owners through the use of an ESOP, they tend to work hard in good times and bad because of their commitment to and investment in the business. Benefits tend to be highest when an ESOP is combined with a high degree of worker involvement in work-level decisions (such as employee teams).
• ESOPs can be a great way to incentivize employees through participation of company ownership with little or no out-of-pocket cost to those employees.
• Most ESOPs limit the amount of company stock that can be held by individual employees, and senior employees may be allowed the benefit of getting more shares compared to new employees. As employees accumulate seniority with the company, they acquire an increasing right to the shares in their account (vesting). Vesting can occur all at once (cliff vesting) or more gradually.
• ESOPs must not discriminate in their operations in favor of highly compensated employees, officers, or owners.
• An ESOP is just one mechanism for allowing employee ownership and creating a market for private company stock. Other forms that are not covered here include stock options, direct purchase plans, restricted stock, phantom stock, and stock appreciation rights. In some non-US countries, employee stock option plans may even be referred to as ESOPs but they are not the same as ESOPs in the United States.
• Every year the company needs to have a valuation to determine a current stock price.

HOW ESOPs WORK

• The company establishes an ESOP according to regulatory guidelines.
• A trust fund is typically established for the benefit of participating employees.
• The company contributes either cash to buy company stock, contributes shares directly to the plan, or borrows money to buy shares (leveraged ESOP).
• When the ESOP borrows cash to buy company shares, or buy shares from existing owners, the company then makes tax-deductible contributions to the ESOP to repay the loan, so that both principal and interest are deductible.
• Contributions to the plan are tax deductible in the United States under current regulations.
• Employees pay no tax on the contributions until they actually receive the stock benefits when they retire or leave the company. Such benefits can typically be rolled over into a qualified Individual Retirement Account.
• Owners of private companies that sell to an ESOP may be able to defer taxation, but such possibilities require consultations with a tax professional familiar with ESOPs.
• The stock price is determined by an independent valuator or appraiser that is hired by the ESOP trustee.

ESOPs FOR SUCCESSION PLANNING

• ESOPs can be used to let founders cash out, and for employees to cash in.
• Without an ESOP, the principal succession plan is to sell the practice, which might result in a change in practice culture.
• With an ESOP, the practice owner can gradually transfer the ownership to the practice itself, with the practice making tax-deductible contributions to a trust set up to facilitate the employee stock ownership plan. The trust then buys stock from the existing owners, allowing the existing owners to cash out gradually.
• An ESOP is a good tool for selling a minority interest in a practice. By selling a minority interest, cash can be available for other investments, allowing diversification.
• ESOPs can also provide a source of retirement income for practice owners, without having to sell the practice.
• ESOPs can help ensure that long-term employees have a stake in the business they help build, and that they have the ability to eventually retire with some financial security.

7.22. EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

• Rather than a sale of the practice to others who may not preserve the company culture, ESOPs provide an exit strategy in which the employees become the owners and they can continue to build the business for the benefit of the practice, the people who work in it, and the clients that are serviced by the business.



EXAMPLES

ABC Animal Hospital has a long and proud history, and its owners are nearing retirement. None of their employed veterinarians has the ability to purchase the practice, but the owners are hesitant to sell to corporate entities, who already have made offers on the practice well above its fair market value. The hospital has a large, well-trained, and dedicated staff, and it is the sincere wish of the owners that they preserve the practice culture they have worked so hard to create, and they would also like to reward their staff for their commitment to making this the hospital it is today, and hopefully will be well into the future.

The hospital's management consulting team suggests an ESOP as one way of preserving practice culture, rewarding staff, allowing succession planning for the retiring owners, and providing tax benefits as well.

Despite the considerable cost of establishing the ESOP, the owners were happy that in the process of creating a market for their shares, they also had an opportunity for rewarding their employees and giving them a stake in keeping the performance and culture of the practice in line with expectations.



CAUTIONS

• The law does not allow every business category to utilize ESOPs. Check with your accounting professional.
• Make sure that the benefits of the ESOP outweigh the downside, including the costs of implementing and maintaining the plan. In many cases it takes a team of ESOP specialists, accountants, valuation experts, and attorneys to determine whether a stock ownership plan is feasible for one's particular circumstances.
• Transferring cash from your business to the trust will reduce cash reserves for the practice, so there is a financial cost to setting up and maintaining an ESOP.
• However, when profits go into an ESOP, which then uses the money to purchase stock from the owner(s), the transaction becomes a capital gain, and may have tax implications.
• Private companies must repurchase shares of departing employees and this can be a major expense, especially with significant employee turnover.
• When new shares are issued, the stock of existing owners is diluted, and the dilution of owner shares must be weighed against the tax and other benefits provided by the ESOP.
• Setting up an ESOP is often associated with substantial upfront costs.
• For employees, ESOPs can concentrate their investments in a company with limited marketability of its stock, thereby reducing diversification.
• ESOPs are strictly regulated by the federal government, which sometimes changes the rules on such things.



MISCELLANEOUS

ABBREVIATIONS

ESOP: Employee Stock Ownership Plan
ERISA: Employee Retirement Income Security Act

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N/A

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7.23. BUYING A PRACTICE



BASICS

OVERVIEW

There are many factors that should be considered when deciding to become a practice owner and when deciding to purchase a particular practice. To prepare, you should have a good understanding of practice ownership and management, practice value, and the purchase process. Buying a practice is not something that you have to or should do alone. There are many qualified consultants that can assist in the analysis, the decision-making, and the sorting of the various factors involved in the process.

TERMS DEFINED

Due Diligence: The process by which persons conduct inquiries for the purposes of timely, sufficient, and accurate disclosure of all material statements/information or documents that may influence the outcome of the transaction.



ISSUES AND OPTIONS

TYPICAL STEPS IN BUYING A PRACTICE

• The first step is to give serious consideration and reflection as to whether practice ownership is the right path for you. For many veterinarians, the thought of being your own boss is quite appealing. This can be especially true depending on your current employment arrangement. Thoughts of making the rules and key decisions, practicing medicine your way, leading the charge, increasing your earning capability and so on, can be very attractive. The grass can look mighty green on the other side of the associate–owner fence. But is it really? What does it mean to be a practice owner? Are you owner material? If so, time spent improving your communication and people management skills is time well invested in yourself.

• Begin watching the different practices that come on the market for sale. Watch for both for sale by owner opportunities and the practice listed with the veterinary brokers. Many brokers maintain buyer lists. Being on the list often provides advance notice for new listings and if your target area is popular, having the advance notice can give you a head start.

• Watch all practices, not just the ones in your target geographical location. Tracking the market will help you refine your search by learning how practices are presented and by comparing different purchase opportunities. The price is much less important than finding a right practice – the one that is a match to your personal standards of care, practice philosophy and professional goals.

• Once you find a possible match, contact the broker/owner. If the practice is listed with a veterinary practice broker, you will be able obtain the practice information from them. If not, you will need to request the information from the owner. The initial information typically involves introductory information to see if this practice might be a match for what you are seeking. You may need to sign a confidentiality agreement first. Then you should receive recent financial and productivity data, general equipment and staffing information, photos, etc.

• **Important comment no. 1:** If the practice is "For Sale By Owner," the owner should have the practice valued. It is the owner's responsibility to set the price, ideally by engaging a veterinary practice appraiser. The reason for this is that the owner cannot commit to a sale until he or she knows what the practice value is – and the owner needs to hear the value from the appraiser that he or she engaged. The owner will not trust the conclusion from the buyer's appraiser. As the buyer, you have the responsibility to test the price that the owner gives you.

• **Important comment no. 2:** Remember to respect the confidentiality – the staff, clients, and community are usually not aware of the pending change in ownership and it is important to protect this until closing. This goes in two directions – you do not want your employer to know about your pending departure until you are much further along in the process.

• If the practice is a match for what you are seeking, the next step is to schedule a practice visit. Typically this will be after practice hours, depending on the confidentiality needs of the seller. Before the visit, keep a written list of the questions that you want to ask about the practice, standards of care, team utilization, opportunities, etc. While you are at the practice, imagine yourself as owning and working in it. Is it right for you? Does it come close to matching your personal goals of ownership? Take good notes on your observations and impressions and write down your unanswered questions and thoughts. Take pictures of the practice and the community. Take time to tour the neighborhood and to learn more about the community.

• **Post-visit A:** If the practice is a match, start working on securing the financing. There are many veterinary-specific lenders (i.e., not your local bank) that will provide financing for the practice purchase and the real estate. Completing their applications involves providing them with your personal financial information and the practice financial data. If they approve the combination of you + the practice, they will provide you with a financing proposal. Securing proposals from a few lenders can provide you with different options. Typically, a financing proposal is not accepted until your offer has been accepted by the seller.

• **Post-visit B:** In addition to starting the financing step, if the practice is a match then it is time to engage an attorney to prepare the formal offer known as a "letter of intent" (LOI). The LOI establishes agreement on the general terms for the transaction including the price (practice and real estate if available), the target timelines, whether seller

7.23. BUYING A PRACTICE

financing is needed, and the contingencies (real estate appraisal, building inspection, etc.). It should also provide you with exclusivity once the LOI is accepted by both sides. The first offer might not be accepted as-is. Often it may take a little negotiation before you reach agreement with the seller. At this point, it is important that you are committed to the purchase and that this is the correct decision.

TIME FRAME

There is no simple answer for how long it will take to find and purchase a practice. Some wait years to find the right practice. The broader your geographic search area, the more likely you are to find a practice. After finding a possible match, it could take a week to a couple of months to get to the point of securing the financing and presenting the owner with an offer/LOI. Once an offer is accepted, there are two initial steps:

- First, the financing proposal is accepted. This will start the lender working toward closing. The lender will have a to-do list for you and your attorney.
- Then your attorney will prepare the purchase documents and work with the seller's attorney to refine all of the purchase details.

The closing is typically within 2–4 months. It can be longer if issues come up. Ultimately the closing can happen when the lender is ready and when the attorneys have the purchase contracts complete and all details settled. As the transaction moves closer to closing consideration can be given to notifying the staff, post-closing announcements to the clients and community, and preparing for the transition itself.

DUE DILIGENCE

To decide whether or not to purchase a practice requires consideration of a seemingly endless number of factors, all of which can impact the success of the decision. The process of collecting all the data necessary to make the decision is referred to as performing due diligence. This is usually not done alone – there are veterinary consultants who can help make the process easier. Some of the variables to consider include the following:

- Factors related to the practice
  - Years in existence
  - The level and quality of fees and the fee structure
  - Quality and stability of the existing client base
  - Number of new clients
  - Employee training and retention
  - Practice revenue and earnings history
  - Availability of emergency/specialty services
  - Transferability of the business and personal goodwill
  - Adequacy and quality of the equipment
  - Enforceable noncompetition agreements
  - Demographics of the practice trade area
  - Quality and stability of the practice management
  - Impact of the competition
  - Compatibility with your style of medicine and client interaction.
- Financial factors:
  - Review of the owner or broker's information package
  - The practice's financial and productivity data and track record
  - Financing options to make the deal work
  - Affordability/feasibility analysis (discussed below).
- Factors related to the facility/community
  - Zoning requirements, permissions, and restrictions
  - Sign and practice visibility
  - Amount and quality of parking for staff and clients
  - Condition and attractiveness of the facility
  - Functionality and layout of the facility
  - Presence of deferred maintenance items
  - Building and environmental inspections
  - If real estate is not for sale, terms and conditions of the lease
  - Community infrastructure changes and growth
  - Demographic analysis
  - If you have a family, the community school system.

This list is not comprehensive. It does, however, provide a foundation for assessing a purchase opportunity or comparing multiple opportunities. The goal of the due diligence process is to help the buyer acquire the knowledge necessary to make an informed decision as to whether or not this is the practice to purchase, and then to make sure that the practice is all that it should be.

PRACTICE VALUE

As noted above, the practice owner needs to have the practice valued (see 14.13 – Determining a Practice's Worth). A veterinary practice appraiser should value the practice. Ideally, this would be completed prior to the owner(s) offering to have you buy (or buy into) the practice. Without a known value for the practice, the owner(s) could change their timeline if the practice value is lower than expected/desired.

- Once a practice value is determined by the owner, your due diligence should include testing the value to make sure it is a fair market value – the purchase feasibility analysis.

PURCHASE FEASIBILITY ANALYSIS

For most buy-in opportunities, the seller provides the purchase price and terms, usually based on the practice valuation. Although a buyer can have a second appraisal done, it is possible to save time and money by first focusing on whether or not the purchase price is a feasible price. In other words, focus on answering the question: If I purchase this practice under the asking terms, will I have adequate cash flow to service the debt, pay taxes, and still be able to support my lifestyle?

A purchase feasibility analysis is the means by which that question can be answered.

- If there is positive cash flow after paying the debt and the taxes, then the purchase price is at least theoretically reasonable and you can move forward with your goal of considering purchase of the practice.

7.23. Buying a Practice

• If there is not positive cash flow, then either the price is not reasonable or your personal budget requires a practice that is capable of providing a greater cash flow.
• If there is not positive cash flow and you believe that the price is not reasonable, then the negotiations on the price can be based on the facts instead of another appraiser's opinion of value.

Step One: Adjust the Financial Statements

The financial statements and tax returns that the buyer receives are designed to minimize taxes and, as such, rarely reflect the true profit derived from owning the business. Therefore, the first step in the analysis is to examine the practice's financial operation to determine a reasonable estimation of the practice's profitability.
• The true profitability of a practice is determined after accounting for all normal operating expenses, including the facility rent and the owners' veterinary compensation. It is the resulting share of the profits that will allow a buyer to pay the debt service and taxes and have the funds on which to live.
• In order to obtain an estimation of the practice's true profitability, it is necessary to adjust the financial statements. Usually, adjusting the financial statement involves identifying non-operating and nonrecurring expenses that the owner put through the practice.
• Adjusting the income statement is not a simple, formulaic process. It requires a solid understanding not only of this practice and how it operates, but also a broader understanding for comparison purposes of how practices operate in that region and nationally. Because of this, it is usually recommended to work with a veterinary consultant on the analysis.
• When the analysis is complete, the result is a financial history of the practice, its financial operation, and its profitability. This forms the foundation of the second step, which is to look forward and project what will happen if the purchase occurs.
• The adjusted income statement for the practice also provides a foundation for the financial transparency needed for a long-term, successful multi-owner structure.

Step Two: Forecast Future Cash Flow

This step seeks to assess what would happen if the buyer purchased a portion of practice under current operations. This step requires several variables including:
• the seller's asking terms for the practice,
• the financing details for the loans: loan amounts, length of loan, interest rate, etc.,
• the historic profitability from Step One.

These variables are then used to project the cash flow to the new owner. It begins by growing the practice forward a year and calculating the cash flow that the new owner will receive, which includes the profit from operating the practice, the new owner's veterinary and/or management compensation, and any other income streams associated with the ownership purchase such as rent. The total is the gross amount the buyer will have as a result of purchasing the practice. Unfortunately, the buyer does not get to keep all of it. There is still the debt to service and taxes to pay.

Step Three: Debt and Taxes

The next stage involves calculating the costs associated with servicing the debt (the principal and interest) and then the taxes associated with the cash flow, which is usually an estimate for state and federal taxes, but can also take into account estimates for depreciation, amortization, and interest deductions where appropriate.

Step Four: Decision

The conclusion of the purchase feasibility analysis is an estimate of the cash flow that would be available for a buyer to live on after purchasing the practice (and real estate if involved), paying the debt, and associated taxes. Whether the resulting amount is enough for you and your household will depend on your personal financial needs. (Remember that because this is an after-tax number, it is not directly comparable to a salary/W2 which is pre-tax.) If the determined cash flow amount is reasonable, then the purchase price is an affordable price for you as the buyer. This should be true regardless of the percentage purchased. If the resulting amount is not reasonable, then it is necessary to make sure that the practice data are correct. If the data are correct, then the purchase price may be too high or too low, or the terms of the deal may need to be adjusted. Either way, this analysis provides the information to take the best next steps.

USING CONSULTANTS TO HELP WITH THE PROCESS

A buyer does not have to be and should not be alone in this process. There are numerous veterinary consultants who can help with the due diligence process, perform the feasibility analysis, and make sure that the entire process goes smoothly. In the typical transaction, the following advisors below can be quite helpful. Before you hire a consultant or advisor, interview them. Ask for references and take the time to call the references and ask about their experience with that consultant. You are paying for the consultant's experience and opinions, so you will want to find a good match and one on which you can rely.

Attorney with Veterinary Transaction Experience

It is important that buyers obtain legal counsel to represent their interests in the purchase transaction. There will need to be several documents created for the transaction to occur, such as the practice sale contract, the real estate sale contract, a restrictive covenant or noncompete covenant, and possibly employment contracts with the associate veterinarians or key staff. There will also be numerous documents that you will have to sign.

Accountant

In many sales transactions, the choice of the new business entity (sole proprietor, partner, limited liability company, corporation, professional

corporation, etc.) must be made as well as other important decisions such as the asset allocation of the purchase price. Such decisions are far-reaching and can significantly impact your future tax burden. An experienced tax accountant can provide informed assistance to making these important decisions, and can also help after the purchase is concluded with taxes and future planning.

Veterinary Business Appraiser/Broker Consultants

Although sellers are enlisting the services of an appraiser to establish a value for their practice, buyers are often left with limited or no counsel.

Lenders will definitely provide a second perspective on the affordability of the purchase, but do not usually consult beyond that point.

Veterinary Appraiser/Broker

The appraiser can help with the purchase affordability analysis and by providing support in the data analysis and the negotiations. His or her experience can also help with other issues such as coordinating the contract contingencies, planning the transition, and finding management consultants after the sale to help the buyer grow their practice.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

Farquer, B., Watson, D., Executive Editors. *Your Veterinary Practice: Buying, Selling and Merging*, 3rd edn. Adagio Press, Santa Barbara, CA, 2014.

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7.24. BUYING INTO A PRACTICE AS A PARTNER



BASICS

OVERVIEW

There are many factors that should be considered when deciding to buy into the practice in which you are currently working. To prepare, you should have a good understanding of practice ownership, owner management responsibilities, and practice value. You should also have a solid communication foundation with the current owner(s). Buying into a practice is not something that you have to or should do alone. There are many qualified consultants that can assist in the analysis, the decision-making, and the sorting of the various factors involved in the process.

TERMS DEFINED

Due Diligence: The process by which persons conduct inquiries for the purposes of timely, sufficient, and accurate disclosure of all material statements/information or documents that may influence the outcome of the transaction.



ISSUES AND OPTIONS

TYPICAL STEPS IN BUYING A PRACTICE

• The first step is to have the practice and the entity that owns the practice valued (see 14.13 – Determining a Practice's Worth). A veterinary practice appraiser should value the practice. Ideally, this would be completed prior to the owner(s) offering to have you buy into the practice. Without a known value for the practice, the owner(s) could change their timeline if the practice value is lower than expected/desired.

• Once a practice value is determined by the owner, your due diligence should include testing the value to make sure it is a fair market value. See the section on Purchase Feasibility Analysis.

• In the conversations leading up to the decision to buy into the practice, you should be discussing how the practice will be operated with an additional owner. Topics to be discussed include: owner veterinary compensation, compensation for owner management efforts, tracking and equalizing owner perks (e.g., non-operating expenses paid by the practice on behalf of an owner), the timeline for additional buy-in purchases, the timeline for the purchase of the real estate (if owned by the practice owner(s)), and so on. The financial operation of the practice and the owner compensation (in all forms) should become transparent to make sure it is fair.

• Explore and discuss the financing options (see 11.4 – Financing Basics). Although the veterinary lenders may provide the financing, the terms may not be in agreement with the current owner(s) goals. This may result in seller financing or other purchase structures. Exploring the options early helps to keep the process on track.

• Engage a veterinary attorney to review and/or prepare the entity operating agreement (aka buy/sell agreement, shareholders' agreement; see 13.9 – Buy/Sell Agreements). This document outlines how your entity will operate between the owners. It also provides structure for handling unforeseen events. Although no one wants to enter a partnership expecting the dissolution, it is good to have an experienced veterinary attorney provide insights and structure to help for those "worst case" scenarios.

• Once the practice is valued and the operating agreement for your entity is being reviewed/constructed, the documents needed for the purchase can be started. All parties should also review the tax implications of the transaction with their respective accountants.

• When the documents are ready, closing can be scheduled. Prior to the closing, the equity value of the entity should be updated. See the comments on asset value of the practice versus the equity value of the entity that owns the practice.

TIME FRAME

• The timeline for a buy-in hinges on the practice value, the buyer due diligence, and the operating agreement. There may also be additional negotiations needed on the details such as owner employment contracts, the facility lease, financial transparency, and so on.

• For tax and financial tracking purposes, buy-in closings are frequently timed to the end of a quarter, especially June 30 and December 31.

ASSET VERSUS EQUITY VALUE

When your goal is to buy into a practice, it is important to recognize that you are not buying a portion of the practice, rather you are buying into the entity (see 14.11 – Business Entity Structures) that owns the practice (S corporation, LLC, partnership). The typical practice appraisal concludes with the fair market value (FMV) of the practice. This is the value of the practice as if it were being sold on the market. This is referred to as the practice asset value and it is a debt-free determination. It is not the value of the entity that owns the practice.

The entity that owns the practice may have other assets (an emergency fund, investments, accounts payable) and other debt/liabilities (equipment leases, line of credit, accounts payable) that are typically not included in the practice asset value. The entity value is referred to as the equity value as it takes into account all of the entity assets (including the practice) and all of the entity liabilities.

The equity value is calculated on the entity balance sheet. Typically the first balance sheet is done as of the valuation date and uses the practice asset value. Then as you approach the closing on the buy-in, the balance sheet can be updated to a more current date and the associated account balances.

PURCHASE FEASIBILITY ANALYSIS

For most buy-in opportunities, the seller provides the purchase price and terms, usually based on the practice valuation. Although a buyer can have a second appraisal done, it is possible to save time and money by first focusing on whether or not the purchase price is a feasible price. In other words, focus on answering the question: If I purchase X% of this practice under the asking terms, will I have adequate cash flow to service the debt, pay taxes, and still be able to support my lifestyle?

A purchase feasibility analysis is the means by which that question can be answered.

• If there is positive cash flow after paying the debt and the taxes, then the purchase price is at least theoretically reasonable and you can move forward with your goal of considering purchase of the practice.

• If there is not positive cash flow, then either the price is not reasonable or your personal budget requires a practice that is capable of providing a greater cash flow.

• If there is not positive cash flow and you believe that the price is not reasonable, then the analysis provides the evidence to support your negotiation with the owner to adjust the purchase price.

Essentially, the goal of a feasibility analysis is to forecast the discretionary cash flow that will be available to the buyer:

• after purchasing the practice,
• after accounting for the costs associated with operating the practice,
• after payment of all taxes and all debt requirements.

The remaining discretionary dollars represent the funds available to lead a reasonable lifestyle (i.e., raise a family, buy a home, and so forth).

Step One: Adjust the Financial Statements

• The financial statements and tax returns that the buyer will receive are designed to minimize taxes and, as such, rarely reflect the true profit derived from owning the business (see 7.2 – Financial Statements). Therefore, the first step in the analysis is to examine the practice's financial operation to determine a reasonable estimation of the practice's profitability.

• The true profitability of a practice is determined after accounting for all normal operating expenses, including the facility rent and the

owners' veterinary compensation. It is the resulting share of the profits that will allow a buyer to pay the debt service and taxes and have the funds on which to live.

- In order to obtain an estimation of the practice's true profitability, it is necessary to adjust the financial statements (see 7.11 – Understanding Practice Profitability). Usually, adjusting the financial statement involves identifying non-operating and nonrecurring expenses that the owner put through the practice.
- Adjusting the income statement is not a simple, formulaic process. It requires a solid understanding not only of this practice and how it operates, but also a broader understanding for comparison purposes of how practices operate in that region and nationally. Because of this, it is usually necessary to work with a veterinary consultant to have the analysis completed.
- When the analysis is complete, the result is a financial history of the practice, its financial operation, and its profitability. This forms the foundation of the second step, which is to look forward and project what will happen if the purchase occurs.
- The adjusted income statement for the practice also provides a foundation for the financial transparency needed for a long-term, successful multi-owner structure.

Step Two: Projecting Future Cash Flow

This step seeks to assess what would happen if the buyer purchased a portion of practice under current operations. This is done in several stages:

1. There are several variables that need to be defined, including the seller's asking terms for the practice:
   - Loan information (length of loan, interest rate, loan amount) for the practice loan
   - The practice's historic level of adjusted profitability from Step One
   - Estimates for the practice's future growth and profitability, based on the Step One analysis
   - Estimates for the federal and state taxes going forward.
2. These variables are then used to project the cash flow to the new owner. It begins by growing the practice forward a year and calculating the cash flow that the new owner will receive. This includes:
   - The profits from operating the practice
   - Compensation for the owner's efforts as a practice veterinarian
   - Any other income stream associated with the ownership purchase.

   The total is the gross amount the buyer will have as a result of purchasing the practice. Unfortunately, the buyer does not get to keep all of it. There is still the debt to service and taxes to pay.
3. The next stage involves calculating the costs associated with servicing the debt, principal, and interest, and with paying the taxes. (The tax estimation is typically a general estimate for state and federal taxes, but usually does take into account estimates for depreciation and interest deductions if appropriate.)

The conclusion of the purchase feasibility analysis is an estimate of the cash flow that would be available for a buyer to live on. Whether this amount is enough for you will depend on your personal financial needs. Because this is an after-tax number, it often helps to have the number "grossed-up" to a before-tax value, which is then similar to a salary.

If the determined cash flow amount is reasonable, then the purchase price is an affordable price for you as the buyer. This should be true regardless of the percentage purchased. If the resulting amount is not reasonable, then it is necessary to make sure that the practice data are correct. If the data are correct, then the purchase price may be too high or too low, or the terms of the deal may need to be adjusted. Either way, this analysis provides the information to take the best next steps.

USING CONSULTANTS TO HELP WITH THE PROCESS

A buyer does not have to be and should not be alone in this process. There are numerous veterinary consultants who can help with the due diligence process, perform the feasibility analysis, and make sure that the entire process goes smoothly. See 1.17 – Practice Management Support Professionals for more information on the types of consultants that are available to assist you.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

FMV: Fair market value

References

N/A

Recommended Reading

Farquer, B., Watson, D., Executive Editors. *Your Veterinary Practice: Buying, Selling and Merging*, 3rd edn. Adagio Press, Santa Barbara, CA, 2014.

Simmons & Associates. www.SimmonsInc.com. Information on practices for sale and finding advisors to help with the process.

Veterinary Practice Buyer. www.practicebuyer.com. Information on practices for sale and finding advisors to help with the process.

Wilson, J.F., Nemoy, J.D., Fishman, A.J. *Contracts, Benefits and Practice Management for the Veterinary Profession*. Priority Press, Yardley, PA, 2003.

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7.25. PRACTICE SALES: PLANNING, STRUCTURE, AND METHODS TO MINIMIZE TAXES



BASICS

OVERVIEW

- Veterinary practice sales usually occur in one of two formats – asset sales or stock sales.
- Taxation of seller and deductibility for buyer varies depending upon what is sold.
- Typical assets sold include furniture, fixtures, retail fixtures, equipment, goodwill, inventory, noncompete agreements, patient records, and accounts receivables. Goodwill may be company or personal or some combination of both.
- Typical stock sales include stock or membership interests in a specific entity.
- Federal tax rates for different items being sold vary from ordinary income tax rates to depreciation recapture rates to capital gains rates.
- State tax rates are also applicable and will vary by state. Some states may charge transfer taxes and some municipalities may charge tax.
- Government entities may change tax rates, which can affect taxation of existing or future transactions.
- The sale of a practice generates higher taxable income the year of the sale which usually triggers additional alternative minimum tax and the loss of some or all deductions and exemptions. This additional tax and phase-out of deductions or exemptions are applicable at higher income thresholds (which vary based upon financial parameters and marital status).
- Appropriate tax planning of a sale can result in significant tax savings or tax deferral.
- Section 1031 exchanges and 721 contributions are IRS-approved tax deferral tools used to partially or completely roll over a seller's tax basis into a new asset or entity.
- Installment sales are a method of deferring current tax on a sale until later tax years when principal is paid.
- Seller financing, intermediary installment sales, deferred sales trusts (DST) and structured sales are all types of installment sales to defer tax.
- Comparisons (using comparable rates of return and appropriate state and federal tax rates) between paying versus deferring taxes can provide insight into the benefits of tax deferral.

TERMS DEFINED

Alternative Minimum Tax: Special tax system calculated on tax returns of itemized filers. Typically applicable to taxpayers with significant deductions or preferences, passive losses, or capital gains.
Asset Sale: Sale whereby some part of the sale price is allocated to items which can be expensed, depreciated, or amortized by a buyer.
Capital Gains: The increase in value of a property above your investment cost basis.
Deferred Sales Trusts (DST): An installment sale to an independent trust followed by a sale to an ultimate purchaser.
Depreciation: Monetary amount of estimated annual normal wear and tear on assets or property improvements deducted annually from tax basis of property. Not applicable to land.
Installment Sale: A sale whereby any part of the purchase price is received in a tax year subsequent to the year of the sale.
Intermediary Installment Sale: An installment sale through an intermediate LLC entity (usually with family members) followed by a sale to the ultimate purchaser.
IRS Section 1031: "No gain or loss shall be recognized on the exchange of property held for productive use in a trade or business or for investment if such property is exchanged solely for property of like kind which is to be held for productive use in a trade or business or for investment." This technique is used primarily in real estate sales to roll over the seller's cost basis from a relinquished property into a replacement property with no current tax due if rules are followed for complete tax deferral.
Rate of Return: The amount an investment appreciates or depreciates over time.
Relinquished Property: The property being sold.
Replacement Property: The property being purchased.
S-Corporation: A corporation that has between 1 and 100 shareholders and that passes through net income or losses to its shareholders.
Stock Sale: A sale where a seller sells an interest in some type of entity, typically an S- or C-corporation, or limited liability company (LLC).
Structured Sales: An installment sale whereby an installment obligation is assigned to an insurance company for an annuity payment.
Tax Basis: Total purchase price of property plus additional improvements minus all accumulated depreciation.



ISSUES AND OPTIONS

TYPES OF PRACTICE SALES

Practice sales and practice real estate sales are typically either asset sales or entity (stock or LLC interests) sales. Asset sales make up the majority of practice and real estate sales. Buyers generally prefer asset sales as they can get a deduction over time for assets purchased, and lenders generally prefer asset sales as they have some hard assets for security (equipment and inventory, possibly real estate). The biggest practice asset sold is goodwill, usually at around 80–95% of the sale price allocation. The remaining cost is usually divided among furniture, fixtures, equipment, inventory, noncompete agreements, patient records, and accounts receivables. Most practice business loans are based on the cash flow of the operating enterprise, and lenders will securitize the fixed assets, but they are usually not a comparable amount to their total practice loan.

Sales where the entire practice or building is sold are rarely entity sales, as in entity sales the buyer assumes the tax basis for all assets in the entity (thus assuring significantly less future depreciation and other tax deductions) and assumes all the past liabilities of the entity (both known and unknown). Even though the liabilities may be indemnified against in a purchase agreement, the lack of significant ability to write off the majority of the purchase price via future deductions is a huge stumbling block to entity sales. Most entity sales are transfers of partial entity interest or stock to a partner or associate as part of a phased purchase buy-in or exit strategy in large group practices, or sales of C-corporation stock where an asset sale would entail significant detrimental tax cost to a seller. Because of these negative attributes, many times entity sale prices are discounted. Taxation of entity sales is at capital gains rates, and tax deferral methods described further are applicable.

7.25. Practice Sales: Planning, Structure, and Methods to Minimize Taxes

Many of the sales occurring today are partial sales to associates. These have historically been transactions where the owner carried an installment obligation from the buyer, and because of this there has been some reluctance on the part of owners to part with cash flow streams they already have to finance a purchase by someone else. In the current lending environment and using some of the tax deferral techniques described further, an owner may sell a portion of practice assets or entity to an associate and incur no current taxes on most or all of the transaction (depending upon structure and allocation of what is being sold). The buyer obtains a loan for 100% of the cost of the assets or entity interest, and the buyer (and possibly the practice) guarantees the purchase debt (but not the selling owner). Lenders today may in some circumstances loan to the purchaser with the only security being the entity interests being purchased. This scenario has facilitated many more transactions due to the perception of it being an arm's length cash transaction and the owner not having to be the lender for the associate/partner.

TAXATION OF PRACTICE SALES

Taxes due on the sale of a practice (Table 7-25-1) include the following:

- **Depreciation recapture income tax:** In an asset sale where the assets being sold utilized shorter term depreciation or expensing (typically equipment), then depreciation recapture income generated by the sale of these assets is taxable at ordinary income rates (state and federal) the year of a sale (regardless of the tax deferral method).
- **Depreciation recapture tax:** Real estate depreciation is currently recaptured at a 25% federal tax rate (plus applicable state rate) on the sale of most real estate where the sale price of the asset is above the current adjusted tax cost basis. In partial tax deferral situations (i.e., mixed cash sales with 1031 exchange or installment sales), this tax is paid completely before any capital gain taxes are assessed.
- **Capital gains tax:** Taxes on gains are computed from the net sales price of an asset minus the original cost, plus improvements. Current federal tax rate on most capital gains is 15% (plus applicable state tax rate), but for individuals with incomes above $400,000 single and $450,000 married this rate will be 20%. This is typically applicable to gain in practice goodwill or real estate value, and the higher rates will apply to most practice sales because of the concentration of income and capital gains the year of the sale.
- **Alternative minimum tax (AMT):** Long-term capital gains count 25% toward the phase-out of the AMT exemption. The net effect could be the exposure of additional income to the AMT if there are significant capital gains (which typically occurs at the time of a sale), and an effective capital gains rate of greater than 20%. An AMT analysis should always be performed with any proposed sale transaction at higher price levels where this applies.
- **Ordinary income tax** in most sales is applicable to any employment, consulting, or noncompete agreements, as well as inventory allocations. Future income as a result of employment agreements has the potential to expose much of seller's future social security income to taxation.
- **Net investment income (NII) tax at 3.8% on investment income:** Income from assets used in a trade or business is excluded from the NII tax, so it is not applicable to practice sale income. If a seller has other investment income, the sale of a practice without some type of tax deferral could easily push a seller (who previously did not qualify) into the income bracket whereby the NII tax is applicable on any other investment income, making it an effective tax on the practice sale. In addition, some sellers retain the practice real estate as rental property, and a future sale of that rental property plus the rental income would be subject to the 3.8% NII (as it was not property used in a trade or business if the doctor is retired).
- **Loss of deductions/exemptions:** At adjusted gross incomes above $250,000 single and $300,000 married a phase-out of both personal exemptions and itemized deductions will occur. The net result is an exposing of more income to taxation, and this is more likely to occur in the year of a sale.
- **State income tax:** State rates vary from 0 to 13.3%, with many states enacting temporary surtax increases to help fund budget and pension deficits (Table 7-25-2). In some localities, there may also be local tax on the sale and some states impose transfer taxes.

TAX DEFERRAL TECHNIQUES

Tax deferral on an asset sale is accomplished by many varied techniques. The traditional method that has been in existence for many years is an installment sale. The IRS has issued significant guidance on installment sale compliance. An installment sale is an asset sale with a gain whereby some of the payment is received in a year subsequent to the year of the sale. Installment sales allow sellers to defer current taxation for both real property and intangibles (typically goodwill).

Table 7-25-1. 2018 taxation on the sale of practice assets.

Asset type	*Seller tax*	*Buyer deduction*
Real estate	Real estate Depreciation Recapture + capital gains	39-year depreciation
Furniture, fixtures, and equipment	Ordinary income	Depreciate 5–7 years
Inventory	Ordinary income	Immediate expense
Goodwill	Capital gains	Amortizable 15 years
Patient records	Capital gains	Amortizable 15 years
Any entity interest	Capital gains	None

Table 7-25-2. 2013 tax rates in the United States.

Type of tax	*Federal rate*	*State rate*
Ordinary income	25–39.6%	0–13.3%
Capital gains	15–20%	0–13.3%
Depreciation recapture	25%	0–13.3%
Alternative minimum tax	0–4%	0
Net investment income tax	3.8%	0

7.25. Practice Sales: Planning, Structure, and Methods to Minimize Taxes

Installment sale income typically consists of three parts: interest income on the obligation, return of capital (adjusted cost basis in the property), and gain on the sale (both depreciation recapture and capital gain). Installment sales are often a necessary evil in practice sales, as buyer's equity plus outside lender financing available may not equal the entire purchase price. In today's markets, 100% practice financing is rarely seen, thus installment obligations may be required to complete the transaction. Installment obligations also carry credit risk to the seller, and mitigation of that risk by other installment sale techniques that might enhance the credit risk of the buyer may be considered.

IRS Section 1031 exchanges are typically used for real estate tax deferral by selling an investment property and exchanging into another investment property. These are primarily used when practice real estate is exchanged for another investment property. We rarely see this on practice business sales because most times the primary asset being sold is goodwill, and goodwill is specifically excluded from being exchanged. Characteristics of a 1031 exchange include the following:

- Properties must be exchanged for like-kind properties. This is determined by IRS asset class, and for real property exchanges this class is very broad. It may include any deeded real property for investment or productive use. It may not generally include LLC interests, stock/bonds, or property that is personal use, inventory, or stock in trade.
- Properties must be identified properly, with written identification within 45 days of the sale. There are three methods of identification allowed based upon IRS regulations (the three-property rule, the 200% rule, or the 95% rule). Failure to properly and timely identify exchange replacement properties can invalidate an exchange.
- Exchangers also have 180 days to close on their identified replacement property, or properties, to comply with IRS provisions.
- The IRS has issued many rulings clarifying reverse exchanges, construction exchanges, vacation home exchanges, related party exchanges, exchanges into a personal residence, and refinancing surrounding an exchange. Several are areas of significant IRS interest due to frequent abuse, and additional regulations and reporting have been implemented in the last few years.
- For complete tax deferral, exchangers must replace all equity and all debt from the relinquished property into the new property.

Intermediary LLC installment sales and deferred sales trusts are installment sales to an independent entity. They rely upon compliance with installment sale law for tax deferral, and are structured in a manner to suit the asset seller's income needs. In these, assets are sold to the independent entity in exchange for an installment note, and the LLC/trust then sells the assets to the end buyer in return for the payment for the assets. Use of this technique significantly enhances the credit-worthiness of an installment sale versus having a note with the end-user, and defers the taxes on gain until principal payments are received on the note based upon the terms of the note. It essentially trades business risk for investment risk (which can be controlled). The assets are kept segregated in an independent entity account and the seller has the sole security interest on the assets. Assets are typically invested in market-based investments (stocks, bonds, notes, separately managed accounts) and are held in custody at national firms (e.g., Schwab, Fidelity, TD Ameritrade, etc.). The interest rate on the installment obligation is related to the investment objectives and risk tolerance of the seller, as investments meeting those criteria can affect the rate of return on assets. Terms of the note can vary depending upon the needs of the seller, with both the duration and the amount of principal paid on the note based upon the income needs of the seller and the amount of tax deferral desired.

A 721 exchange may be utilized (with restrictions) for contribution of assets or entity interests to a partnership or LLC entity in exchange for entity interests. There is no tax cost to this contribution, unless monetary consideration is also given at the time of the contribution. Restrictions on distribution of the property received by the entity or monetary exit by the seller may be in place for several years. Section 721 exchanges are utilized by both real estate firms and businesses to acquire assets they wish to own without paying cash for the assets. The contribution benefits the contributor by gaining assets in a more diversified entity without any out-of-pocket cost or tax cost. The primary use is practice mergers or buyouts where the seller wants stock or partnership interests instead of cash, or a buyer wants to acquire additional assets without having to purchase for cash. The form in veterinary transactions currently is contribution of some or all of a practice's assets to a veterinary private equity parent company as an investment. Veterinary private equity investments have had significant appeal to veterinary practice sellers as tax-deferred investments with significant growth potential. It is also increasingly being utilized in joint venture situations where a practice owner sells a partial interest in a hospital to a veterinary company and retains a portion with future exit rights and pricing determined. Both of these are effectively combining exit and tax planning with investment planning, which is more a more common in the veterinary market today. These 721 contributions may also be used in planning for future exit strategies for older veterinarians, as a merger with another local hospital may lock in a future buyout by the merged group of the contributing owner. Other effective mergers may occur when one practice simply purchases the assets, patient records, and cash flow of another and absorbs them into the purchasing practice, but any cash consideration paid at that time would be taxable unless additional tax deferral methods described here are employed. This contribution/merger approach is becoming increasingly common as an exit strategy for practice owners. Section 721 contributions are also commonly used in real estate transactions, whereby the real estate owner contributes the property to a real estate entity (LLC, REI) in return for membership interests or shares in a diversified entity.



EXAMPLES

N/A

7.25. PRACTICE SALES: PLANNING, STRUCTURE, AND METHODS TO MINIMIZE TAXES



CAUTIONS

Tax deferral techniques may not recognize current gain in an asset sale, potentially allowing those assets to receive a step-up in basis at the time of death and the sale taxes never to be paid. Other techniques postpone the date which the taxes are due and allow the seller to generate substantially more income than would be generated after a taxable sale on the higher pre-tax proceeds which are invested and paying interest on an installment note. Looking at the portion that is tax-deferred, under the current tax rate environment (15–20% capital gains tax rate) the difference in the amount of assets and potential return generated from these assets is usually 20–40% depending upon the state tax rate and applicability of alternative minimum tax. Under the 20% capital gain tax rate, in a taxable transaction the minimum differential of income generated by utilizing tax deferral methods is 25% (assuming no state tax) and could exceed 50% in states with high tax rates. This is extremely material to many sellers as they (in many circumstances) are relying on cash flow and growth from the assets generated by the sale of the veterinary practice to fund retirement income.



MISCELLANEOUS

ABBREVIATIONS

AMT: Alternative minimum tax
DST: Deferred sales trust
IRS: Internal Revenue Service
LLC: Limited liability company
REIT: Real estate investment trust
UpREIT: Umbrella partnership real estate investment trust

References

N/A

Recommended Reading

Business Transition Services. www.businesstransitionservices.us. Multiple articles on tax deferral.

Internal Revenue Service. www.irs.gov. The IRS informational web site where almost any tax form, instructions or tax code details can be obtained or researched.

Realty Exchange Corporation. www.1031.us. Information of all types related to 1031 exchanges.

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7.26. PLANNING FOR THE SALE OF A PRACTICE



BASICS

OVERVIEW

Selling a practice requires planning and preparation. It is probably the largest financial transaction made during a practice owner's lifetime and involves much more than just setting a price. Advance planning, providing for the continuity of practice operations, and preparing the facility for sale are a few of the essentials necessary to help maximize the transaction. If you are planning your future, you should be asking yourself:

- Why are you selling?
- Is it really time to sell or are you just reacting to other issues?
- What are you going to do after the sale?

Selling a practice can be a significant change for the practice owner and the owner's family. Proper advance thought and preparation will help keep the process smooth and on track see 14.21 – Succession Planning).

Note: It is often helpful to view the perspective of a buyer during this process, and it is important to understand that it is a practice's profitability and not its revenue that drives the practice's value.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

TIME FRAME

- It is not possible to predict how long it will take to sell a veterinary practice. If you do not have a buyer identified already, the primary factor will be where the practice is located. If it is where buyers want to be, then 1–6 months may be typical. If it located in a less-desirable region, then it may take a year or more to find the buyer that wants to be there. Additional factors include the type of practice (small/large animal, species specific, holistic/alternative medicine, etc.), the quality of the practice, the size of the practice, and how realistically the practice is priced.
- Once an offer is accepted, the timing will typically be 2–4 months but this depends upon how the contract details proceed, the third-party involvement (real estate appraisal, survey, inspections, etc.), and how the financing comes together for the practice and the real estate.

WHAT ARE BUYERS SEEKING?

Buyers today typically have been practicing for 4–10 years. They are both male and female, and for most of them, balancing practice ownership with personal quality of life issues is important. They are usually willing to wait for the right practice. In general, the practices that sell the quickest are the following:

- Small animal
- Located in or near major metropolitan areas
- Having access to emergency facilities
- Grossing more than $450,000.

PRACTICE DATA YOU CAN EXPECT TO PROVIDE TO A BUYER

The following list contains the documentation that the practice broker, appraiser, buyer, lender, and/or buyer's consultant will be requesting at some point during the sale process. The more you have collected the better:

- Copies of the practice's tax returns and financial statements for the last three years
- A recent year-to-date profit and loss statement (income statement) and data from the same period for the previous year
- Data on the practice's productivity: revenue by category, revenue by doctor, number of active clients, amount of the accounts receivable
- An employee census, a copy of the employee manual, and job descriptions
- A copy of the practice's fee schedule
- A legal description of the property if it is for sale
- A copy of the lease if the property is not for sale
- A listing of the major practice equipment that will transfer in the sale. In general, make, model, and serial numbers will be needed for anything that has a value over $1,000
- A list of what will not transfer in the sale, such as personal items in the practice, artwork, your first microscope, etc.

FOR SALE BY OWNER OR HIRE A VETERINARY PRACTICE BROKER?

- Similar to selling a home, a practice can be sold by the owner or it can be sold using a veterinary practice broker. Both routes can be successful.
- Most practice brokers work on a commission that is paid at the time of closing the sale.
- In general, veterinary practice brokers often help manage the process to keep it moving forward so that the owner can focus on continuing to run the practice. They also can usually market the practice to a broader audience than can an owner. As specialists in veterinary transactions, their experience and knowledge can save time and energy – it can also help avoid pitfalls and problems that could derail the transaction. They can also help create a smoother transaction by assisting in the financing, the lender's closing contingencies, by helping everyone involved to the closing table and by guiding the transition to the new owner.
- It is best to interview potential brokers to discuss their philosophy, the sales process, and the services they provide to determine whether or not it would be a good match to help you reach your goals.

PLANNING YOUR EXIT

Three Years Before Putting the Practice on the Market

- Make quality time to write down goals, develop a timeline, and consider life after practice (see 14.21 – Succession Planning).
- Have a baseline practice valuation performed by a competent veterinary practice appraiser.
- Use the practice value to review the tax and financial implications of your exit with your advisors.
- Identify areas where improvements can be made that will improve practice's financial health and its value.
- Manage the practice for revenue and earnings growth.
- Consider hiring a practice consultant to help ensure at least two years of profitable growth prior to sale.
- If possible, identify potential practice buyers.
- Take an active role in the practice; begin delegating management responsibilities to key staff.
- Concentrate on enjoying practice and avoiding burnout.
- If you do not have an emergency center nearby, consider setting up emergency rotations with colleagues in the area (most buyers do not want to take after-hours calls).
- Make sure there are no unsettled environmental concerns (buried gas tanks, x-ray chemicals, etc.) or other real estate issues that will impede the sale of the real estate.
- Resolve any real estate zoning compliance issues that might impact transfer.
- Have a building inspection done and take care of any deferred maintenance issues.
- If the practice is not computerized with practice management software, perhaps it should be.

7.26. PLANNING FOR THE SALE OF A PRACTICE

One Year Before Putting Your Practice on the Market

• Clean the facility thoroughly, repair cosmetic damages, paint, landscape, and so forth.
• Upgrade the practice to current standards (imaging, computer management system, etc.).
• Secure current employment agreements that include non-competes with your associates. This can be a significant issue for the buyer and the lender.
• Ensure that any facility lease has a life of at least five years, is renewable, and is transferable or that the landlord will sign a new lease with the buyer.
• Check equipment leases for prepayment penalties (usually, all leases are paid off at closing).
• Revisit your financial needs and the tax implications of the sale. This involves meeting with a tax accountant and possibly a financial planner.
• If a commercial real estate appraisal has not been done recently, consider ordering one.
• Begin preparing the practice records for a buyer's review: the financials, contracts, employee records, and so on. See the aforementioned list of documents a buyer may request.
• Compile inventory and equipment lists of what will transfer in the sale, and a list of what will not transfer to the new owner.

A COMMENT ON THE BUYER'S FIRST IMPRESSION

Although the location is the major variable, the first impression does matter. Without a doubt the physical appearance of the facility, the friendliness of the welcome, and the first few minutes talking with the owner will have a huge impact on how easy or difficult the potential buyer thinks that the practice will be to buy. Devoting some time, effort, and a few dollars to "put the practice's best foot forward" will go a long way to expedite the sale and for the right price. There is only one first impression. Much has been written on the subject, and intuitively most people recognize its truth. Arguably, a first impression can set the tone for future interaction or influence someone's opinion and choices. Sellers should ask themselves questions like these:
• What will the buyer see when he or she drives into the parking lot?
• How well placed is the signage?
• Is the exterior in good shape and freshly painted?
• How is the landscaping?
• Once inside, will the potential buyer smell any strong odors?
• Will they find the hospital tidy and well kept, or are yellowing and tattered posters taped to the walls?
• What about the back areas of the hospital? Does it look like someone has picked things up off the floor just long enough to mop?
• Is everything organized and current, or are there piles and stacks of archaic supplies and unused equipment?

When a buyer visits the practice, it is better for them to focus on the practice's philosophy, growth rate, profitability, and future potential than on the cleanliness or lack of organization. Major remodeling is unnecessary, but organizing, cleaning, and light touch-up painting will go a long way.

GETTING THE PRACTICE TO THE MARKET

• If utilizing a veterinary practice broker, their first step will be to establish the purchase price for the practice, typically the fair market value (FMV). If you are not working with a broker, have the practice valued (see 14.13 – Determining a Practice's Worth). Although there are many business appraisers, it is important to make sure that the appraiser understands the market for veterinary practices and how they transact. Appraisals are opinions of value, so you want to find the most reliable opinion as it can save time and frustration later in the sales process.
• Prepare the facility to show to potential buyers (clean, paint, prepare the grounds, etc.).
• Prepare a detailed information packet on the practice that can be presented to interested buyers. It should include the following items plus any others that will contribute to the buyer's understanding of the practice and the community:
  ◦ Practice and real estate purchase prices
  ◦ The history of the practice
  ◦ Reason for selling and seller's plan post-closing
  ◦ Description of the facility, including major renovations, the value of the real estate, and a floor plan
  ◦ Description of services offered by the practice
  ◦ Samples of the practice's promotional materials such as brochures, website, and directory advertisements
  ◦ A list with comments on the other veterinary practices in the area
  ◦ Descriptions of opportunities and clinic potential that a new owner could pursue
  ◦ Pictures of the practice, inside and out
  ◦ Information on the community surrounding the practice, such as demographics, the school system, recreational opportunities, or special activities.
• Prepare the additional data (previously mentioned) that an interested buyer will request, usually after visiting the practice.
• If for sale by owner, prepare a marketing plan for sale of the practice. If working with a broker, review their plan with them.
• If selling the practice by yourself, consider contacting national, regional, and state professional journals and magazines to place classified ads.
• Send out direct mail to potential buyers.
• Prepare to work with the potential buyer's advisors (attorney, accountant, lender) as they will be requesting additional information and clarifications as they work through their review of the practice and the contracts.

MYTHS THAT IMPACT TRANSACTIONS

The following statements are often believed, but are not supported, by what veterinary practice brokers, appraiser, and consultants observe in the market:
• A practice is worth 70–80% of gross revenues. Not true. Each practice is different, and there is no single rule that covers all practices. There are many variables that influence practice value, the most significant of which is its profitability. Based on actual transactions, practices can sell from 25–120% of gross revenues.
• If I take cash out of the practice (unreported) it can still count as profit. Unreported income cannot be recognized when determining the practice value. Essentially, unreported income is taking the value out in tax savings. Make sure all income is reported at least one full tax year (two years are preferred) prior to valuing and selling the practice.
• I run other expenses through the practice and just add it back as profit. Although many non-operating expenses can be recognized, the lenders' tolerance for such add-backs is minimal, especially when trying to approve the loan. As a part of your exit plan, the cleaner the books are the smoother the transaction.
• As long as the profit is high, any practice in any location will sell easily, or "location, location, location" does not apply to veterinary practices. Not true. Location is very important with respect to how quickly a practice will sell. An underperforming practice in a great location (suburban/urban, popular city) will sell quicker than a profitable and growing practice in an undesirable location (rural, unpopular towns).
• A buyer should pay more because there is great potential here. In general, potential has attractant value but it may not have monetary value. A buyer's decision to purchase will take into account the potential, but ultimately they will pay for what they are getting. In other words, what is already in existence, not what "could be." If there is great potential, attain it and then sell if you want to include it in the purchase price.

7.26. Planning for the Sale of a Practice

A COMMENT ON PRACTICE VALUE

The purchase price for a veterinary practice is important, and there are a few perspectives you should be aware of as you prepare to sell your practice:

- As the owner of a practice, you receive income from several different sources:
  - Compensation for your efforts as a practicing veterinarian
  - Compensation for your management efforts (sometimes this is included with your veterinary compensation)
  - If you own the practice real estate, then you should receive a fair market rent from the practice
  - A return from owning the practice; that is, the profits from the business after all operating expenses have been paid.
- The return from owning the practice is the factor that has the greatest impact on practice value – the greater the profitability, the greater the practice value. Therefore, the higher the practice value, the more profit the owner should receive from owning the business, and the more a buyer will be willing to pay for the business.
- When a practice is properly appraised by a veterinary practice appraiser who is familiar with the market for veterinary practices, the fair market value purchase price will provide enough cash flow after the sale for the new owner to live on after servicing the debt and paying taxes.

Because of these factors, for most educated buyers the practice price is not the primary driver in their decision to purchase your practice. They will focus on whether they like the practice and whether it has what they need to help them attain their personal and professional goals.

A COMMENT ON CORPORATE BUYERS

In addition to the fair market value buyers, the recent years has seen a marked increase in the corporate buyer, or the consolidators – entities that are buying multiple practices nationally or within a target region. The purchase price paid by the consolidators can be fair market value or it can be considerably higher depending on that buyer's competencies, strategies, and goals.

There are often many details beyond the price that needs to be negotiated. The first offer may not be the best offer. Pay attention to all of the details and work with professional advisors to help with the process.

CHECKLIST FOR CLOSING A PRACTICE SALE

Once a sale price is agreed upon between the buyer and seller, there are many steps necessary to move the transaction to closing.

1. Come to an agreement on the purchase price. A good fair market value appraisal will save time in the negotiations.
2. Work with the attorneys and accountants to negotiate and agree on the purchase contracts (see 13.9 – Buy/Sell Agreements). The contracts will typically address the following:
   - The purchase price and the allocation amounts for tax purposes
   - The financing terms, especially if there is an owner-financed note
   - Closing contingencies – a checklist, for both the buyer and the seller, of what will need to be done prior to the closing
   - When/if the earnest or deposit money will be collected and how it will be handled
   - Disposition of employees, especially the associate veterinarians
   - The noncompete agreement between the buyer and the seller; usually larger than an agreement between a practice owner and an associate veterinarian (see 13.11 – Noncompetition)
   - The target closing date
   - Which party is responsible for which closing cost and what items need to be prorated
   - Identification of the equipment that will transfer in the sale, and the items that will not transfer with the sale
   - Deed for the real estate and the legal description
   - The transition period and seller employment after the sale, if any
   - Indemnifications for the buyer and the seller
   - Disposition of accounts payable and accounts receivable
   - The buyer's credit check, if the owner is providing additional financing.
3. Assist the buyer in obtaining financing. The lender(s) may need additional information in order to provide formal approval on the loan(s).
4. Receive confirmation of the buyer's formal loan approval.
5. Satisfy all contingencies of contract.
6. When real estate is involved, the real estate appraisal, a building inspection, and possibly a formal survey will need to be completed.
7. Identify where the closing will be held – typically a local title company or in the office of one of the attorneys.
8. If needed, work with the title company for the lien releases and the title searches.
9. Confirm that the buyer has all needed insurances (life, disability, business overhead, workers' compensation, etc.).
10. Discuss with the buyer how to handle notifying the staff and the clients about the sale.
11. Review settlement statement from the title company or attorneys.
12. Set up closing appointment with title company or attorneys.
13. Confirm closing date and time with lender.
14. Confirm money transfer from lender to escrow account.
15. Notify all vendors and utility companies to close or transfer accounts as of closing date. The buyer will open new accounts after the closing.
16. If needed, confirm inventory with buyer the day before closing.
17. Attend closing and sign many documents; receive the proceeds of the sale.
18. Begin the transition process, which may include a letter to clients, a practice open house, and an article in the local newspaper.

SHOULD YOU SELL THE PRACTICE REAL ESTATE?

- Although the real estate does not have to be sold with the practice, in most situations the buyer will want to purchase it because:
  - the practice will pay a fair market rent to whomever owns the real estate and the rent amount is usually enough to cover the mortgage,
  - there are many commercial lenders who make it possible, usually with small down payments, to finance the entire deal.
- Why not keep the real estate?
  - Although the real estate represents a good investment, veterinary practices are special-use buildings. Should the practice buyer move the practice and not renew the lease, it can be difficult to find a new tenant.
  - For investment purposes it is usually possible to find alternate investments that will provide a better return.

It is important to note that selling the practice real estate can trigger significant tax repercussions. If the proceeds from the sale are not needed and if the seller would like to defer a tax on the gains from the sale, 1031 tax-deferred exchange may be a good option (see 7.25 – Practice Sales: Planning, Structure, and Methods to Minimize Taxes). It is important that the seller discuss this with his or her accountant and a 1031 exchange specialist.

The process is similar to the capital gains deferment that occurs when selling a residence and purchasing another one, except that with commercial real estate, a qualified intermediary must be used. Also, if the seller wishes to do an exchange and fully defer all capital gains taxes, the process must begin well in advance of the closing on the practice real estate. There are requirements that must be met:

- The investor must reinvest all proceeds from the sale of the practice real estate. If all of the proceeds are not being reinvested, the balance may be taxable based on the capital gains.
- The investor must use a "qualified intermediary" (also known as a facilitator or accommodator) to hold the funds from the first sale until purchase of the new property is closed. The qualified intermediary is the person or entity who acts as the middle person in the exchange,

providing the paperwork, oversight, escrow services, and expertise necessary to ensure that the transaction legally qualifies as an exchange under Section 1031 of the Internal Revenue Code. Even though a 1031 exchange is a complicated process, an exchange using a good qualified intermediary can become a simple transaction and look surprisingly like a standard sale.

- The new investment must be a "like-kind" property. This means that any real property held for investment or real property used in a trade or business can be exchanged for any other real property held for investment or real property used in a trade or business. It cannot be undeveloped land that you would then develop.

HIRING CONSULTANTS TO HELP WITH THE PROCESS

There are numerous veterinary consultants and advisors that can help with your due diligence and to make sure the process goes smoothly (see 1.17 – Practice Management Support Professionals). Their experience and advice can be invaluable for getting the transaction to the closing table. The money you spend on consultants and advisors is an investment in your future.

Legal Consultant

- Sellers should have solid legal counsel and representation during the sale process. The days of a handshake transaction are long gone.
- If you already have an attorney who can handle the purchase contracts, it can be worth considering an additional veterinary legal consultant to provide assistance to your regular attorney. These individuals are well versed in issues related to the veterinary industry and veterinary practice transactions.
- An attorney will be a sizeable expense. However, it is important to have good representation; these are not the corners to cut during such a significant transaction.

Financial Consultants

- An accountant's advice is crucial when selling a practice as there will be significant tax issues involved in the sale of the practice and the real estate. Working with your accountant may help you to minimize the resulting tax burden.
- Another significant area to consider is your long-term financial perspective, especially if you are expecting to retire. A certified financial planner can help you explore your investment options for the proceeds of the sale.

Veterinary Business Appraiser/Broker Consultants

- A practice should be valued correctly, using sound methodology and reality checks by someone who has a solid understanding of the market for veterinary practices.
- An incorrect value will give someone the short end of the stick. If it is the buyer and the sale transacts, it could result in them defaulting on the purchase and damage to the practice; if the seller is providing financing, the practice could come back to the seller in poor condition.
- A properly determined value will be able to withstand the buyer's consultants' critical analysis as well as the analysis done by the finance company for the buyer's loans. It will also contribute to a smoother transaction, as there are fewer reasons to try to negotiate on the price.
- A veterinary practice broker provides service beyond the practice valuation to include marketing the practice, finding the buyer, facilitating the transaction, and making sure that everything comes together to a successful conclusion.

To Find the Right Consultants

- Ask your colleagues what their experience has been and who they recommend.
- Ask a practice broker and/or other veterinary consultants for their referrals.
- Contact a member of the consultants' association VetPartners (www.VetPartners.org). They can help you find potential consultants to meet your needs.
- Interview potential consultants or advisors before hiring one. You are paying for their experience and opinions, so you will want to find a good match.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

FMV: Fair market value

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N/A

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Simmons & Associates. www.SimmonsInc.com. Information on practices for sale, the purchase/sale process and on working with veterinary practice brokers.

Veterinary Information Network. www.VIN.com. Source for veterinary practice issues with message boards, online seminars, and continuing education sessions. Great resource for learning about your practice's operation relative to other similar practices.

Veterinary Practice Sales Group. www.VPSG.com. Information on practices for sale, the purchase/sale process and on working with veterinary practice brokers.

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7.27. Selling to a Corporate Entity



BASICS

OVERVIEW

Many practice owners love to practice medicine but reach burnout on the daily management issues that arise in every practice. Even with great practice managers, owners still feel stressed with the responsibilities for the final decisions of practice ownership and with concerns for the changing veterinary marketplace. These changes include the increase in corporate practice ownership that may seem like a threat to some hospital owners.

There are also some associate (employee) veterinarians who are theoretically ready to purchase a practice, but believe they are not qualified financially to consider purchase of a multi-doctor operation. This financial issue can also be a concern for the seller (employer).

The elephant in the room for most sellers, when they have a qualified associate that wants to buy is whether or not they can they afford to sell for a fair market value price (commonly much lower) to an associate or do they financially (for retirement or other reasons) prefer to accept a much higher investment practice value (price) from a corporate buyer, if their practice meets corporate criteria.

The corporate investment buyer may be willing to pay a price for a small animal veterinary practice that is at least 25% higher than a fair market price.

To give guidance to these seller and buyer issues we need to compare the common expectations and needs of an associate or private buyer versus a corporate buyer.

TERMS DEFINED

Corporate Buyers (or Consolidators): Small or large groups of investors that seek to purchase and hold or resell after they have consolidated the purchased small animal practices into equity group demanded size of revenue streams (usually 10–100 practices).

Normalizing Adjustments: Changes made to financial statements to make them comport to typical or "normal" circumstances. This usually involves adjusting items such as compensation, discretionary expenses, perks, one-time gains or losses, expenses or revenues related to non-operating assets, and converting certain assets and liabilities to fair market value. The goal is to convert the individualized financial statements of a potential seller to those that would be considered reasonable and realistic for a proposed buyer. For example, a seller can set their compensation at whatever they like while they own the practice, but normalizing adjustments may convert this to fair market value so that a more realistic expectation of expenses can be achieved.

Private Buyers: Individual associates at a practice or third-party private buyers. These individual buyers may be either veterinarians or nonveterinarians desiring to purchase to own an investment, where they may or may not work.

Real Estate Investment Trust (REIT): An investment company that owns and manages a portfolio of real estate properties and mortgages. Most REITs trade like stocks on financial markets, and REITs are sometimes referred to as "real estate stock."



ISSUES AND OPTIONS

The common important factors that both buyers and sellers consider in a practice purchase include the following, even though they may have a different perspective.

THE BIG THREE PRIORITY FACTORS

- **Location:** This factor is a major issue for practices finding associates and/or a private practice buyer, but not so much for a corporate buyer. They just want access to their regional management team and the presence of a demographic that will support the minimum size and growth they require.
- **Number of doctors and/or gross revenue:** Private buyers want colleagues to work with and collaborate with on medical cases, but usually do not have a minimum requirement for the number of associates. This is a big requirement for corporate buyers. They need an economy of size and efficiency to include usually three doctors and a gross revenue of greater than $1 million. Some corporate buyers have even raised their size minimum revenue to $2 million per year. Private buyers, if aware of the efficiencies and economies for a profitable practice, will usually want a practice with at least $500,000 or more annual revenue.
- **Sale price:** Fair market value (FMV) for private buyer; investment value for corporate buyer. This issue is where sellers have big choices to make and associate buyers commonly have the heartbreak of not being able to reach the financing needed to purchase, if they have to match the purchase price of an investment value that a corporate buyer will offer.

Practice sale price as calculated by veterinary practice valuators is based on historic performance and profit and loss statement analysis, verified by tax returns to conclude with an adjusted net cash flow, also known as an adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA). This financial result is then capitalized at a market rate generally resulting in a multiple of 4–5.2 for a fair market value, after consideration of specific subjective factors and the cost of capital.

The tough choices for sellers and associates is that corporate buyers, commonly not needing any debt financing to make the purchase, while having less risk because of their size, may make an offer of an investment value based on their needed rate of return that could bring their offer at a multiple much larger than the FMV rate, increasing price by 25% or more.

The only way a seller can help an associate buyer reach the sale price they prefer (if corporate buyers raise price to an investment value) is to help with financing secondary to a bank loan and to allow the pay-off period to be much greater than a common bank term of 10–15 years. Even then, banks may decline to lend, if the practice total debt, exceeds FMV.

ADDITIONAL FACTORS THAT MAY BE IMPORTANT TO BUYERS

Profitability or excess cash earnings of the practice on a normalized cash basis accounting or an adjusted EBITDA basis is not only the value that helps create sale price as discussed above, but it is also the cash flow that provides for the buyer's financing payment plan or the corporate buyers needed return on investment. In a FMV sale to a private buyer, generally the buyers are not as concerned about whether the normalized cash profitability is in the 5%, 10%, or 15% range, as long as the practice will provide a reasonable wage to buyer and sufficient cash for payments. But the corporate buyer will commonly not take the time to look at a practice with less than a 12–15% or greater adjusted cash flow or adjusted EBITDA.

Seller financing is a common requirement for an associate or private buyer depending on the price and financial condition of buyer. Corporate buyers of course do not need any seller financing in most cases. Some sellers prefer to carry some of the financing to maintain a source of income and to reduce sale taxes by using the installment sale IRS rules.

Partial sale initially works for some sellers and private buyers, where a seller still wants to remain in control or is willing to become an equal or minority owner over a period of years. Very few corporate buyers are willing to do any partial practice purchase, but if they are willing, typically require a majority ownership status and a controlling interest purchase.

7.27. SELLING TO A CORPORATE ENTITY

• Is seller required or able to work after sale closing? Most sellers are willing and able to work for at least 1–3 years after the sale closing if there are no health issues. Depending on the size of the practice most private buyers want seller to help transfer the goodwill of the practice for six months to 2 or 3 years, if affordable to buyer. Corporate buyers usually demand at least 1–3 years of seller commitment to work after sale closing.
• Is real estate part of the sale? Private buyers commonly prefer to purchase a practice and the real estate. Lenders like to lend (when economically feasible) on both a practice and the real estate. Corporate buyers usually prefer not to purchase any real estate. If the seller prefers to sell the real estate, some corporate buyers will have an independent party (or REIT) purchase the real estate and lease it to them.

OTHER FACTORS THAT ARE IMPORTANT TO SELLERS OR BUYERS

Choosing a successor owner for their clients is a desire of a few sellers. Of course, if they can sell to the associates they have achieved their goal. If they sell to a corporate buyer, they may choose the buyer, commonly with the help of a practice sales broker, to bring more than one soliciting corporation buyer to the offer point. But with a corporate buyer the seller's associates may continue at least in the short run, but maybe not in the long run to maintain constant relations with the seller's clients.

How long will it take to close after the buyer is found? Normally, private party buyers take much longer to close than for a sale to a corporate buyer. Corporate buyers have cash for purchase. Private buyers need financing that takes much longer, and the sale will be contingent on obtaining financing. Private buyers may take 2–6 months to close a purchase. Corporate buyers may close in as little as 45–90 days.

What is the sale process and documentation? In this area, most buyers will prefer to use a nonbinding letter of intent (LOI) to find agreement on the basic terms such as price and pay-off plans. The LOI, after some due diligence, is followed by a purchase and sale agreement also known as an asset purchase agreement (APA) that becomes binding after some contingencies are met and usually an earnest money deposit is paid to seller by buyer. Corporate buyers, do not commonly make any earnest money deposit because they are investment value buyers, paying a higher purchase price so they can get sellers to wait without payment of any earnest money.



EXAMPLES

It is typically a tough decision for the seller to make the choice to sell for a much higher price to a corporate consolidator and get cash, or to sell to an associate for a price near a consolidator price with the seller being involved in the sale financing. This reality comes home when one considers a practice with a gross revenue of $1.5 million, with a net adjusted cash flow or an adjusted EBITDA of 15%, which normally would sell on the private market for around $1.125 million or would sell to a corporate (consolidator) buyer for $1.35 million or $1.8 million. Which choice does the seller make? A private buyer cannot get corporate price financing from a third-party lender.



CAUTIONS

Selling or buying a veterinary practice is a very big financial and emotional commitment for either side. It should not be taken lightly, nor done without the help and consultation from experts on both sides. Sellers usually experience a greater financial value in sale price by using a practice broker, even if a corporate buyer or an associate has already made an offer to purchase.

Buyers likewise should use a buyer's representative, whether a consultant with experience in this field or at least one who has plenty of veterinary practice valuation experience and preferably is a certified valuation analyst (CVA) or a similarly qualified certification, to prevent overpaying for a practice that may have a pay-off period of one to two decades or more.



MISCELLANEOUS

ABBREVIATIONS

APA: Asset purchase agreement
CVA: Certified valuation analyst
EBITDA: Earnings before interest, taxes, depreciation, and amortization
FMV: Fair market value
IRS: Internal Revenue Service
JD: Juris doctorate or licensed attorney
LOI: Letter of intent
REIT: Real estate investment trust

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N/A

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Section 8

Cash Management

8.1. REVENUE STREAMS IN VETERINARY PRACTICE



BASICS

OVERVIEW

• The revenue section of a typical income statement for a veterinary practice is usually composed of just a few lines – for example, fees for professional services, refunds, and discounts – with the net of these amounts equaling total revenue for the practice.
• For more useful analysis, a detailed breakdown of revenue categories is needed so that individual revenue items (e.g., dentistry revenue) can be identified and evaluated.
• The amount in each revenue category should be expressed as a percentage of total revenue so that comparisons can easily be made between prior periods within the hospital, and also with industry benchmarks.
• From a financial viewpoint, it is generally acknowledged that diagnostic and other medical services have a higher profit margin than nonmedical income areas.
• Areas in which the profit margins are generally lower in veterinary practices include boarding and grooming services, product sales, and vaccinations. These are still valuable services to offer, however, as they are important to the quality of care, level of client service, and building of the relationship with the client.
• Other key performance indicators (KPIs), such as the number of transactions per period, the average transaction charge (ATC), and revenue per doctor, are also valuable tools for analyzing total revenue. These metrics help the user understand whether revenue is increasing due to an increase in transactions, fees, client acceptance of procedures, or other variables, and the level of doctor productivity.
• The fees charged for products and services also influence revenue, and an understanding of how fees are set and the value offered by the practice for these fees is also critical to practice success.
• There are several regularly published studies of business and financial metrics related to veterinary practices, including the American Animal Hospital Association's (AAHA's) *Financial and Productivity Pulsepoints*, the Veterinary Hospital Managers Association Insiders' Insights, and the *Well-Managed Practice Benchmark Study*. Most of the available data are for companion animal general practices.

TERMS DEFINED

ATC: Total revenue over a period of time divided by the total number of transactions during that same period; this represents the average amount spent by clients each time they visit the practice.
KPIs: Key metrics (financial and operational) used to measure performance of an organization.
Practice Information Management System (PIMS): The software system used by the practice for client invoicing, medical records, inventory, metric analysis, tracking of accounts receivable, and other revenue-related activities.



ISSUES AND OPTIONS

REVENUE CATEGORY ANALYSIS

• Although a detailed breakdown of revenue by service and product category is not usually contained in a practice's income statement, it should be readily available from the practice's PIMS (practice information management system).
• Commonly tracked categories of revenue include exam fees and office calls, vaccination revenue, outpatient procedures, laboratory income, hospitalization income, radiology revenue, dietary product revenue, pharmacy income, surgery income, dentistry income, boarding revenue, grooming revenue, and ancillary product revenue.
• Each category contains multiple individual services or products sold by the practice (see 9.5 – Profit Centers). For example, the surgery category would include the service codes for all of the different types of surgeries done by the practice. The items contained in each category should be reviewed regularly to ensure they are still services or products offered for sale by the practice, are not duplicated by another code, and are in the correct category. Each product or service should be put in the correct category and not just included in a catchall "other" or "miscellaneous" category.
• All categories should be reviewed regularly; however, the following require particular attention:
  ◦ Vaccinations
  ◦ Diagnostics: laboratory, radiology, other
  ◦ Dentistry
  ◦ Product sales
  ◦ Boarding and grooming.
• Many traditional veterinary practices do not generate as much revenue from vaccination services as they used to; the most recent studies indicate vaccination revenue in a companion animal general practice ranges from 7 to 8% of total gross revenue, depending upon the study and the year referenced. Low-cost vaccinations are now widely available, and clients often choose to have their pets vaccinated at one of the low-cost sources while continuing to visit their regular practice when the pet is sick or needs more comprehensive care. When choosing how to price vaccination services, practice owners/managers need to look at their cost of providing the service as well as the value perceived by the client for this service, the importance of these appointments in attracting and retaining clients, and how to communicate the additional value associated with higher prices if the practice charges more than low-cost alternative sources.
• Diagnostic services generally have a higher profit margin than some other income areas and may be indicative of the practice of a higher quality of medicine. The diagnostic services (laboratory, imaging, and other) in a typical companion animal general practice range from about 18 to 20% of total gross revenue, depending upon the study and the year referenced. Owners and managers in practices with diagnostic revenue that is lower than this may want to review their medical protocols, doctor and staff training programs, reminder systems, and staff and doctor communication skills to identify areas that may need improvement and ensure the appropriate recommendations are being made to pet owners.
• Dentistry revenue in the typical practice ranges from about 2.5 to 5.0%, depending upon the study and year referenced. This figure is for dentistry procedures only and does not include related services, such as anesthesia, antibiotics, and pain medications. There are some practices that focus intensely on dental care and have figures that are much higher than this. In most practices, however, this is a huge potential growth area because so many pets continue to need dental care (see 5.16 – Discussing Oral Health).
• Revenue from product sales (prescription drugs, including heartworm preventive, flea and tick products, food, and over-the-counter (OTC) products) has typically ranged from 28 to 34% of total revenue in a companion animal general practice. There has been some decline in product sales from veterinary practices because pet medications and products are now available from many

8.1. REVENUE STREAMS IN VETERINARY PRACTICE

other sources. Profit margins on readily available products have also dropped. Practice owners/managers need to closely monitor product sale metrics and focus on pricing, convenience, and communication of value in order to maintain or increase this revenue stream.
- Boarding and grooming often do not have high profit margins by themselves, but often lead to an increase in medical revenue as well as by drawing clients to the practice for "one-stop shopping."

REVENUE RATIO ANALYSIS

- Revenue ratios are calculated by dividing a particular revenue or expense amount by total gross revenue, with the result expressed as a percentage. These ratios are then compared internally from year to year, and/or with industry standards.
- Internal trend comparisons can be very useful and should include a comparison from one period to the next, as well as a comparison from one period to the same period in the prior year. Remember that it may be necessary to take into account the different number of days the practice was open in each period.
  - An example of a trend comparison would be to review total revenues for each month of a year to see if they are increasing or decreasing, and by how much.
  - Comparing data from one period to the same period in the prior year adds additional information and eliminates some of the flawed results that can be seen in businesses with a cyclical nature if only a trend comparison is used. For example, if revenue has been increasing each month but suddenly falls off in September, it may appear that something has gone wrong.
  - However, comparison with prior years may show that this always happens in September, and that even though September's revenue is less than August's revenue both are still above the same months last year.
  - Or, when comparing revenue from the first to the second to the third quarter of the current year, it may appear that a practice is doing well because the revenue is steadily increasing. But if the revenue is compared with the same quarters in the prior year, it may be noted that, although the revenue is increasing from quarter to quarter, the total for each quarter is still less than that in the previous year.

OTHER REVENUE KPIS

- Total practice revenue:
  - Revenue = Number of transactions × ATC
  - Total practice revenue divided by the number of full-time-equivalent doctors of veterinary medicine helps evaluate the productivity of the practice as a whole.
- Total doctor revenue:
  - Doctor revenue = Number of doctor transactions × Doctor ATC
  - Includes revenue for all medical and surgical services
  - Does not include revenue for ancillary services (boarding, grooming, OTC product sales)
  - Usually 85–90% of total practice revenue
  - Total doctor revenue divided by the number of full-time-equivalent veterinarians helps evaluate medical productivity of the practice.
- To review individual doctor production and efficiency, use the actual revenue generated by each veterinarian from computerized production reports.
- Conditions that cause changes in revenue KPIs are:
  - Fee increases
  - Change in transactions (number of clients or number of visits per client)
  - Change in recommendations made to and accepted by clients
  - Change in support staff (number, competency)
  - Equipment additions
  - Changes in the demographics of pet owners visiting the practice
  - Range and mix of services
  - Changes in economy
  - Discounts and missed charges
  - Efficiency.

KEY ISSUES IN FEE MANAGEMENT

- The level of fees charged is an essential part of revenue generation.
- Fees can be grouped into (1) price-shopped items (products or services), (2) products, and (3) services.
- It is first important to identify which products or services are price shopped and the price range for these services in the hospital community. With this information, the hospital can decide where to position its fees after taking into account the comparative value offered.
- When considering pricing for products, it is also important to consider clients' nonveterinary alternative sources for purchasing, including the Internet and local stores. Clients are much more knowledgeable than they used to be about the availability and cost of products from different sources.

SETTING FEES

- Setting fees is an art, not a science. There are no magic formulas.
- Most practices start with a fee schedule obtained from another practice and adapt it to their practice and changing circumstances. Ideally, a fee schedule would be constructed using a more logical method, but this is rarely seen.
- Fees have increased significantly in most practices since the early 2000s; this rate of growth is likely not sustainable in many practices.
- Ideally, there will be logic in the fee schedule – fees for particular services will be based on the cost of providing the service with equal consideration given to market forces and the value of the service to the pet owner (see 7.12 – Pricing Strategies). Services with similar value or cost should, all other things being equal, have similar prices. If a cost method is to be relied upon, the costs in the practice must be reasonably controlled. Passing inefficiencies on to clients will not work well in the long run.
- Fee levels will be impacted by the type of practice – high-end, service-oriented practices versus lower priced, high-volume practices.
- Determining how much extra can be charged to a client for the "value" the practice provides is difficult. Some of the things that impact value are:
  - Location and hours of operation
  - Convenience
  - Facility appearance
  - Practice history (years in operation, reputation in the community)
  - Competition
  - Responsiveness and reliability
  - Equipment/technology available in practice
  - Staff training, people skills, attitude
  - Relationships with clients
  - Client service.
- Factors to consider when increasing fees:
  - Impact on client visits or acceptance of services
  - Cost increases
  - Changes in client perceptions of value
  - Technology investment
  - Known areas of concern in fee schedule. Example: laboratory or product costs that are too low.

8.1. Revenue Streams in Veterinary Practice

- Some fee-increase guidelines:
  - Track consumer price index annually.
  - Identify price-shopped products and services and periodically check what they are selling for at other locations.
  - Consider a regular fee increase based on cost increases; this would generally apply to most fees except those that are most price sensitive.
  - Other, more significant fee increases will be dependent on the additional value the client perceives in the service. Price increases without value increases are not sustainable in the long run.
  - Assign someone in the clinic the specific responsibility for pulling together a general fee analysis with increase recommendations and an implementation plan.
  - Increase the fees at the same time each year.
  - Review not just the cost of individual services, but also the overall cost of a typical case or visit. Small increases to individual services may add up when the care elected by the pet owner is comprised of many services or products.
  - Move toward a more logical fee schedule. This may take time to achieve but will result in a more supportable fee schedule. Things to consider include:
    - Cost of providing services. This may be difficult to calculate for all services without special software, but even an understanding of the costs related to some of the most common services will be helpful.
    - Perception of value. Does it make sense to charge more for cage space with no daily doctor exam or less for the cage space but with an added daily doctor exam? Which brings the most value to the client?
    - Similar procedures should be priced at similar amounts unless there is a value component that will differentiate them. For example, group your surgery fees by time (short, medium, long) and by difficulty (easy, moderate, difficult). This grid will have nine boxes with time down one side and difficulty across the top (Figure 8-1-1). All surgeries that fall in a particular category, such as medium length of time to perform and moderate difficulty, should have similar fees, barring a market or client value perception reason why they should be different.
    - Track the frequency with which procedures are performed and the impact that fee increases have on that frequency.
- How to ruin a perfectly good fee:
  - The "right fee" is worthless if it gets discounted for random reasons. Well-designed and well-monitored marketing discounts may be acceptable.
  - The "right fee" is worthless if clients do not see the value and accept the recommended services. All doctors and staff should be trained in effective communication skills, and the practice must offer exceptional client service; both of these support the fee schedule.
  - The "right fee" is worthless if it does not get charged; set up systems to make sure all fees are captured and invoices are audited to verify fee capture.
  - The "right fee" is worthless if clients do not have or cannot get the money. Consider offering additional payment options and educating clients about pet insurance.
  - The "right fee" is worthless if you do not ultimately get the cash from in-house payment programs.
- A good collection policy is essential. Information to be included:
  - Who will be allowed to grant credit
  - Types of services that can be charged
  - Dollar limits

	Easy	Moderate	Difficult
Short			
Medium			
Long			

Figure 8-1-1.

Services delivering similar value to clients, and with similar costs to the clinic, should be priced similarly to clients.

  - How the policy is communicated to clients
  - Prequalification process
  - Treatment of first-time clients
  - Training of employees
  - Deposits – emergency, elective work
  - Legal requirements
  - Billing cycles/progress billings
  - Statement frequency
  - When is a bill past due
  - Collections procedure
  - Acceptance of partial payments
  - Interest
  - Who has authority to determine payment schedule or write off account
  - Who will field disputes
  - Who will determine when service should be suspended.
- To effectively enforce the policy:
  - Make sure staff members understand the policy and know that adhering to it is one of the duties of their job
  - Do not override properly made staff decisions
  - Do not make policy exceptions yourself
  - Suspend service when needed.
- Client communications about fees and payment policies:
  - Ensure that clients understand the value and necessity of the service recommended
  - Always provide cost information, including a written estimate for surgery, hospitalization, extensive diagnosis, and so on
  - Provide clients with specific information about the credit policy in advance of their usage.
- Monitor past-due accounts monthly and start the collection process early; do not just focus on old accounts. Look at dollar amounts as well as percentages in each category.



EXAMPLES

N/A



CAUTIONS

- Revenue is not effective as the sole monitor of the practice's financial health because it is not a sensitive or exclusive indicator – everything impacts it. Furthermore, it is not a measure of profitability; expenses must also be controlled.

• Though comparison with industry standards is very useful for identifying areas that a practice is successful in versus those that may need further investigation, it is important to remember that every practice is unique and industry standards are not always the "right" answer for every practice.



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
ATC: Average transaction charge
KPI: Key performance indicator
OTC: Over the counter
PIMS: Practice information management system

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N/A

Recommended Reading

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8.2. REVENUE BUDGETS AND FORECASTS



BASICS

OVERVIEW

• Budgets are a critical management tool for practices of all types and sizes.
• Budgeting is very misunderstood, and therefore has a bad reputation within veterinary medicine. If done properly, budgeting is an excellent tool for practice managers.
• A budget is typically the end result of a strategic planning exercise, not a number-crunching exercise. If you prepare your budget correctly, the planning comes first, and the numbers follow.
• If prepared properly, a budget should affect all business disciplines (e.g., marketing, customer service, finance, and human resources management).

There are numerous resources available to first-time and novice budget creators. Many veterinary-specific and general business conferences host budgeting workshops. Courses and instructional videos are also available on the World Wide Web at low or no cost. Networking with a fellow manager with budgeting experience is also a wise approach to creating and administering a first budget.

TERMS DEFINED

Actual Value: Actual value is obtained from real performance. Actual values are either current for the time period being studied, or they may be historical from an earlier time period.
Bottom Line: Typically, a synonym for profit, referring to the bottom line in financial statements that indicates net profit or loss.
Favorable: Historically, people described budget variances as "under budget" or "over budget." These characterizations created confusion because sometimes being under budget was a good thing and sometimes it was a bad thing. In lieu of these characterizations, the term *favorable* should be used. A favorable result is always a desirable result.
Operating Budget: The most common budget format encompasses a 12-month period of operations. Operating budgets typically include those items found on a profit-and-loss statement, but not usually items found on a balance sheet or cash-flow statement.
Projected Value: Projected value is your best guess for anticipated future performance. For example, if last year the practice generated $1,000 and next year it expects to generate $1,100, the practice's projected value is $1,100.
Unfavorable: An unfavorable result is always an undesirable result. For example, if the practice projected $1,000 in revenue and only produced $900, the result is a $100 unfavorable variance.
Variance: Variance is the difference between the projected value and the actual value for each line item in the budget. For example, if the practice's projected value for the current year was $1,100 and the actual value generated is $1,150, the variance is $50.



ISSUES AND OPTIONS

HOW TO PREPARE A BUDGET

• In preparing a budget, it is advantageous to utilize technology as much as possible. Spreadsheet software such as Microsoft Excel is the most common tool in preparing budgets. Many accounting software programs, such as QuickBooks, have built-in budgeting features as well. Use pencil and paper only as a last resort.
• Prior to beginning the budgeting process, it is important for strategic planning purposes to gather as much relevant data as possible. Two or three years of historical data provide an excellent baseline to help the practice make realistic and informed projections. A current SWOT analysis can also provide useful information for creating budget assumptions and projections (see 6.7 – Basic Tools of Marketing).
• Typically, when several people are involved in a business planning process, it takes longer to complete. However, the end result is usually better and easier to implement. Veterinarians, practice managers, technicians, and receptionists each provide their own unique insight to the planning process. Consequently, staff participation and staff buy-in is one of the most critical elements of a successful budgeting process.
• As the team works together, they should set realistic projections based on specific goals.
• It is crucial to document each of the specific goals that factor into the projections. Collectively, these goals should become the basis for an action plan with an associated timeline.
• Once the planning and goal-setting process is complete, calculate the financial outcome.
• The compiled data should be entered into a budgeting template. Accounting and spreadsheet software typically include budget templates, and templates may also be available from veterinary associations or management groups.
• Once all the data are entered, you may determine if the bottom-line projection meets the practice's needs and goals. If it does, it is time to celebrate. If it does not, then you should continually revise the projections until the desired bottom line is achieved.
• At the conclusion of each time period (e.g., month or quarter), enter the actual results into the budget template, compare the actual values with the projected values, calculate the variances, and determine if the results are favorable.
• If the results are favorable, it is time to celebrate. If they are unfavorable, you should develop a strategy to obtain the desired outcomes during the next time period (e.g., month or quarter).



EXAMPLES

To illustrate this procedure, we will review some of the steps involved in developing laboratory revenue projections:
• Collective brainstorming with key team members is a strategic component of budget preparation. Once you have identified all possible strategies to increase laboratory income, the mathematical component is simple.
• If the practice is an established entity, the team should first review actual results from earlier operational periods. In so doing, the team can establish a historical baseline from which to work. For example, in forecasting next year's projections, it would be helpful for the team to review actual data from the current year and then use that data as its baseline.
• The simplest way to increase prospective laboratory income is to increase laboratory fees. Typically, a well-established practice may need to raise its fees only by inflation. However, there may be market forces that compel an alternate course of action, such as not raising fees (usually not recommended) or increasing fees by a factor greater than inflation.
• If the practice is experiencing real growth in new client numbers, this growth should have a trickle-down effect in all departments. Therefore, it is often safe to assume that if the practice is going to grow 10% in size this coming year, then laboratory revenue should increase by 10% as well.
• Another method of increasing laboratory income is to capture potential lost charges. The chapter on patient and procedure logs (see 9.2 – Patient and Procedure Logs) outlines the steps involved in this process).
• Many practitioners believe that if you focus on the quality of patient care then the money will follow. Increasing compliance with

established standards of care will not only improve patient care but will also increase the practice's profitability.

• The value of improved compliance with treatment recommendation can be calculated for a variety of routine preventative healthcare laboratory tests. For example, the practice could develop a standard that requires staff to offer pre-anesthetic blood work prior to all surgical procedures. As always, the team should establish a baseline compliance percentage from historical data and then set a realistic goal to increase the client compliance rate in accordance with the practice's newly established pre-anesthetic protocol.

• A common standard of care requires that all pets have a fecal examination in conjunction with their annual wellness exam (see 9.3 – Standards of Care and Care Pathways). The practice could also encourage chemical profiles and complete blood counts for senior pets (i.e., pets over the age of six, seven, or eight years, or whatever age your practice has specified in its life stages wellness program) as part of the practice's geriatric wellness program.

• Purchasing in-house laboratory equipment often results in an increase in the amount of laboratory work performed. After all, in-house laboratory testing affords greater convenience and quicker turnaround time. Practitioners with in-house laboratory equipment are more likely to perform serial laboratory tests.

• Many pets have long-term medication needs due to chronic illness or other disease processes. Although these medications do often improve the animal's quality of life, they may also have harmful side effects as a result of long-term usage. Prudent practitioners should perform regular laboratory testing to monitor the patient's ongoing condition (see 9.3 – Standards of Care and Care Pathways). Some common examples include performing liver panels on pets undergoing long-term analgesic therapy for conditions such as arthritis. Pets on thyroid medication may have regular thyroid profiles to monitor the status of their condition. Identifying the appropriate testing, determining a baseline, and setting goals for increased compliance will ensure an increase in laboratory revenue.

• Once the strategic decisions have been made, the mathematical calculations are simple. The number of active pets eligible for each test, multiplied by a reasonable increase in compliance, multiplied by the fee for the subject test equals the amount that that specific test will prospectively increase laboratory revenues. For example, if your practice has 1,000 active adult canine patients and you recommend annual heartworm testing for all dogs, the first step would be to determine your current compliance rate. If your practice performed 600 heartworm tests last year, your baseline compliance rate for this recommendation is 60%. If the team increases its compliance projection to 75% (after first determining that this is a reasonable goal for the upcoming year), a 15% increase results. This increase represents 150 additional tests (1,000 active dogs × 0.15 increase in heartworm compliance = 150 additional tests). If the practice's fee for the heartworm test is $30 and the 15% increase in compliance is achieved, then the practice should generate an additional $4,500 in laboratory revenue.

• Once the practice team has calculated the amount of each projected increase, these figures should then be combined to establish a total value.

• For example, if the practice produces $10,000 in laboratory income in the current year and anticipates a 3% increase next year for inflation, the end value would equal an additional $300 in revenue based on the prior year's performance. This number, combined with the projected results from projected real growth, capturing lost charges, senior pet testing, fecal exams, pre-anesthetic blood work, and follow-up tests for pets on chronic medications equals the total projected increase in laboratory income. If, for example, these numbers combine to $1,800, they would represent an increase of 18% over the prior year's actual productivity. Thus, our projection for the upcoming year would be $11,800.



CAUTIONS

• Do not base practice decisions on a small sample sizes of data, such as one month's data. Most budget veterans analyze budget results quarterly. A larger sample size minimizes the impact of certain variables (staff vacations, inclement weather, etc.), which could dramatically impact a single month's data.

• As mentioned previously, documentation is a critical part of the budgeting process. Remember, budget analysis could be taking place six months or longer after budget creation, it will be impossible to recall all factors involved in the budget without a detailed action plan. If the team fails to record every assumption included in generating the numbers, it will be difficult to determine which goals the staff has met and which goals the staff has failed to meet. Absent proper documentation, it will be impossible to remedy an unfavorable variance. For example, if you cannot remember what was going to generate $1,800 in extra laboratory revenue and you only generate $1,000 in extra laboratory revenue, you will not be able to determine which goals were met. An action plan might indicate that $500 was from increased fees, $1,000 from improved compliance rates, and $300 from improved charge capture and auditing. If each item is assigned to a member of the practice team and has a corresponding timeline, it will be much easier to determine how the practice fell short of its goal.

Events happen that even the most experienced practice leaders cannot foresee. Therefore, it is wise to review budget projections once or twice a year and reset them as needed given current practice performance.



MISCELLANEOUS

• Established goals will not be realized unless the practice is actively engaged in achieving them. The best way to accomplish these goals is to assign them to specific individuals within the practice and require that they be completed within a particular timeframe. For example, if one technician is assigned the responsibility of increasing pre-anesthetic blood work compliance, there are numerous standards he or she might implement in order to achieve this goal:

  ◦ He or she could create a new surgical admission form.

  ◦ He or she could establish a protocol whereby the practice mails forms to clients prior to their pet's scheduled surgery.

  ◦ Rather than just having clients leave their pets with the receptionist, he or she could implement a new standard of care that affords clients an opportunity to have a one-on-one discussion in an exam room with a technician regarding blood-work recommendations.

• The chapter on performance planning (see 10.17 – Mobile Applications) outlines this process in greater detail.

ABBREVIATIONS

N/A

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8.3. INCREASING THE TOP LINE IN PRACTICE



BASICS

OVERVIEW

• Increasing the top line (revenue) can be accomplished by practicing high-quality medicine, promoting the services currently offered to new and existing clients, working with other stakeholders in the veterinary and pet industry to promote veterinary care, and offering new services. Revenue generation will occur as a result of an educated staff and educated clients.

Before making an investment in any new service:

• Obtain staff buy-in and secure a commitment from staff to utilize the investment.

• Develop marketing plans and protocols for implementing the new service.

• Train staff on the benefits, the use, and the sale of the service.

Merchandising contributes to practice revenue. The delivery of veterinary services generates a need for products, and it is logical for veterinarians to attempt to meet at least some of the product needs.

TERMS DEFINED

Revenue: Sales income from services and products. Referred to as turnover in some countries.

Top Line: Typically a synonym for revenue, income (or turnover in some countries), referring to the top line in financial statements that indicates income received by the business.



ISSUES AND OPTIONS

PRACTICE HIGH-QUALITY MEDICINE

Offer clients the best in preventive medicine, diagnostics, and therapeutics.

DIAGNOSE FIRST

Revenues can be greatly enhanced if your practice makes a commitment to first diagnose problems before treating them or making recommendations (see 9.3 – Standards of Care and Care Pathways). This is the basis of practicing high-quality medicine.

Examples. A lump is not "just a lipoma" until it has been accurately diagnosed. Treatment for an infected ear does not commence until the underlying cause of the infected ear is determined. When a dog is presented with a dull and scaly coat, diagnostics are performed before any therapeutic recommendations are made. *Discuss the diagnostic pitfalls of your practice with your staff and implement strategies and standardized diagnostic protocols* to improve the quality of medicine you practice.

MEET ETHICAL STANDARDS

Practicing high-quality medicine ensures veterinarians meet ethical and moral standards, with the added bonus of generating revenue for the practice.

Example: Parasite control. The guidelines of the Companion Animal Parasite Council (CAPC) are designed to establish "optimal control of internal and external parasites that threaten the health of pets and people." A very important role of every veterinarian is to prevent and treat potentially zoonotic diseases. Veterinarians who do not follow the guidelines of the CAPC are putting themselves at increased risk of liability. The guidelines are available at www.capcvet.com. Practicing the level of medicine outlined in the guidelines will have the added benefit of increasing clinic revenue.

Many organizations have published standards of care for both dogs and cats (see 9.3 – Standards of Care and Care Pathways). These guidelines are excellent resources. Review these documents and determine what areas in your practice need more attention. Some organizations also provide implementation tools to accompany their standards of care.

In addition, the Catalyst Council provides some excellent resources for increasing revenue generated by feline patients (www.catalystcouncil.org).

UNDERUTILIZED EQUIPMENT

• One of the many reasons x-ray machines, ultrasound units, and endoscopes remain idle in practices is because veterinarians do not feel comfortable and competent utilizing the equipment and interpreting data from them.

• Increase your revenues from these investments by providing adequate training for all staff members, especially veterinarians. If adequate training for such equipment is not an option, avoid purchasing the equipment in the first place.

• Consider outsourcing the interpretation of radiographs and ultrasounds to board-certified specialists. Some veterinary practices have outsourced all of their ultrasound and radiograph interpretations. Under these circumstances, veterinarians become confident in recommending the service to clients, resulting in increased utilization of the service. In addition, board-certified interpretations frequently generate additional diagnostic work for the referring veterinarian, resulting in more revenues.

• Identify underutilized equipment in your practice and develop and implement strategies for increased utilization.

Example: Tonometry. Review your clinic's use of tonometry. Intraocular pressure (IOP) readings can be performed under the following circumstances:

• On all veterinary patients to establish a baseline value specific to the animal.

• Annually on all 42 purebred breeds (and mixes) of dogs, as well as cats predisposed to glaucoma, or for which DNA screening has indicated glaucoma risk; more frequently in animals from bloodlines that have a history of glaucoma.

• All head trauma or eye trauma, red eyes, etc.

• All senior wellness exams.

• Develop a marketing plan that includes all the circumstances in which IOP measures will be offered and recommended to your clients. Ensure your staff are trained and committed to using the tool to its fullest potential. Measure the success of your plan.

EXTEND YOUR SPHERE OF INFLUENCE

Most urban and suburban practices primarily draw clients from a five- to ten-minute drive time from the practice (see 1.4 – Veterinary Trade Areas). Differentiation of your practice can extend those boundaries, increase market share, and thereby increase revenue. Examples: alternative therapies, orthopedic specialization, high-end boarding facilities.

CHARGE APPROPRIATELY

Many veterinary practices set fees based on what other practices in the area are charging rather than on a cost-plus or value-added basis. Charging appropriately for services being rendered is an important aspect of cost recovery in veterinary hospitals and is absolutely essential in the revenue optimization process (see 7.12 – Pricing Strategies).

PET HEALTH INSURANCE

Pet health insurance can have a positive effect on practice revenue (see 8.11 – Pet Health Insurance).

In *A Veterinarian's Guide to Pet Health Insurance*,[1] the authors described how clients with pet insurance spent twice the amount of money on their pets during the pets' lifetime than owners without pet insurance. In addition, owners with insured pets visited their veterinarians more frequently.

Insured animals are presented for a problem earlier in a disease process than uninsured animals and are more likely to receive more expensive treatments associated with higher quality care.

8.3. INCREASING THE TOP LINE IN PRACTICE

Veterinarians can increase their revenues dramatically by increasing the number of insured patients in their practice. In doing so, veterinarians improve the quality of life of their patients, creating a win-win-win scenario for veterinarians, clients, and pets.

MERCHANDISING

In general, veterinarians are relying less on product sales and more on service sales; however, product sales contribute to practice revenue and profitability. The amount they contribute depends upon various factors, including:

- Display space and location
- Appropriate markups
- Marketing and sales training of support staff
- Use of point-of-purchase sales material, signs, and so on.

Although the markup on product sales is generally less than the markup on veterinary services, veterinarians must consider the cost associated with the sale of a product versus the cost associated with the sale of a service. For example, a point-of-purchase display may be the only communication necessary for a client to make a product purchase. On the other hand, the labor costs of delivering a service to a client are generally much higher (see 7.14 – Activity-Based Costing and Cost Management).

Numerous studies prove that merchandising tools have a direct influence on the purchasing behavior of your clients. Actively manage product sales by assigning responsibility to a staff member. Product sales fit nicely into a pharmacy profit center where monthly reports of sales and profit margins help determine the most profitable product lines. This is especially important if space is limited in a practice.

Accept and request assistance from your product vendors in marketing and sales, staff training, and staff education, and carry products that you and your staff believe enhance the wellness of your patients.



EXAMPLES

Increase revenue with a minimum investment in laboratory tests and staff training by practicing quality medicine and working with industry.

EXAMPLE 1: LABORATORY TESTING

Tests are available to evaluate the presence of microalbuminuria. Research demonstrates that persistent microalbuminuria requires further investigation into the underlying health status of an animal.

The following steps are recommended to increase revenue from this and similar services:

Step 1. Establish circumstances under which the test will be recommended to clients.
- Test all breeds at risk for hereditary renal disease at an early age.
- Follow up testing to monitor all positive results (~25% will be positive).

Step 2. Develop a protocol for recommending the test to clients.
- Identify client educational material that staff will use to support their recommendations.

Step 3. Introduce protocols at staff meetings, and review the benefits associated with the test and its implementation.
- Discuss policies for how to proceed when such tests detect underlying problems that are not yet clinically apparent or problematic.
- Review the tools available to assist with client education, and review the protocol for recommending the test.
- Role-play the marketing of the service, using the various client education tools, and train staff to answer questions.

Step 4. Implement the program and measure its success. Review results with staff at your next staff meeting.



CAUTIONS

The top line increases with the practice of excellent medicine. Providing unnecessary testing or services may increase top line in the short term, but it will dramatically lessen revenues in the future as clients seek better value elsewhere.

Revenues are a reflection of the provision of goods and services that are in the best interests of your clients and patients. Meeting client needs in a professional and value-added manner is the best way to assure continued top line improvements.



MISCELLANEOUS

Compliance and pricing are important topics that impact a practice's revenue and are addressed elsewhere in this book. There are many additional ways that practices can increase their revenues, including merging with other practices or acquiring other practices, for example. It is impossible to touch on all the possibilities for increasing revenue in this chapter.

ABBREVIATIONS

CAPC: Companion Animal Parasite Council
IOP: Intraocular pressure

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8.4. EXPENSES IN VETERINARY PRACTICE



BASICS

OVERVIEW

• Good financial management of any business is critical to its success. This is particularly true of a small business, such as a veterinary practice, which often does not have the resources to sustain itself during poor economic times or during periods of change in the profession.
• Small business owners often focus most of their financial analysis effort on expenses (rather than revenues) because they are easier to understand and perhaps control. For example, if insurance costs have been rising, it is simple to call four agents and get a new quote for workers' compensation insurance.
• Increasing revenue has historically been thought to be the most effective way of increasing profitability; however, this is harder to do now than it used to be. Expense control can be a very useful way of maintaining or increasing profitability.
• The biggest expenses in most practices are those included in the Cost of Professional Services section of the income statement (drugs and medical supplies, laboratory costs, surgery costs, etc.), as well as support staff, associate veterinarian, and facility rental costs.
• Cost of Professional Services can also be called Cost of Goods Sold, Cost of Goods and Services, or Cost of Medical Services—these are all variations on the same thing.
• Expense ratios are calculated by dividing the dollar amount of the expense by the total gross revenue, with the result being expressed as a percentage. This percentage can then be compared with prior results or industry benchmarks.

TERMS DEFINED

Chart of Accounts: Systematic listing of all categories used to group payments in a practice's accounting system.
Cost of Professional Services: Group of direct costs associated with producing a product or service; in veterinary medicine, these costs generally include drugs and medical supply expense, laboratory expense, dietary product expense, and other similar items. Employee labor costs are not included here.



ISSUES AND OPTIONS

CHART OF ACCOUNTS

• A good way to begin analyzing expenses is to review the Chart of Accounts, which is the basis for the practice's financial statements. A Chart of Accounts is simply a list of all the categories to which income and expense are assigned during the accounting process.
• Accounts are classified according to whether they represent assets, liabilities, income, expenses, and so on. The American Animal Hospital Association (AAHA)/Veterinary Management Group (VMG) Chart of Accounts (available from www.aaha.org) is a list of useful and commonly used accounts for recording financial transactions. Table 8-4-1 shows some of the more common expense accounts seen in a veterinary practice.
  ◦ Note that expenses *directly related to the services and products provided to the client* are classified as "Cost of Professional Services." These expense categories are similar to the revenue categories (immunization expense, pharmacy expense, surgery expense, drugs and medical supplies expense). These expenses fluctuate with the amount of revenue generated; for example, if no patients are seen there is no outside lab expense.

Table 8-4-1. Sample list of accounts.

Cost of Professional Services
Pharmacy Costs
Laboratory Costs
Drugs and Medical Supplies Costs
Ancillary Products and Services Costs
Veterinary Specialist Costs
Animal Disposal Expense
Medical Waste Disposal Expense
Dietary Product Costs
Compensation and Benefits
Owner Veterinarian Compensation
Associate Veterinarian Compensation
Relief Veterinarian Contractor Payments
Support Staff Compensation
Employer Payroll Taxes
Worker's Compensation Insurance
Group Health Insurance
Employer Retirement Plan Contributions
Laundry and Uniforms
Continuing Education Expense
Veterinary Licenses
Veterinary Dues
Facility and Equipment Expense
Facility Rent
Repairs and Maintenance
Utilities
Telephone Services
Cable and Internet Services
Depreciation Expense
Property and Casualty Insurance
Real Estate Tax
Equipment Rent
Practice Vehicle Expense
Personal Property Tax
Equipment Expense
Administrative Expense
Office Supplies
Postage
Printing
Advertising and Promotion Expense
Accounting Fees
Legal Services
Business Gifts and Flowers
Meals and Entertainment
Employee Staff Meetings and Events
Business Licenses and Permits
Charitable Contributions
Fee Income Collection Expense
Bank Charges and Service Fees
Credit Card Merchant Service Fees
Bad Debt
Returned Checks
Collection Fees
Other Expense
Amortization Expense
State Sales and Use Tax
Miscellaneous
Interest Expense
Federal Income Tax Provision
State Income/Franchise Tax Provision
Other Income
Interest/Dividend Income
Miscellaneous Income
Gain or Loss on Disposal of Assets

8.4. EXPENSES IN VETERINARY PRACTICE

- Most of the hospital's other expenses (compensation, facilities, administration) are indirect costs. Indirect costs generally do not fluctuate with revenue. Even if the hospital sees no patients in a given day, it must still pay for rent and utilities.
- A final group of accounts is called either "Other Income" or "Other Expense" and includes such items as interest expense, penalties, tax provisions, and gain/loss on sale of assets. These are grouped separately because they are not operating expenses such as those previously discussed.

• Some practices would not use all of the accounts and others would use more; the AAHA/VMG Chart of Accounts can be used to select those that best represent the hospital's activities. Too many or too few accounts can result in financial statements that are not useful from a management perspective.

HOSPITAL EXPENSE RATIOS

• Expense ratios derived from information in the hospital's income statement can be very useful in analyzing and controlling expenses.
• Ratios are more useful than reviewing actual numbers because:
- Trends over months or years can be more easily analyzed
- Businesses of different sizes can be more easily compared
- Relationships between various pieces of information are often more clearly apparent.

• A simple expense ratio is Expense/Total Gross Revenue.
This percentage can then be compared with industry benchmarks or prior year experience in the same hospital. This kind of ratio analysis is particularly important with expenses that are driven by the level of revenue.
• Efforts to control expenses are best focused on larger items:
- Direct costs (cost of professional services)
- Support staff expense
- Associate veterinarian expense
- Facility rental costs.

• As with most kinds of financial analysis, expense ratios have limitations.
- First of all, the results they give are only as good as the information used to calculate them. If the financial statements are erroneous, old, or not prepared on a useful basis, the ratios derived from this information will also be problematic.
- When analyzing information for the same business, but at different points in time, it is important to understand the changes that have been going on within the business in order to correctly determine the importance of the change in the information being analyzed.
- When analyzing ratios between different companies, it is important to remember that differences in accounting methods or operations may create differences in ratio results.
- The results of ratio analysis are not always a measure of good or bad management, but indicate areas that should be more fully investigated.

ANALYSIS OF EXPENSES

• The first step in monitoring expenses is to ensure that the person paying the bills understands the categories to which expenses should be assigned, and consistently puts expenses in the appropriate categories.
• Some expenses could appropriately be put into several different categories. With these, it generally is not as important which category the expense is assigned to as it is that the expense be put in the same category each time. The expense categories selected, however, should be consistent with those used in published benchmark studies for good quality comparison.
• Expenses should be compared both with outside sources and with the practice's prior history. Comparative benchmarks for other practices can be found in publications by AAHA[1] and Tumblin et al.[2]
• Expenses should be compared on both a dollar basis and a percentage basis.
• Expenses should be reviewed monthly.
• All accounting programs can provide a detailed list of everything put into an expense category during a particular period. This detail should be reviewed for all categories that appear to be either high or low for a particular period.
• Once the reason for a change in an expense category has been determined, a decision can be made as to whether this change is appropriate or not.



EXAMPLES

N/A



CAUTIONS

• Although comparison with industry standards is very useful for identifying areas that a practice is successful in versus those that may need further investigation, it is important to remember that every practice is unique, and industry standards are not always the "right" answer for every practice.
• Identifying problem areas is not enough – a practice must investigate and develop a solution.



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
VMG: Veterinary Management Group

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8.5. MANAGING GENERAL AND ADMINISTRATIVE EXPENSES



BASICS

OVERVIEW

- Veterinary practice operating expenses are divided into two broad categories: Cost of professional services (direct costs of patient care and product retailing, like drugs and professional supplies and laboratory fees) and general and administrative (G&A) expenses.
- G&A expenses represent an accumulation of all executive, organizational, and clerical expenses associated with the orchestrating management and operation of the practice rather than with the specific delivery of patient care, ancillary services such as pet boarding and grooming, or product/pharmacy sales.
- Practice managers evaluate G&A expenses within its defined time frames against prior periods and in comparison with the corresponding period budget to look for variances.
- Practice management should understand its practice's typical G&A expenses, with only secondary reliance on veterinary industry benchmarks.
- When variances are identified, action should be taken to identify why the practice is over or under budget.
- The first investigatory step of a variance is to evaluate the underlying transactional detail for the time period in question. Bookkeeping coding errors, such as expensing a capital asset, could result in what appears (erroneously) to be a significant cost variance.
- The second investigatory step of a variance is to determine whether timing differences in payment have occurred (cash basis of accounting issue).
- The third investigatory step involves looking for practice operational problems or enhancements that account for the variance.
- If many G&A expenses are high as a percentage of operating revenues, evaluate whether revenues (and profits) are too low. Causes may include inadequate fee structure, excessive discounting and barter arrangements, too many low-cost employee sales, and embezzlement.
- Concentrate management time on G&A expenses that have the biggest impact on practice profitability. For most practices, costs of labor represent the most substantial use of resources and cash. As such, the best return on manager time is often detailed compensation planning, labor scheduling, and monitoring factors related to paid employee time.
- Larger G&A costs, such as labor, should be categorized into more manageable subcategories so that variance causes can more quickly be isolated.
- Supplement analysis of G&A ratios with source documents to isolate issues requiring intervention (e.g., payroll records to identify excessive overtime hours and cost).

TERMS DEFINED

Accrual Basis Accounting: Accounting method that recognizes income when it is earned and expenses when they are incurred, regardless of when cash is received or disbursed. The accrual method, in its purest form, provides a very close matching of assets consumed (G&A costs expended) with revenue generated for the period of time under consideration.

Capital Asset: A cost that has utility over more than one accounting period; for example, a computer printer.

Chart of Accounts: An organized listing of all the income, expense, asset, liability, and equity categories used to record a practice entity's transactions that are monetarily measured.

Common Cost: A cost incurred to support a variety of practice activities and objectives, but cannot be traced to them individually. For example, the salary cost of a veterinarian or technician is a common cost to all of the clients seen and patients treated, but in most cases cannot be purely attributed and allocated to specific patients.

Cost: An exchange price at an acquisition date to obtain a present or future benefit.

Direct Expense (Cost): An expense (cost) that becomes an integral part of a specific patient's care or client sale, that can be physically and conveniently traced to it.

Expense: A measured outflow of services and/or goods, matched to the revenue generated for that outflow.

Fixed Expense (Cost): An expense (cost) that remains relatively constant in dollar amount within a relative range of practice activity; for example, real estate tax expense.

G&A Expenses: All executive, organizational, and clerical expenses associated with the general management and operation of a practice, rather than with delivery of patient care, ancillary services such as pet boarding and grooming, or product/pharmacy sales.

Modified Income Tax Basis – Cash: A method of accounting for income and expenses in accord with US tax laws, which, *in general*, results in the reporting of revenues as payment is received from clients and of expenses as the practice makes payment to outside parties.

Operational Revenues: Increases in owner's equity resulting from veterinary professional activities and sales entered into for the purpose of earning income.

Variable Expense (Cost): An expense (cost) that increases or decreases as a dollar amount in direct relation with the volume of practice activity; for example, office supply expense.

8.5. MANAGING GENERAL AND ADMINISTRATIVE EXPENSES



ISSUES AND OPTIONS

• Practice costs and expenses are accumulated, categorized, reported, and used for a wide variety of purposes. These purposes include tax reporting, external financial reporting (such as to banks), budget planning, and management decision-making.
• In part, the labor costs of accumulating and reporting cause most practice administrators to establish financial data systems that result in reports used primarily for tax regulatory purposes. Oftentimes, practice administrators decide to sort and report only the bare minimum of data necessary to fulfill the objective of tax law compliance. Such systems make practice expense interpretation more challenging.
• The profession of veterinary medicine is predominantly a service industry. In accord with current US tax laws, the majority of veterinary practices report on a modified cash basis. This method of accounting often does not accurately match revenues earned with expenses attributed to that revenue stream's generation.
• Accrual-based accounting best serves practice management interpretation. Many practice administrators will opt for accrual-based managerial accounting (regardless of tax reporting methods) to eliminate timing differences to the extent possible, considering the bookkeeper's experience level and bookkeeping software sophistication.
• Managerial financial reports should list each G&A expense as a dollar amount, and also as a percentage of operational revenues.
• The practice bookkeeper should consistently categorize practice expenses in accordance with the practice's chart of accounts. Inconsistent categorization of practice expenditures results in unreliable financial information, including that of G&A expenses.
• G&A expenses typically include payroll-related and office- and facility-related expenses. The other significant operating expense category is the Cost of Professional Services expense.
• Financial reports should give adequate disclosure and detail of practice expenses, so that management can easily spot changes and trends in order to take corrective actions when necessary for maintaining profitability and cash flow.
• Engage the practice's accountant to help implement the veterinary profession's standard chart of accounts,[1] coding methodology, and financial report structure to assist management in getting the most flexibility from the practice's accounting system.
• Labor (payroll) expenses may or may not be included in G&A, depending upon the complexity of the veterinary practice. For most veterinary practices, labor cost and payroll represent common costs and are probably best included in G&A (see 8.7 – Payroll Management). Larger practices (of, say, greater than $3 million of annual revenue activity) may segregate direct and indirect (G&A) labor costs as personnel perform increasingly specialized functions.
• G&A expenses may be fixed or variable. For example, accounting service expense and facility-related expenses are usually fairly fixed within a certain range of practice activity, whereas other G&A expenses are mostly variable. Computer supplies, office and postage expense, and labor-related expenses are primarily variable.



EXAMPLES

EXAMPLE 1: INVESTIGATING VARIANCE AND IMPROVING G&A EXPENSE INTERPRETATION

Data

Selected financial information for the 12 months ended 12/31/20xx and 20xy.

Insurance Expense = 4.5% of operating revenues (20xx) and 5.7% of operating revenues (20xy).

Interpretation

Variance 26.7% increase; calculation is (5.7% – 4.5%)/4.5%.

Assessment

What premiums were included in the expense category called "Insurance"?

Were the various premiums correctly recorded as an expense in the operating period of coverage? That is, is health insurance premium

8.5. Managing General and Administrative Expenses

expense correctly matched to the January through December periods of 20xx and 20xy?

If the premiums are correctly matched with revenues, what can be done to control costs?

Plan

Revise Chart of Accounts and train bookkeeper to segregate various insurance premiums by type of coverage:

- Facility and Property Related
  - Business Overhead Policy
  - General Liability Coverage (Liability Umbrella)
  - Vehicle Insurance.
- Personnel Related
  - Professional Liability
  - Health, Dental, Prescription
  - Workers Compensation
  - Personal Disability
  - Employment Practices Liability
  - Term Life Insurance.

Evaluate each type of coverage to determine if it matches with risk management assessment. Schedule meetings with an insurance agent to review options for employee health insurance coverage. Schedule meetings with an accountant to evaluate new tax law changes regarding allowed employee benefit plans, cost–benefit analysis, and administrative requirements.

EXAMPLE 2: G&A EXPENSE DETAIL WITH SUBACCOUNTS

Data

For the year ended 12/31/20xx, tax returns present salaries and wages of $520,000 and revenues of $1 million. Practice management has not engaged an accountant to prepare financial statements. Internally generated QuickBooks reports do not provide any additional detail.

Assessment

Total gross wage percentage is more than half of revenue production.

Practice management should reconfigure bookkeeping software to provide a breakdown by job function.

Plan

Segregate salary and wage expense into at least three categories, and present as total dollar amount as well as a percentage of gross operating revenues:

- Owner Veterinarian Salary and Wages, if any (depends upon tax entity structure)
- Associate (Nonowner) Veterinarian Salary and Wages
- All Other Salary and Wages.

Alternative Plan

Segregate salary and wage expense into subcategories as previously described, but into more detail for All Other Salary and Wages:

- Wages: Receptionists
- Wages: Technicians (licensed)
- Wages: Assistants (unlicensed)
- Wages: Kennel, Ward Attendants
- Wages: Maintenance and Janitorial Staff
- Wages: Secretarial/Clerical/Bookkeeper
- Wages: Office/Practice Manager.

8.5. MANAGING GENERAL AND ADMINISTRATIVE EXPENSES



CAUTIONS

- The reader of any financial information must be fully aware of the limitations of the data, especially in small closely or privately held businesses such as veterinary practices. In these cases, financial data are almost never audited. Audited financial data are usually limited to publicly owned corporations, as the expense is cost prohibitive for smaller entities.
- Due diligence requires a reader of financial documents to gain complete information about the origins of the financial information, who prepared it, and who the intended users of that financial information are.
- Many practice accounting systems poorly match expenses (expired costs) to the revenues generated; as such, managerial assessment of G&A expenses over short periods of time (12 months or less) is often impaired.
- Analytic review of the most recent 36–48 months of a practice's financial data may be more reliable, as timing difference in cost payment may even out, thus lending clearer interpretation of ongoing general and administrative expenses and trends therein.
- For making management and other financial decisions, expense analysis (and comparison with budgets) is only as good as the data collected.
- The type of practice (companion animal exclusive, emergency services, mixed animal, ambulatory, etc.) makes a significant difference in the ratio relationships of certain G&A expenses compared with operational revenues.



MISCELLANEOUS

ABBREVIATIONS

G&A: General and administrative

Reference

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8.6. IMPROVING THE BOTTOM LINE (PROFIT) IN PRACTICE



BASICS

OVERVIEW

There is no one universal definition for "bottom line," but it is a reflection of financial statements in which the bottom line is what is left of revenues when expenses have been subtracted. As such, it is a measure of profit: the difference between money coming in and money going out.

- Improving the bottom line is a function of improving the components that make up the bottom line (profits).
- The bottom line is improved by maintaining or expanding revenues and by controlling expenses.
- If you focus on improving each of the components that make up profit, the result will be greater profits.
- If you focus on strictly trying to improve profits, then most of the time your efforts will be frustrating.
- Too many owners focus efforts in the wrong areas to improve profits.

TERMS DEFINED

Bottom Line: Profits after taxes. In calculations, Bottom line = Revenues – Cost of Goods Sold – Operating Expenses – Professional Salaries – Taxes.

Cost of Goods Sold: Variable expenses associated with revenue.

Operating Expenses: Also known as "fixed expenses." These expenses are less likely to go up and down directly related to sales. Examples are rent, staff wages, employee benefits, telephone, advertising, and insurance.

Professional Salaries: Compensation paid to owner, associate, and relief veterinarians. In the case of owner compensation, it includes any monies received out of the practice due to ownership, whether they are from veterinary salary, owner bonuses, return on investment, management fees, or division of profits.

Revenues: All sales of the practice for goods and services. Also referred to as Income, and in some countries as "Turnover."

Variable Expenses: Variable expenses vary with the amount of business being conducted. For example, laboratory fees are a reflection of business being done, going up or down with testing.

Taxes: All involuntary fees paid to federal, state, and local governments on the profits of the practice.



ISSUES AND OPTIONS

MAXIMIZING THE BOTTOM LINE

- For this discussion, we must focus on Table 8-6-1, which outlines each strategy of improving profits. We will then see the effectiveness and efficiency of changing management strategies in each area. Each column changes one item in the profit equation to change this practice to make $45,000 after-tax profit.
- The "Current Situation" column is an average veterinary practice. Notice the 1% profit.
- The "Goal" is to make a 10% profit, which is not optimal but is typical for many hospitals.
- The "Sales Increase" column uses the "more people in the door" or "working harder" approach. If we can just get more people in the door and do more for them, our profit problems will be solved. This is the most common method used to increase profits. To achieve this goal:
  - Common external marketing strategies are large directory advertisements, newsletters, school lectures, newspaper articles, coupons (see 8.17 – Discounting), outdoor signs, and so on.
  - Hospitals actually have very little control of sales. One can try to influence buying patterns but cannot control them.
  - To achieve a 10% profit solely by using this strategy would require a 17% increase in sales due to more visits or services. This outcome is very unlikely considering most markets are currently saturated with veterinary hospitals and veterinarians.
  - Increasing sales this way is only 75% efficient in helping profits, because 25% of increasing services goes to pay for products used to create those services (Cost of Goods Sold.)
  - Ease of implementation is 2 (0 = Hard, 10 = Easy).
- The "Price Increase" column involves seeing the same people and doing the same work. "Working smarter" means:
  - Normally there is severe reluctance by owners to implement.
  - You have 100% control of your price structure.

Table 8-6-1. Summary of six methods of improving profits.

Month	*Current situation*	*Sales increase*	*Price*	*COGS*[a]	*Expense*	*Salary*	*Tax*
Sales	$450,000	$527,333	$508,000	$450,000	$450,000	$450,000	$450,000
	100%	100%	100%	100%	100%	100%	100%
– Cost of sales	$112,500	$131,833	$112,500	$54,500	$112,500	$112,500	$112,500
($450,000 × 0.25)	25%	25%	22%	12%	25%	25%	25%
= Gross Margin/	$337,500	$395,500	$395,500	$395,500	$337,500	$337,500	$337,500
Gross profit	75%	75%	78%	88%	75%	75%	75%
– Overhead expense	$247,500	$247,500	$247,500	$247,500	$189,500	$247,500	$247,500
(55% of sales)	55%	47%	49%	55%	42%	55%	55%
– Owner's salary	$85,500	$85,500	$85,500	$85,500	$85,500	$27,500	$85,500
(19% of sales)	19%	16%	17%	19%	19%	6%	19%
= **Profit before tax**	**$4,500**	**$62,500**	**$62,500**	**$62,500**	**$62,500**	**$62,500**	**$4,500**
	1%	12%	12%	14%	14%	14%	1%
– Tax	$1,260	$17,500	$17,500	$17,500	$17,500	$17,500	($40,500)
(Assume 28% tax rate)	0%	3%	3%	4%	4%	4%	–9%
= **Profit after tax**	**$3,240**	**$45,000**	**$45,000**	**$45,000**	**$45,000**	**$45,000**	**$45,000**
(Goal 10% sales)	1%	9%	9%	10%	10%	10%	10%
Change in dollars		$77,333	$58,000	($58,000)	($58,000)	($58,000)	($40,500)
Change in percent		17%	13%	–52%	–23%	–68%	–331%
Ease of implementation[b]		2	10	1	4	10	0
Priority		3	1	4	2	5	6

[a]Cost of Goods Sold.
[b]Scale: 0 = Hard, 10 = Easy.

- To achieve a 10% profit solely using this strategy would require a 13% price increase. This strategy assumes you see the same number of clients and do the same number of procedures. A working "smarter" not "harder" outcome is very likely.
- Increasing sales this way is 100% efficient because Cost of Goods Sold remains the same because there are no additional services offered.
- Ease of implementation is 10 (0 = Hard, 10 = Easy).
- Only the owner's "perception of market" inhibits implementation of this strategy.

• "Cost of Goods Sold" (COGS) strategy is summed up as "Let's make a deal with vendors." This strategy requires lowering the cost of goods by buying in larger quantities to receive discounts. Typical deals from sales representatives fall into this category. Invoice dating (get product now, pay later) is also included in this strategy.

- Drug companies and distributors use common management strategy often to entice selling goods to veterinarians.
- You do have some control over purchases to take advantage of this strategy.
- To achieve a 10% profit solely using this strategy would require a 52% discount on *all purchases* of Cost of Goods Sold. Outcome is very unlikely.
- Increasing profits this way is 100% efficient, as every dollar saved can go to the bottom line.
- Ease of implementation is 1 (0 = Hard, 10 = Easy).

• "Operating Expenses" strategy is summed up as "keep employee wages to a minimum." Because staff wages usually are the largest expense in operating expenses and normally represent 40–60% of those costs, owners try to keep these costs low. Poor facilities and equipment are symptomatic of this strategy.

- Common management strategies are "pay the least you can get by with" for employees – minimal employee benefits and understaffing.
- Typical symptoms of this strategy are unmotivated employees and high turnover.
- You do have much control over operating expenses.
- To achieve a 10% profit would require a 23% reduction in *all* operating expenses (including staff wages, benefits, rent, insurance, etc.).
- Increasing profits this way is 100% efficient, as every dollar saved can go to the bottom line.
- Ease of implementation is 4 (0 = Hard, 10 = Easy).

• "Owner Salary" is the default way a financially poorly performing practice "makes ends meet." The owner is the last person to get paid; if there is no money left, the owner suffers.

- Typical symptoms of this strategy are underpaid and unmotivated veterinary owners with insufficient capital to expand and improve veterinary services.
- You have much control over this strategy, and it usually is implemented whether the owner wishes it or not. Outcome is *very likely*.
- Ease of implementation is 10 (0 = Hard, 10 = Easy).

• "Taxes" involves using tax strategies to lower taxable income:

- Common management strategies are buying large pieces of equipment and depreciating them all in the current year, paying future bills now to increase expenses in current year, and other tax strategies offered by accountants (see 7.21 – Tax Planning).
- The problem with most of these strategies is that you only get a one-time benefit. For example, if you write off the whole purchase this year, you will not have any deductions over the rest of the equipment's useful life. If you prepay future expenses in the current year, then the next year your income will be higher because those expenses have already been "booked." Therefore, owners must repeat this strategy annually to stay even or lose the initial benefit they received.
- To achieve a 10% profit would require a $40,500 tax *rebate*. This outcome is extremely unlikely, yet owners spend inordinate amounts of time trying to implement this strategy.
- Increasing profits this way is 100% efficient, and you do have some control over it.
- Ease of implementation is 0 (0 = Hard, 10 = Easy).
- If you are not making enough money after taxes, the problem is that the practice is not making enough money *before* taxes. The problem is not the taxes.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

When examining each strategy for increasing the bottom line, the order to implement your strategies due to efficiency and ease of implementation is:

- raising prices;
- reducing operating expenses;
- increasing sales volume;
- decreasing cost of goods sold;
- reducing owner salary;
- reducing tax.

An optimal approach is to use several of these strategies together to achieve the profit goal.

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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8.7. PAYROLL MANAGEMENT



BASICS

OVERVIEW

• Properly managing your practice's payroll is an important function that requires advanced planning in order to function smoothly. Yes, most staff members love their work, and some probably would work for free, but the reality is that they depend on you to ensure that they are paid the correct amount in a timely manner.
• Much has been written over the years describing the poor state of pay within our profession. Many veterinarians with eight or more years of college earn less than many professionals with only a four-year degree. Likewise, veterinary technicians/nurses often earn less than dental hygienists with a similar two-year degree. Managing payroll and staff compensation in general are going to become more important in the future.
• The first decision that needs to be made regarding payroll is to choose whether you are going to process your payroll yourself or utilize a third-party payroll service.
• Many veterinary practices still process payroll in-house. In many cases, this is a poor business decision. The primary reason is the opportunity cost of the time that it takes to process a typical staff payroll. Most practice owners and practice managers have lengthy "to do" lists. These lists often contain items that will produce a much higher return to the practice than calculating payroll and generating payroll checks. Performing a marketing activity, an auditing activity, or evaluating your customer service program will almost always benefit the practice more, given the amount of time expended.
• The actual processing of payroll is really quite simple compared with many of the tasks that need to be performed in a veterinary practice on an ongoing basis. Unfortunately, the confidentiality involved in payroll prevents it from being delegated too far down the ladder. In almost any practice, it comes down to the owner, manager, or bookkeeper, depending upon the size and sophistication of the practice.

TERMS DEFINED

Biweekly Payroll: In this case, the pay period covers two weeks, which represents 26 pay periods per year.
Payday: The day that the staff is supposed to receive paychecks. When determining the payday, it is important to allow for a sufficient amount of time between the end of the pay period and payday to allow for check preparation. A common scenario is for a pay period to end on Sunday night at midnight and payday to be on Thursday. This allows all day Monday, Tuesday, and Wednesday for processing.
Pay Period: Length of time covered by each payroll session. Pay periods typically include the amount of time covered as well as the specific starting and stopping points. The most common lengths of a pay period are weekly, biweekly, and semimonthly.
Payroll Processing: This term encompasses all of the steps it takes to be able to pay staff. Processing begins with obtaining the time records for each hourly worker and entering them into your system; it ends with getting the checks signed and distributing them to your staff. How many steps are involved and how time consuming it is depends on each unique situation.
Remote Rate: A different hourly wage for working remotely compared with working in the hospital. Some practices pay the same rate, others pay less (believing that remote work is an employee convenience), and others pay more to offset the employee's office expense.
Semimonthly Payroll: In this scenario, paychecks are issued twice a month, typically on the first and the fifteenth of each month.
Shift Differential: A premium that is added to regular pay in a 24-hour environment for working less-desirable shifts, such as weekends or overnights. Shift differentials are usually a specific dollar amount per hour or a percentage of regular hourly wage on top of the employee's regular hourly wage.
Time Tracking: Recording the amount of time employees have worked for each pay period.
Weekly Payroll: The most common length of pay period in veterinary medicine. Typically, paychecks are issued 52 times a year, or 13 times each quarter.



ISSUES AND OPTIONS

PAY PERIODS

A pay period may start on any day that you choose as long as there are no potential gaps between pay periods. A common starting and stopping point would be from Monday morning through Sunday night. However, a savvy practice may elect a Saturday through Friday pay period to help them manage potential overtime, which is often generated during busy weekend shifts. Thus, if an employee works a lot of weekend hours you may be able to reduce their schedule during slower weekday times to keep total hours at 40 or less.

The most common length of pay period in veterinary medicine is weekly. Typically, paychecks are issued 52 times a year, or 13 times each quarter

With biweekly payroll, the pay period covers two weeks, which represents 26 pay periods per year. This system is common to many businesses because it cuts the number of times you need to process payroll in half, which decreases the administrative burden on the business and allows the practice to "use" its money longer (because it holds onto it longer before giving it to the staff). However, there are two significant concerns associated with biweekly payroll. First, it requires all of the staff to have enough personal budgeting skills to survive for two weeks between paychecks; and second, 26 pay periods do not divide up evenly into four quarters. Thus, two quarters will have six pay periods and two quarters will have seven pay periods. This means that the average month has two pay periods except for two months each year that have three. Because payroll is typically the single largest expense for most practices, a three-pay-period month is usually far less profitable than a month with only two pay periods. As these "three-pay-period" months rotate each year, they make historical comparisons of financial reports quite difficult. These months always need to be footnoted that they had an extra pay period, and they often distract people from performing a complete and unbiased analysis.

With semimonthly payroll, paychecks are issued twice a month, typically on the first and the fifteenth of each month. It simplifies financial reporting and analysis for the practice because it produces 24 pay periods each year, which equals a nice symmetrical six per quarter. Unfortunately, it reduces the number of paychecks an employee receives each year by two, which makes it all the more challenging for them to manage their personal cash flow compared with biweekly or semimonthly pay periods.

In almost every veterinary practice, the majority of staff members must record the amount of time they worked for each pay period. This task can be accomplished in a variety of ways, each with its own advantages and disadvantages. Computer automation simplifies this task immensely. Most third-party payroll companies and practice management software programs offer time tracking options. This integration can save labor and reduce costly errors. This is most important when different pay rates are involved, such as shift differentials, holiday rates, remote rates, overtime, etc.

PROCESSING OPTIONS

Manual payroll is the most labor-intensive and cumbersome way to prepare your payroll. It involves totaling the amount of time worked; calculating gross wages; computing and deducting all appropriate taxes, deferrals, and deductions; and then writing the check. Employers

are almost always liable for payroll errors, and the manual system affords the greatest number of opportunities for errors or omissions.

Automated in-house processing is a vast improvement over manual processing by utilizing payroll-specific software programs such as QuickPay (a member of the QuickBooks suite of accounting software products) to create paychecks. In addition to saving time, automated in-house payroll processing offers numerous benefits. These include the reliability of computerized calculations, the ability to establish regular and recurring deductions, such as health insurance premiums and pension plan deferrals, thus reducing or eliminating the opportunity for errors. In addition, automated in-house processing creates and maintains legible payroll records automatically. Laws vary, but most states require businesses to retain payroll records for three to seven years (ask a local professional for the applicable laws in your area).

Third-party payroll services are the last major option for payroll processing. These services offer convenience, expertise, and savings. Processing payrolls is often their only line of work, so these companies are usually up to date with the most current regulations and tax tables, helping to protect you from careless errors or omissions. They have economies of scale that often allow them to charge you less than it would cost you to do the same work in-house.



EXAMPLES

N/A



CAUTIONS

• Hourly workers are paid for the amount of time they work during each pay period, and they are not exempt from federal overtime laws. In many states, employees that are exempt from overtime rules are still required to track the amount of time they are at work. Tracking everyone's time helps the practice to evaluate staff productivity and efficiency, but it also helps protect the practice from legal problems that may arise. One example is when a doctor (who is usually an exempt employee) leaves a practice in the middle of the year. It is difficult to determine the exact number of hours he or she has worked year-to-date. If, for example, your pension plan requires 1,000 hours of work per year to become vested in the plan, the burden rests on the employer to prove the doctor did not work the required number of hours.

• Third-party payroll services can solve a problem if they perform well, or they become a management and legal headache if they perform poorly. Check the references provided, but go a step further and ask your clients who own businesses whom they recommend. In many cases, the fees are the same between competitors, so the decision comes down to their reputation for accuracy and customer service. Some managers prefer the security of working with a large firm, whereas others like the individualized attention offered by smaller local firms. It's your money – the decision is yours.

• A compelling reason to consider outsourcing payroll to a third party is the increasing number of payroll deductions that need to be processed. Statutory deductions include items such as federal and state tax withholdings. Other deductions may include health insurance, dental insurance, retirement contributions, wage garnishments, and even payroll deductions to apply to their balance due at the practice. Each of these deductions has its own unique set of regulations that must be followed. Collectively, they represent a huge burden for a practice manager or bookkeeper to memorize, but they may be fully automated in the payroll software of a payroll management company.

• Always ask for a complete fee schedule when selecting a payroll company. Many have huge hidden fees for issuing extra checks, such as a required paycheck after employee separation. Contracts can be cumbersome and include exorbitant fees for hardware, specific services, or early contract cancellations. Others may charge huge fees to access your archived records if you change vendors. Make sure individual features are itemized and explained in writing.

• If your payroll vendor provides your timekeeping solution, make sure it is scalable to meet your needs. For example, many large practices have multiple services or departments within their timekeeping system. If an employee is shared, it may be cumbersome for them to transfer between entities if there is only a single physical time clock in the practice. A web-based timekeeping solution provides greater access and, therefore, helps ensure compliance and accuracy.

• Create detailed payroll policies, have them reviewed by your attorney, and make them available to your team. Examples include eligibility for paid time off and how it is calculated, requested, and paid. The definition of holiday pay and eligibility to receive holiday pay is another important payroll policy. For example, some practices do not include Christmas Eve as a holiday, whereas others do. If it is a holiday, is it the entire day, does holiday pay start at noon, or at 6:00 p.m.? These distinctions are significant and should be clearly defined before staff members are scheduled. Eligibility for shift differentials is an important consideration for 24-hour hospitals.

• Each state has many laws and regulations that govern the management of staff payroll. Always check with your attorney prior to making changes in the way you process payroll. For example, some states allow employers to retain final wages to settle an outstanding account balance at termination, but others do not. Some states require that unused accrued vacation time be paid out to the employee at separation, whereas others do not. Some states require minimum reporting pay for showing up to work, whereas other states may require you to pay overtime based on hours worked per day instead of hours worked per week. Most states make these laws and regulations available to both employers and employees on the World Wide Web.



MISCELLANEOUS

When you look at payroll management, review your timekeeping procedures as well. Many states require that time records be kept for up to seven years. The burden of proof is always on the employer when payroll disputes become legal actions. Written timekeeping procedures and unalterable records, such as those provided by computers or biometric time clocks (those that rely on a thumbprint or retina scan instead of "punching in"), are the most reliable.

ABBREVIATIONS

N/A

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N/A

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8.8. ORDERING INVENTORY ECONOMICALLY



BASICS

OVERVIEW

Maintaining inventory is often very costly for veterinary practices, as tying up cash means that money may not be available for other purposes.

- The cost of inventory is more than just its purchase price; it includes a variety of indirect costs that must be factored into the selling price.
- Indirect costs associated with buying and holding inventory include time spent shopping for the best price and placing the order (ordering costs), the cost of tying up money in the form of inventory and maintaining documentation, insurance, and physical space (holding costs), as well as theft (often referred to as "shrinkage").
- Shortage costs result from the inconvenience to clients of not carrying the inventory that they need, so that they then go elsewhere.
- Indirect costs can account for 25–40% of the cost of the products themselves.
- Some purchasers perceive that purchasing is just a routine function necessary to keep inventory on the shelf. However, it involves buying the *right products* in the *right quantity* at the *right price* at the *right time* from the *right vendor* while keeping the *right turns*.

TERMS DEFINED

Economic Order Quantity (EOQ): The most economical quantity of a product to order, factoring in both holding and ordering costs.
Holding (Carrying) Costs: All costs associated with maintaining inventory on the premises.
Just-in-Time (JIT) Inventory: Receiving product as it is needed, rather than storing product as inventory.
Ordering Costs: Costs associated with employee time used for shopping, ordering, receiving, and documenting purchased products.
Reorder Point: Inventory level at which additional product is ordered.
Safety Stock: Inventory remaining past the reorder point.
Shortage Costs: The costs of not maintaining sufficient inventory so that the sale is lost when consumers go elsewhere.
Shrinkage: The loss of product from inventory not resulting from sale; this includes product lost to employee theft, shoplifting, administrative and paperwork errors, and vendor errors/issues.



ISSUES AND OPTIONS

MINIMIZING INVENTORY COSTS

- Place orders after the distributor's billing cutoff date so that the purchase appears on the next statement period, giving you more time to sell items before payment is required.
- Ultimate profitability of retail items depends upon the difference between revenues generated and total costs (both direct and indirect) and whether the space occupied by inventory could be used for more productive purposes (opportunity cost).
- Inventory is not an investment that appreciates in value the longer it is held. Profitability depends on the difference between revenues and costs and the ability to regularly "turn over" the inventory through product sales.
- Inventory "turns" should average 8–12 times each year, such that product is not sitting on the shelf for more than 30–45 days. This average is made up of all products. Keep in mind that your hospital's "A" products will move more and have more turns than your "B" and "C" products. That is why it is also important to monitor turns on specific products.
- Buying more than three months' worth of inventory at a time is rarely profitable, unless there are substantial savings and little risk that the products will pass their expiration date. Savings must be even higher to consider purchasing enough stock to last for six months or longer.
- Delayed billing (also known as forward buying) can be cost effective if the distributor provides a no-interest incentive to buying product, as long as that product will not expire before being used and the money would not be used more profitably elsewhere.
- Quantity discounts are typically offered as an incentive for purchasing large quantities of single products or grouping of specific products offered by a manufacturer. A purchaser can take advantage of these discounts if the products are salable and the quantity discount can decrease the ordering (acquisition) cost of the drug. These discounts should also balance the savings with the costs of storing and having excess inventory. Knowing that the average holding cost is 8–20%, a purchaser may want to take that into consideration with what the discount savings should be.
- Inventory items should be priced on the basis of the fair market value of the product considering its direct and indirect costs and a sufficient profit margin. Additional returns gained from delayed billing, bulk buying, and other strategies should accrue to the practice as a reward for efficiency.
- Ensure that short-dated stock is sold first before it goes out of date.
- Stay ahead of the cost curve. Price increases for products purchased should be reflected as soon as the new product pricing information is entered into the computer.
- In some cases, especially when holding costs are high, product turnover is low, and risk of shrinkage is high, it is preferable to have customers' needs met by a pharmacy or other supplier. In many cases, using such a strategic partner can be just as profitable as carrying inventory (when total costs and commissions have been considered). It might even be more convenient for clients and help promote compliance.
- Most practice management software packages have inventory modules, but few are successfully implemented and utilized by veterinary practices. It is important to track both the inventory that is sold on a retail basis (e.g., pharmaceuticals) and the supplies that are used internally and never dispensed (e.g., suture material).
- Routinely have an ABC analysis done to identify your "A" products, which are your top 20% of your products that generate 80% of your usage and sales (see 9.11 – Effective Inventory Management). Practices that do not identify these "A" products often make multiple orders in a week. Keep a template or list of these "A" items and make a point to spot-check them all to be sure you have enough until your next order.
- Use web services by vendors who allow automated order levels to minimize employee time spent on ordering.
- Industry representatives, both distributors and manufacturers, can provide valuable information about available products, trend data, and new or soon-to-be released products. Be sure to have scheduled appointments with your representatives rather than have them just "stop by." Having appointments ensures that you have the time for information exchange.

CALCULATIONS

- Probably the simplest way of determining reorder points and/or reorder quantities is by reviewing past usage and calculating in desired inventory turns.
- If your desired turn for products is 12 turns (which can be a monthly supply and a good balance of not needing to order too frequently and using the product before the bill is due), review the past data for one year and divide that by 12. This can be used for a reorder point and/or reorder quantity.
- To have a lower reorder point or lower reorder quantity for products you can divide the past data by a higher turnover, such as 18–26 (which would be a two- to three-week supply).
- *JIT* is becoming a popular order habit. Though it keeps holding costs low, ordering costs tend to be higher (e.g., employees spend more time processing product orders, not to mention the chances of stockouts

8.8. ORDERING INVENTORY ECONOMICALLY

and backorders). Ordering in bulk keeps ordering costs down, but holding costs are higher. JIT ordering should be reserved for essential "B" products (those not needed immediately) and "C" products. Also, you need to take *lead time* into consideration with JIT ordering. A minimum of one week should be considered for lead time even if you can get a product within 24 hours. To calculate lead time, take your past data for one year and divide it by 260 to get an average daily demand. Dividing usage by 260 days instead of 360 days will be more accurate, considering a hospital can typically only receive shipments five days a week. Once you have your daily average use, you can multiply that by 7 to get your reorder point based on one-week lead time.

This calculation is based on one year of past data, but it can be adjusted to as much or as little a practice would like to use for data history.

• A more advanced model that describes the level of inventory and reorder quantity at which the combined costs of purchasing and carrying the inventory costs is called the *economic order quantity* (EOQ). Though the EOQ can be calculated as the most economical quantity of any item to purchase, given demand, ordering costs, and holding costs, it can be difficult to derive and calculate.

$$\text{EOQ} = \sqrt{\frac{2DO}{H}}$$

where D = annual demand, O = order placement costs (per order), and H = annual holding costs (per unit).

• This can be computed on any calculator that can handle square roots, in a spreadsheet, or with an online calculator, such as www.calculator.com.

• Annual demand D can be calculated as an extrapolation of previous years' sales or as a prediction based on other suppositions (promotional program, expansion, etc.).

• Order placement costs O often account for 15–20% of the retail cost of a product.

• Holding costs H may account for 8–20% of the retail cost of a product.



EXAMPLES

• Last year, the practice sold 1,067 packages of heartworm prevention, and that number is expected again in the current year. Each package has a wholesale cost from the distributor of $25. The hospital administrator suggests that holding costs are 20% of the package cost ($5.00) and that order placement costs average 15% on a per-unit basis ($3.75).

$$\begin{aligned}\text{EOQ} &= \text{Square root of } (2)\,(1{,}067)(\$3.75)/\$5.00\\ &= \sqrt{1{,}600}\\ &= 40\end{aligned}$$

• Heartworm prevention should be ordered 40 packages at a time to minimize inventory costs.

• You can also simply determine the order quantity by dividing 1,067 by the "turns" that you have set for a goal. If, for example, your "turn" goal is 26 (two weeks' supply), you will simply divide 1,067 by 26. This will give you an order quantity of 41 packages.

TIP

If you are using Microsoft Excel, which is the most common spreadsheet program in use today, you can easily calculate EOQ with the knowledge of a few symbols. The symbol "SQRT" is used to initiate a square root, and "∗" is used as a multiplier sign. To start an equation, the equal sign (=) needs to precede the other values to designate that this is a formula. Accordingly, the formula would need to be entered into an Excel field as

= SQRT(2 ∗ 1,067 ∗ 3.75/5)

Hit the Enter key and the answer will appear in place of the formula.



CAUTIONS

• EOQ determines the most cost-effective quantity of products to purchase, based on costs only.

• If vendors offer interest-free extended repayment schedules (delayed billing), then the time value of money must also be considered (see 7.1 – Time Value of Money).

• Actual costs, both direct and indirect, are often difficult to determine with precision, especially on a per-order and per-unit basis.

• EOQ is not a measure of profitability.



MISCELLANEOUS

• Inventory reorder points can be flagged on a computer system or manually with a card system. Having a system capable of tracking this information is one of the best methods of preventing shrinkage in a practice.

• Assess reorder points on a regular basis to ensure that the instructions and product levels are still pertinent.

• Veterinary practices do not need to stock all products to be profitable, nor to meet client needs. Stock only those products that have sufficient "turns" or those required for appropriate medical care (e.g., emergency drugs). Even routinely used products, such as heartworm preventatives, can often be more cost-effectively supplied to clients by a partner dispensing pharmacy, and they often have effective systems to help ensure compliance (e.g., reminder systems or JIT deliveries).

ABBREVIATIONS

***D*:** Annual demand
EOQ: Economic order quantity
***H*:** Annual holding costs (per unit)
JIT: Just-in-time
***O*:** Order placement costs (per order)

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N/A

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8.9. Accounts Receivable Issues



BASICS

OVERVIEW

Receiving payment in a timely fashion for work performed is a mark of a well-managed business. Clients have been trained by many other businesses that payment is expected at the time of a purchase. Most companies expect payment at time of service, as should veterinary practices.

TERMS DEFINED

Accounts Receivable: Money owed to a practice for services rendered or products sold that is not paid at the time of service or when the product is dispensed.

Deferred Payment Plan: Written document stating the amount owed, dates, and amounts of expected payment installments, consequences of failing to make payments on time, and a signature line for the clients to sign that they are in agreement with the terms outlined.

Finance Charges: Amount of money charged for payments that extend beyond an agreed-upon time limit. The amount charged is governed by usury laws in the state within which you practice. The amount of finance fee charged must be clearly reflected on the invoices rendered.



ISSUES AND OPTIONS

• A new client information sheet, which includes a caveat that payment is expected at the time of service, should be given to every new client. Practice brochures, the sign at the checkout area, and other printed materials all reinforce the position that timely payment is expected. This allows the client-relations specialists that field questions about payment to have a policy that is standardized and accepted throughout the practice.

• Staff, including veterinarians, should be educated that the accounts receivable balance represents real money. If fees are not collected at the time care is provided, then there may be a shortfall in money that is needed for other purposes, such as raises, the purchase of equipment to provide even better care to the pets, and payment of other costs associated with running a business.

• Maintaining accounts receivable is not only expensive in terms of money not being received by the practice, but there are additional expenses associated with generating and mailing statements, waiting for collection, and then reconciling the accounts. For every dollar that resides as accounts receivable, there is also the potential that the money will never be received, or that the client will be sent to collection, and the amount recovered (if any) will not even cover the costs of the services provided. Money not collected at time of service may potentially translate to money never being collected at all.

• Role-playing training sessions with the staff are a good way to help them deal with the many times they have to discuss money issues with clients. It is important that staff have the verbal tools to handle situations where they may be asked to explain and justify the cost of veterinary services.

• If you pay your associates on production and they are having trouble having money discussions with their clients, you may want to revise your compensation policy to remind associates that they are paid for production collected, not just produced.

• Not all clients can afford the very best care for their pets. A veterinarian's job is to offer the best in care options; however, it must be recognized that not all clients can afford that level of care, so offering other care options that are acceptable and that fit within the client's budget can help to minimize collection problems.

• Most practices take credit cards, and this is a logical mechanism whereby clients can charge their veterinary fees and then decide at a later date how they might elect to ultimately pay for them. The fee charged by credit card companies for processing the payment is much less than the cost of a practice offering credit to its clients and subsequently trying to collect payment.

• Third-party payers are another great way to offer payment options for clients who, for whatever reason, do not use cash, checks, or credit cards for their payment (see 8.13 – Third-Party Payments). Additionally, expensive healthcare needs for their pets can seem much more of an option to clients if they break up the payment into three, six, nine, twelve, or more installments. With third-party payers, a credit check is generally run on the person; someone other than an employee of the veterinary practice does this. If a client is rejected by such a service for being a bad credit risk, the veterinary practice should take this news as an advisement that extending hospital credit to such a client is a risky enterprise for the practice. The more ways you can help clients pay you, without you becoming the bank, the better. Pay attention to what is happening in the lender market place.

• Pet health insurance is an additional option and allows risk-averse clients to be prepared for medical intervention as the need arises (see 8.11 – Pet Health Insurance). Most of the insurance companies have field representatives who can train the entire staff, including veterinarians, to talk confidently about the benefits of having insurance to help with the healthcare needs pets might need.

• Endeavor to minimize disputes arising at the time the invoice is rendered. For expensive, complicated treatments, written estimates are appropriate and necessary. Standard estimates can be created for common disorders or treatment plans. Many practice management software programs have estimate templates available. Clients should be regularly updated as charges are incurred and as the treatment course changes. Clients should also stay current on their payments to the practice as situations change or as milestones in the in-hospital treatment process are reached.

• The aged accounts receivable schedule should be regularly reviewed. An aged accounts receivable listing shows amounts owed as current, 30–60 days, 60–90 days, and over 90 days. Collecting receivables that are greater than 90 days old is very difficult. Staff and associates should know who owes the practice money so that further service, if done at all, is on a current payment basis or at least arrangements are made to work off the "old money" before significant new money is added to the outstanding balance.

• What is an acceptable balance of accounts receivable for a companion animal practice? Ideally, zero. In reality, however, if the amount owed to the practice at any given time hovers around 1% of gross fees, you can consider yourself to be "on top" of your receivables.

• To the extent that your receivables are greater than 1%, you will find yourself in the banking business rather than the animal care business. Some practices try to justify letting clients get by not paying at the time the care is provided by charging interest on the unpaid balance. In practicality, we find that in most instances the veterinarians are so happy to ultimately collect the money owed them, assuming they do collect it, that finance charges are frequently waived.

• Not collecting at the time of service obviously hurts your cash flow from the standpoint of not having the cash. Compounding this problem, however, occurs when you are forced to either borrow funds to pay your own bills or, worse yet, you cannot pay your own bills – thereby hurting your credit rating and incurring your own finance charges that need to be paid because your creditors are not as nice as you in extending credit.

8.9. ACCOUNTS RECEIVABLE ISSUES

• In all situations, the time, money, and effort spent in collecting on your accounts receivables represent real costs to the practice that could better be spent on other areas.
• If accounts receivables have gotten out of hand, a compensation plan can be developed to motivate staff to help correct the situation. If the staff works hard at collecting old money that is owed to the practice, they deserve to share in the monies collected. However, it must be remembered that this is one more cost to the practice of having offered credit in the first place, and any profit that might have been present in the original fee is more than likely completely erased. In many cases, the transaction is often a net loss for the practice when viewed in real terms of the cost of that money.
• A good collection policy can be both fair and compassionate. Deferred payment plans may be appropriate for good clients with a good payment history, but they should not be used in all instances where someone cannot pay a bill. They should be reserved for those good clients who incur an unexpectedly large bill, but who have demonstrated from past history that they take good care of their animals and take care of you by paying their bills in a timely manner.
• Holding a client's check is generally not recommended. This puts one more level of responsibility on the practice to ensure that the checks are held in safekeeping and deposited only at the appropriate time. There is no guarantee the funds will be in the account when the checks are deposited, and if a slipup occurs and the checks are deposited too early then the practice will suffer the client's displeasure even though you are doing them a favor by holding the check in the first place. This is frequently a no-win situation.
• Small claims courts are sometimes looked upon as a way of collecting on old receivables. Assuming you have the time to go to court and plead your case successfully, this gives you lien rights against the client's assets. It is time consuming, has to be followed up on, and gives you no money in your checkbook at the time you win your case. It is best to avoid this route in the first place by having a good credit policy in your practice that you strongly adhere to.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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8.10. GETTING PAID FOR SERVICES RENDERED[1]



BASICS

OVERVIEW

• Veterinary practices, and the staff who work in them, depend on the revenues generated from services to provide salaries, money for practice reinvestment, and as a return on investment. Operating a veterinary hospital is an expensive undertaking, and continued operation, compensating staff, and paying vendors in a timely fashion requires a consistent revenue stream. Accordingly, getting paid for services rendered is every bit as important as the level of customer service and the quality of medical care provided.

• Veterinary costs are a relative bargain for the pet-owning public when compared with similar costs in the human healthcare arena. However, most veterinary practices would counter that clients resist attempts to increase fees, and that it is a continual challenge to attempt to practice high-quality medicine without subsidizing the costs for clients in terms of keeping prices artificially low. This is only true, though, if veterinary medicine is a commodity in the minds of clients, and those services are interchangeable at any number of clinics. This also happens because clients often benchmark services against procedures that are already highly subsidized. For example, a client might have difficulty understanding why a laparotomy is being quoted at $1,200 when a complete ovariohysterectomy was performed for less than $400. This is the fault of veterinary pricing policies, not the whim of the pet-owning public.

• Similarly, something that veterinarians might consider a commodity transaction – the purchase of a dog or cat – is viewed quite differently by many pet owners. Although veterinarians might scoff at the "quality" of animals found in a pet store, clients willingly spend hundreds and sometimes thousands of dollars acquiring a pet, and often on impulse. These new owners typically buy the pet as a full cash transaction, with little tendency to price shop to see if they can get a better deal elsewhere.

• Veterinary services are only a commodity if veterinarians allow them to be commodities. Getting paid for services rendered involves delivering value and expecting to be paid for that value.

TERMS DEFINED

Commodity: Product that is interchangeable with another product of the same type. The price is a function of supply and demand.
Prophy: Colloquial term for a dental prophylaxis procedure.



ISSUES AND OPTIONS

ALLOWING CLIENTS TO MAKE INFORMED CHOICES

• A major problem associated with any sales transaction is prejudicially making assumptions about what the client can afford and what services they would elect if given appropriate information. The fact is that when clients pay for a consultation they are entitled to that consultation, which should include the appropriate options and the costs involved. Armed with all the appropriate information, the client is then prepared to make an informed decision.

• There are certainly clients that will select a path that is less expensive than the optimal route, but it is critical that the client makes that decision and not the veterinarian. Similarly, if the client would have selected the optimal route but the veterinarian did not recommend it because a personal judgment call was made that the client could not afford the service, then a terrible injustice was done to the client and to the pet.

• Discussions that occur between pet owners and veterinarians should be relationship based, in which the pet owner recognizes the medical expertise of the veterinary staff, and the veterinary staff acknowledges that only pet owners truly know what is best for their particular circumstances at any point in time. Therefore, arriving at an informed decision requires mutual respect and a partnership of sorts, in which both parties work toward a common goal (see 5.6 – Shared Decision Making). As such, it is critically important for veterinary staff to discern client expectations from the client perspective, so that those expectations can be met and even exceeded.

PAYMENT AT TIME OF SERVICE

• For many years, veterinarians offered care with easy payment terms, and so there are still a lot of clients that expect financing options (although they do not expect such options from other businesses). The easiest way to correct the situation is to make the terms of service obvious from the start and to feel comfortable speaking with clients about financial matters. This is often a point of concern, because many veterinarians do not feel comfortable talking about money with clients and therefore are prone to making bad decisions in this regard. Two of the most common mistakes include offering credit (often without charge) or discounting the service that was likely already offered at a bargain price. If the services were priced fairly (see 7.12 – Pricing Strategies), then only the hospital loses in this scenario.

• Veterinary practices should endeavor to increase transparency in setting expectations for visits, so clients can logically anticipate what their veterinary bill is likely to be for routine visits so they can plan accordingly. When clients cannot reasonably predict what veterinary charges are likely to be, it makes it difficult to be able to plan ahead for paying for them.

• Clients can and do spend money on things they value, and they pay for these things at time of service in most instances. Veterinary care is no different. If the practice accepts cash, checks, and debit and credit cards, then clients have more than enough options. For those clients who are temporarily cash strapped for unanticipated expenses, there are a variety of third-party payment options that can be exercised (see 8.13 – Third-Party Financing). Practices should be wary of extending credit to individuals denied credit by a third-party payer. In many instances, veterinarians have a habit of extending credit without even looking at a credit report. If a third-party payer has seen a credit report and found the client not to be creditworthy, veterinarians should take note and not extend the credit themselves.

• There are instances when needy clients do require veterinary services that they cannot afford. There are a variety of options in this regard, from referring the case to nonprofit hospitals that might be able to provide limited discounted services (see 1.22 – Not-for-Profit Veterinary Hospitals), to establishing a nonprofit foundation that can help fund needy pet owners (see 2.29 – Not-for-Profit Foundations). However, even with a nonprofit foundation, it is important that the veterinarian be far removed from the decision-making process of who gets discounted services. Veterinarians need to concentrate on giving clients the best information possible for them to make informed decisions, not to decide how to finance each pet's healthcare.

DELIVERING VALUE

• In most circumstances, consumers make purchase decisions on the basis of value, not price. The value may be perceived rather than actual, but clients nonetheless select on the basis of value. Thus, it is critical that veterinary hospitals deliver value and not try to sell goods and services as commodities. Commodities are only bought and sold on the basis of supply and demand. People willingly pay for goods and services that they value. For commodities, it is fine to shop around for the best price, because there is little difference in service. The value added by a veterinary practice is the entire reason for the veterinary visit, and the premise on which veterinary services are offered – the continued health of animals. Learn more about value in 9.6 – Value-Added Analysis.

• Not all clients want the same things. Some clients are prepared to pay for additional features, and some for less, so most retailers benefit from

[1] Some of the information in this section was abstracted with permission from Ackerman, L.J. *Management Basics for Veterinarians*. ASJA Press, New York, NY, 2003.

tiered solutions (good, better, best). Veterinarians would be well served to consider similar strategies.

CREATE A HEALTHCARE TEAM

Most consumers are unwilling to pay for services that they do not understand. Therefore, one of the most valuable tools to making owners aware of optimal medical care and its costs is to incorporate those pet owners into their pet's healthcare team. If they understand the process and are part of the solution, they will also bear responsibility for those costs.

MILESTONES FOR PAYMENT

Nobody likes surprises, so clients should be kept abreast of any possible changes in a patient's status, especially if they will affect the amount on the final bill, and clients should be able to anticipate payment points that correspond to milestones in the treatment-to-discharge pathway. This can be facilitated by:

- Creating estimates for all patients that will be admitted for any procedure. Standard estimates can actually be created for commonly performed procedures but should have realistic ranges so that the final bill should not be more than 10% above the estimated price.
- Establishing payment in full at time of discharge for all outpatient and day procedures. Clients should be aware of this prior to dropping off their animals. Establishing in advance how the bill will be paid can save time at discharge and also will confirm with the owner that payment will be expected at that time.
- Establishing payment points for animals that will be hospitalized for longer than one day. It is important to create a reasonable estimate, and to request payments that correspond to points between admission and discharge. For example, for an expensive hospitalization, one might ask for one-third of the estimated final bill in advance, another third after a given number of days (when a better estimate of prognosis might be possible), and the final third upon discharge. During daily communication with the owner, a more up-to-date accounting can be provided and the owner asked for additional funds (if warranted) in concert with the agreed-upon proposal. It is also important for clients to sign appropriate waivers that there might be unforeseen complications that may affect the anticipated outcome and the estimates of cost. Taking the time to get properly informed consent in advance is extremely helpful if things do go wrong, and if costs escalate for unanticipated reasons.

ACCOMMODATE CLIENTS' FINANCIAL NEEDS

In some instances, clients may authorize the work that needs to be done but simply cannot afford to have everything done and paid for at one time. There are several ways to manage this situation:

- Plan to have the same amount of work done, but space out the procedures (if medically feasible) to allow the client to budget and be better able to afford it. For example, if a pet needs a dental "prophy" and practice protocols require the animal to have a pre-anesthetic blood panel, consider collecting the blood sample first and then schedule the dental procedure for a future date that would better meet the budgeting needs of the client.
- If a significant portion of the bill is for pharmaceuticals, consider performing the medical procedures and authorizing a prescription for the medications that can be filled elsewhere (including an affiliated online veterinary pharmacy). In some cases, this may lessen your invoice to the client significantly and allow them to proceed with the medical care recommended (see 9.15 – Pharmacy Management as a Profit Center).
- Establish prepayment plans that spread the charges out over time rather than requiring a lump sum at time of service. For nonemergency situations, especially wellness programs, this is an excellent way to allow clients to budget and for practices to collect fully on the services provided (see 8.12 – Payment (Wellness) Plans).

ENCOURAGE HEALTHCARE RISK MANAGEMENT

Most people would not consider allowing their family members not to be covered by health insurance. Although nobody anticipates the need for expensive healthcare intervention, they appreciate that it is a possibility, so they manage this risk accordingly. This topic is covered in greater detail in 8.11 – Pet Health Insurance, but if more pet owners had appropriate insurance, veterinarians would have fewer complaints about getting paid for services rendered. As long as clients believe that pet healthcare will continue to be inexpensive and readily affordable, there is no real need for insurance. It is worthwhile for veterinarians to discuss the reasonable costs of pet healthcare over an animal's lifetime, including possible visits to specialists and emergency clinics. Clients would then choose to mitigate those risks, and likely many more would choose to properly insure their pets.



EXAMPLES

Donna Smith has complained to Dr. Jones that she spends about $250 yearly on her dog, Spike, but that there must be a less expensive way to care for him. Many times she buys a year's worth of supplies, such as heartworm prevention, and sometimes she even forgets to give the medication and then needs another blood test. Dr. Jones asked if it would be helpful if they provided two clinical examinations a year, a heartworm test and a fecal evaluation, and be charged $25 monthly instead. Donna agreed that it would. To help with the heartworm prevention issue, Dr. Jones even administered an injectable preventive so that Donna would not need to remember when to administer the medication at home.



CAUTIONS

- If clients do not see the value in services provided, they will be resistant to paying for those services.
- Similarly, if clients do not see the inherent value in their pet, they will be unable to see the value in veterinary services recommended.
- The best driver of client's valuing their pets is the human–animal bond, so this bond should be promoted and validated by practices at every opportunity (see 1.19 – Importance of the Human–Animal Bond).



MISCELLANEOUS

Clients love their pets, but they are also consumers. Accordingly, they want to understand the healthcare needs of their pets and seek value in the services they request.

ABBREVIATIONS

N/A

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N/A

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8.11. Pet Health Insurance



BASICS

OVERVIEW

• Pet health insurance is an important method by which pet owners can manage the financial risks of pet healthcare. This will only become more pronounced as veterinarians' charges reflect the true value of services provided. It will also become more important as clients require services from specialists and emergency clinics, centers that tend to be significantly more costly than primary-care practices.
• Properly utilized, pet health insurance provides pet owners with peace of mind that they have planned ahead for the eventualities that we often do not want to think about but that nonetheless are an unavoidable part of pet ownership.

TERMS DEFINED

Benefit Schedule: Summary of covered services, benefit limitations, and applicable co-payments provided in an insurance policy.
Co-Pay: Specified payment amount of covered services that is the insurance policyholder's responsibility.
Deductible: Amount an individual must pay for health services before the individual's insurance company starts to pay.
Discount Plans: Not insurance. Instead, this is a service by which pet owners pay a fee to receive discounted services from participating veterinarians.
Exclusion: A condition that is not covered under an insurance policy.
Indemnity Insurance: System of health insurance in which the insurance carrier reimburses the insured individual for medical expenses after care has been provided.
Insurance Coverage: Insurance coverage, or cover, is the amount of risk or liability that is protected in an insurance contract.
Managed Care: Healthcare system under which healthcare professionals are organized into a group or "network" to manage the cost, quality, and access to healthcare.
Third-Party Payment: Monetary reimbursement for medical services from someone other than the client/patient.



ISSUES AND OPTIONS

THE NEED

• Veterinary healthcare is a multibillion-dollar enterprise, and it is natural that pet owners will want to find ways to manage those costs as effectively as possible.
• In human medicine, it is widely appreciated that it is necessary to manage the risks associated with high healthcare bills by having insurance, either as indemnity insurance, managed care, or socialized medicine.
• It might seem counterintuitive, but people do not buy insurance to save money – they purchase insurance for the peace of mind that comes with knowing that, if the unexpected happens, they will have the resources available to do what needs to be done.
• Pet health insurance has been available in the United States since 1982, but many pet owners are still unaware of the service and, in some instances, only hear about it after a problem occurs, which then becomes a preexisting condition and potentially invalidates future coverage for that problem.

THE PRODUCTS

• It is important to realize that indemnity insurance is not the same as human healthcare insurance, managed care, or discount plans. The major pet health insurance companies in the United States are indemnity insurers (property and casualty insurance), in which clients pay for veterinary services and then submit claims to the insurance company for reimbursement. With indemnity insurance, pet owners can visit the veterinarian or the specialty and emergency clinics of their choice, and the veterinarian and veterinary hospital are only required to provide the service, not process any paperwork (other than signing a claims form and providing clients with the information they need to submit with the claim). In some cases, the claims can be initiated by the veterinary practices themselves.
• Discount plans are not insurance at all. They are buying groups that sell discounted services to pet owners and then rely on a network of veterinarians to provide discounts in exchange for being promoted within the network. It is currently unclear if there is any real benefit for participating veterinarians, because the discount may exceed the profit margin on services offered. The premise is that discounted services attract new clients (the premise of all discounts), but that does not necessarily translate to profit for participating veterinary practices.
• Managed care plans have not been promoted in the veterinary marketplace. Given their lack of popularity with doctors and patients on the human side, they will likely not be warmly welcomed in veterinary medicine.
• Veterinarians do not need to promote specific insurance companies, but it is certainly worthwhile for them to notify clients that pet health insurance exists as a viable option and help them research the products available in their area so they can have intelligent discussions with clients about risk management (see Table 8-11-1). Owner compliance tends to be higher when veterinarians can provide information about the pros and cons of specific policies, reflecting features that would be of most concern to pet owners. In addition, pet owners are 50% more likely to enroll in pet health insurance if their veterinarian actively recommends it.[1]
• Clients (and veterinarians) should be aware of the terms of insurance policies, such as whether heritable conditions are covered, whether the insurance is offered on a benefit schedule or based on a veterinary invoice, whether the care of chronic conditions is covered, whether there is an annual limit, whether the pet is covered for its entire life, and whether there are exclusions in the policy.
• All insurance policies define what is covered in the policy, and also what is excluded from coverage. The most common exclusion is for preexisting conditions, problems that have been identified in the pet prior to the insurance policy taking effect. For example, if a pet has arthritis prior to being covered by insurance, it should be anticipated that the ongoing care of arthritis will be excluded from policy coverage. This is one of the reasons why it is so important that pets have insurance coverage early in life, when nothing is considered preexisting and the pet appears completely healthy.

8.11. PET HEALTH INSURANCE

Table 8-11-1. Resource for comparison of insurance plan features.

	Insurance plan comparison			
Coverage	*Sample*	*Plan A*	*Plan B*	*Plan C*
Accidents & illness	✓			
Emergency & specialty visits	✓			
Genetic and "predisposed" conditions	✓			
Ongoing care for chronic conditions	✓			
Clinical visits & diagnostic tests (not including wellness care)	✓			
Telehealth (virtual care)	✓			
Prescription medications	✓			
Surgeries & hospitalization	✓			
Rehabilitative, acupuncture, & chiropractic care				
Vaccinations, parasite control, and routine wellness exams	Optional add-on			
Annual limit	Unlimited			
Exclusions				
Deductible				
Co-pay				
Price				

• Some pet health insurance policies extend the concept of exclusion to conditions known or believed to have a heritable component. So, if a certain breed is known to be "predisposed" to certain ailments, coverage of those conditions may be excluded in some policies. The best way to safeguard against this is to recommend policies that clearly state that genetic problems are covered by the policy (as long as they are not preexisting). It should be expected that such policies are likely to be slightly more expensive, but they are often well worth it, since it can be disappointing to pet owners to have insurance only to learn that conditions that pose considerable risk might not be covered. Similarly, some policies can appear cheaper if they do not offer chronic care coverage. So, for example, a pet that develops diabetes mellitus during the policy term will be covered, but when the term renews the medical condition could be considered "preexisting" and excluded from further coverage. Everyone wants to save money on insurance, but such short-term savings are rarely worth it. If at all possible, recommend a policy that will provide ongoing care for chronic conditions, as well as coverage for hereditary conditions.
• Deductibles are set amounts that are "deducted" from the insurance reimbursement. Some policies have deductibles that apply per incident, whereas others might have an annual deductible whereby once that amount is reached further deductibles will not apply for the remainder of the term. Deductibles are meant to keep premiums affordable, by ensuring that pet owners have some stake in the process.
• Co-pays reflect the relative proportion of the covered amount to be paid for by the insurance company and the pet owner. For example, though there are a variety of possible co-pays, depending on what pet owners would like the premium to be, a typical co-pay may be that the insurance company will reimburse 90% of the covered amount, after the deductible, while the pet owner will be responsible for 10%. If owners are prepared for higher co-pays, they will likely see slightly lower premiums, but they will be paying for a higher percentage of their pet's care.
• Some insurance policies provide renewable lifelong care, albeit possibly with per-year or per-incident limits. However, some other policies with nonlifetime provisions may cover a condition during the course of a policy year but upon renewal in the subsequent year the condition might be excluded as "preexisting" and no longer covered. It is important to appreciate this distinction, because lifelong care is one of the most important reasons to consider pet health insurance in the first place (see 4.9 – Lifelong Excellence in Healthcare).
• Originally, pet health insurance was intended more for catastrophic coverage, and later for lifelong care, but some policies today also provide regular-care options, such as vaccination. In other instances, this type of wellness coverage can be an "add-on" to more traditional policies.
• It is worthwhile for veterinarians to understand treatment terms and any diagnostic codes for the insurance policies that they recommend. This makes it easier for the insurance company to match what was done at the veterinary hospital with conditions for which there is coverage, which in turn facilitates the process of the client being reimbursed. Policy information is provided on the websites of most insurance companies, or it can be requested by telephone or e-mail. Only some indemnity insurance companies use benefit schedules; some set annual limits, regardless of illness or condition.

INTEGRATING INSURANCE INTO PRACTICE STANDARDS

• Pet health insurance is an important component of allowing clients to manage their pet healthcare costs. It also allows clients to have veterinary care provided at the time it is needed without worrying about financing those costs by other means.
• Pet health insurance also tends to be highly effective at increasing compliance with veterinary recommendations, increasing purchases of veterinary medical services, and increasing pet health expenditures by pet owners.[2]

8.11. Pet Health Insurance

• Pet health insurance is also a valuable "perk" for veterinary hospital employees. It allows them to get veterinary care, including visits to specialists and emergency centers, without having to request discounts or informal consultations. This is one of the best ways to ensure that staff are ambassadors for excellent pet healthcare. Otherwise, many employees of veterinary practices may not be able to afford the care they are supposed to recommend to clients. Pet health insurance is a much-requested benefit from a variety of companies. In many cases, the employees pay for the plans themselves but receive a group discount by buying the insurance through their employers.
• Discussions of pet health insurance should take place as early as possible (typically when pets are about eight weeks of age), before any conditions occur that might be considered preexisting. Waiting until an incident has already occurred can be costly for clients. Similarly, the discussion should take place before the client encounters a situation that might involve a hefty healthcare bill. Most owners are unaware that they might eventually need levels of care that could cost hundreds or even thousands of dollars.
• Clients could save money specifically for the purpose of paying these bills when they arise, but most do not. Though it might be possible to replicate coverage by making contributions to a pet-specific savings account each month, it is important to realize that almost nobody takes this kind of disciplined approach to saving for a pet's healthcare needs. In addition, it would take years to save enough funds to cover potential veterinary expenses, especially given that it is not possible to predict when those funds will actually be needed. Sooner or later, most pets are going to develop medical problems that require ongoing medical care and monitoring (e.g., arthritis), need a referral to a specialist, or have a mishap that requires a visit to an emergency clinic. For most people, having a pet health insurance policy is the best way to deal with those likelihoods. Pet health insurance plays the role of taking the cost of pet healthcare out of available discretionary funds and turns it into a budgeted, affordable expense. Without such insurance, it can be very expensive to provide the type of care that most pet owners would prefer.
• The true value of pet health insurance, as it currently exists, is that it is truly a third-party payment. Clients visit their veterinary hospitals, veterinarians provide services, clients pay their bills and then submit them to the insurance company, and the insurance company reimburses the pet owner. This allows veterinarians to practice high-quality medicine and help clients afford high-quality healthcare, without veterinarians being directly involved in the financing of that care.
• As part of the arms-length relationship between insurance companies and veterinarians, it is important for the hospital to be a client advocate and to avoid direct intervention in the insurance process unless it is just to clarify the diagnosis made or the treatment provided.
• Part of the advantage of third-party payment is the independence that this affords veterinarians. As an advocate for the client and patient, the veterinarian should encourage clients to plan for unanticipated pet health expenses. The practice can facilitate this process by having clients compare available policies and select the one that best meets their needs. If the client later has a dispute with the insurance company over a claim, the veterinarian should remain impartial and not be viewed as an agent of the insurance company, which clearly they are not.
• It is helpful to both the client and the practice if hospital teams have basic knowledge of what different recommended insurance policies offer, so they can help clients select a plan appropriate for them (see Table 8-11-1). Insurance policies can be confusing to understand, but assisting clients in making valid comparisons enables them to select a suitable product for their specific circumstances, as well as basing decisions on value rather than just price. Sometimes, offering tiered solutions (good–better–best) can get clients past the initial decision of whether or not to get pet health insurance and instead to focus on which policy best meets their needs. Clients need to understand the tradeoffs in going for a policy that might be cheaper but not really meet their needs. In the end, clients need to be satisfied with the coverage they receive for the amount of money they are prepared to pay.



EXAMPLES

Schnitzel, a four-year-old miniature schnauzer, had been continuously insured since puppyhood without any insurance claims. In fact, Schnitzel's owners had considered discontinuing the insurance because it had not been used but continued it on the advice of their veterinarian. A few months later, Schnitzel was admitted to ABC Veterinary Hospital with acute abdominal pain that was later confirmed to be pancreatitis. Schnitzel was hospitalized for three days, maintained on intravenous therapy, and then finally released. The hospital bill was considerable, more than the total insurance premiums paid to date. Schnitzel's owner, Mrs. Smith, put the charge on her credit card and promptly submitted the bill to her pet insurance company. Within a few weeks, she received her reimbursement, in which the vast majority of the bill was covered, after the deductible and co-pay.

8.11. PET HEALTH INSURANCE



CAUTIONS

- Because indemnity insurance is true third-party coverage, it is important that veterinarians and veterinary hospitals not make any representations regarding the insurance company, such as assuring clients that the care being provided will be covered. If there are any questions about coverage, the clients should contact the insurance company directly.
- It is critical that veterinarians maintain their ethical standing with third-party payer companies and with clients. Clients sometimes ask veterinarians to provide fraudulent documentation that would allow them to recoup expenses from insurance companies. Veterinarians should never comply with such requests, only offering to make available legitimate records that are a truthful rendering of the situation.



MISCELLANEOUS

- True indemnity insurance is a highly regulated industry, and each state has its own licensing procedure. Many insurance look-alikes abound in the pet marketplace, but they are not bound by the same regulations as the insurance companies. These can be confusing for pet owners and veterinarians alike, but most are discount plans without the same regulatory safeguards in place.
- Insurance can be a confusing topic for owners, and it is worth making suggestions as to the types of companies available (not all insurance plans are necessarily available in all states) that offer indemnity insurance. One of the ways of keeping premiums comparatively low is that pet health insurance is not typically sold by agents, and there has been relatively little direct marketing to the public previously.
- Other forms of pet insurance do exist, but they are not related to healthcare coverage and so are not discussed further here. For example, liability insurance is available to cover damage done to property and people by pets, there are insurance products that would cover the theft of a pet, and even forms of life insurance that would pay out when an animal dies.

ABBREVIATIONS

N/A

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8.12. PAYMENT (WELLNESS) PLANS



BASICS

OVERVIEW

Payment plans, sometimes referred to as wellness plans or concierge plans, are tools used to make veterinary visits more affordable by spreading charges on a regular recurring basis rather than larger client invoices at time of service.

TERMS DEFINED

Driver: An aspect of a business that leads to change in other aspects of a business, usually in a positive fashion.

Insurance: A form of risk management in which reimbursement for specified veterinary expenses is guaranteed in exchange for premium payments.

Payment Plan: A bundled medical plan in which specified veterinary services are provided and paid for in installments or prepaid, rather than at time of service. Sometimes referred to as wellness plans or concierge plans.



ISSUES AND OPTIONS

PREMISE

• Research has indicated that pet owners want predictability of veterinary care expenditures and would appreciate opportunities to pay for those services over time rather than all at once.[1]

• Many clients that use payment plans appreciate the ability to budget for anticipated veterinary care and spread the annual costs over periodic (often monthly) payments.

• Veterinary practices often entertain payment plans to encourage clients to commit to a recommended array of services, improving compliance and smoothing out cash flow more evenly over the course of a year rather than changing with seasonal trends.

• Payment plans can include any services to which the practice and the client are in agreement. They are entirely customizable.

• Typically, payment plans cover services over a 12-month period, but that, too, is customizable.

• The most common payment plans are for "wellness" visits, and might include the number of visits during the plan period (from one to unlimited), vaccinations, parasite testing, certain diagnostics (e.g., heartworm testing), identification (e.g., microchipping, DNA screening), and other services.

• Payment plans are not limited to preventative care. They can also be used in care pathways (see 9.3 – Standards of Care and Care Pathways), for which expenses can be readily predicted, and even for accounts receivable, to provide an option for clients who carry a balance but hope to continue to utilize veterinary services.

• The number of clinic visits provided in a payment plan can be quite variable, even unlimited. Virtual care (telehealth) may also be incorporated into these plans (see 4.24 – Telehealth). The rationale for providing more clinic visits than is customary is to remove any barrier to the client coming in for attention, with the realization that it is the clinic visit that is the "driver" for additional medical expenditures.

• Research has demonstrated that the extent to which customers use the products they have already paid for helps determine whether they will repeat the purchase the next year.[2] Consumers feel compelled to use products and services that they have paid for, to avoid feeling that they have wasted their money. This approach benefits both pet owners, who want their pets to be cared for, and veterinary clinics that want to provide that care. This consumption also affects switching costs, since it would be difficult for clients to "unbundle" their services if they were considering changing clinics.

• Veterinary proponents of payment plans assert that clients seek veterinary attention more often and earlier when they have a payment plan, and that this makes clients less price conscious, removing one important barrier to more comprehensive and regular veterinary care. When this happens, client traffic in the clinic typically increases, more incidental problems are caught and treated, and pet owners have more opportunities for purchasing their medications, diets, and supplies at the hospital, typically as ancillary spend to the payment plan.

IMPLEMENTATION

• Currently, perhaps 20% or so of small animal veterinary practices offer some form of payment plans to their clients.[3]

• The working concept for most plans involves a commitment of the pet owner to make installment payments toward an agreed-upon bundle of services to be provided by the veterinary hospital. Other clients might be prepared to pay for the entire plan period up front in order to be assured a bundle of services at a fixed price.

• The veterinary practice must decide on the number of plans that will be offered, which might be determined by life stage (see 4.9 – Lifelong Excellence in Healthcare), plan status (e.g., silver, gold, platinum), species, care pathway, and any number of other determinants.

• For each plan, the practice needs to determine the total price for the bundle over the plan period (typically, one year).

• Once the fair retail price has been determined, the practice has the option of whether to offer a discount to that amount, as an incentive for owners to commit to the full array of services. In many premium plans, the service list typically includes more than most clients would otherwise request during the plan period, so discounts are offset somewhat by a higher starting fee. For example, the Companion Animal Parasite Council (CAPC; www.capcvet.org) recommends fecal evaluation two to four times during the first year of life, and then once to twice yearly in adults. Whereas many clients might have fecals evaluated perhaps once a year, the premium plans can actually cover the full recommendation of CAPC, bundled into a manageable payment plan.

• Practices also have the option to charge an up-front administrative fee to enact the plan, either as a fixed amount or as a percentage of the plan total. This "enrollment fee" reflects the pet owner's commitment to the process, perhaps even implying a sense of membership or community, and provides the hospital with some initial revenue to defray the costs associated with services provided before full payment is received.

• The payment plan itself is not just a way for clients to defer their veterinary expenses. It is meant to be a contract that guarantees revenues for the hospital as well as providing affordable payment options for pet owners.

• Once a practice has elected to initiate payment plans, it needs to create a marketing plan, train staff, set performance targets, and carefully measure return on investment.

ADMINISTRATION

• In addition to creating and pricing plans, the hospital must decide how they intend to collect recurring payments and how they are going to reconcile payments with services provided in the practice management software (PMS). For example, if a payment plan includes two office visits, vaccinations, and fecal and heartworm testing, the practice needs to be aware that when the client presents for a third office visit during the course of the plan period that this is outside of the plan and must be billed separately.

• Practices can decide to administer the plans themselves, with payment collected on a recurring basis, but they must maintain security standards (e.g., Payment Card Industry (PCI)) as required by law to protect the financial integrity of their clients.

• Practices can also make arrangements with their credit card merchant accounts for processing recurring payments, and with banks to debit clients' accounts for the appropriate amounts during the plan period. There are also commercial alternatives that will handle payment

processing for a fee. Depending upon the company selected, payment plans can be created for payments made with credit cards or automatic bank drafts (automated clearing house). Some of these companies even provide instant credit analysis as part of their service.
• A final approach is to consider utilizing a full-service company that processes payments, tracks plan utilization, provides sample plans, and may even integrate with some PMS.



EXAMPLES

Mrs. Franklin brought in her Maine coon cat, Franny, to ABC Veterinary Hospital, and while she was waiting for her appointment she read a brochure for the hospital's *Concierge Plans*, a form of annual payment plan. They even had some breed-specific plans, and the receptionist explained that for Franny they could construct an initial plan that would include up to four office visits per year, fecal evaluation, year-long parasite control, all vaccinations, microchipping, baseline laboratory values (blood and urine), viral profile, heartworm testing, and a genetic screening panel that included hypertrophic cardiomyopathy, polycystic kidney disease, and spinal muscular atrophy. The receptionist provided an estimate of the retail value of those services and offered two options for payment: a 10% discount on the total for prepayment of the entire amount or a monthly payment plan could be created and implemented for either credit-card or bank-draft processing, for a separate up-front enrollment fee. In subsequent years, different plans would be created based on Franny's particular needs.



CAUTIONS

• All veterinary hospitals in the United States, of any size, that process, store, or transmit credit card information must be PCI compliant for keeping clients' payment card data secure. This is particularly relevant for payment plans if the practice intends to store client payment card data for entry on a recurring basis.
• It is imperative that clients do not confuse these plans with pet health insurance (see 8.11 – Pet Health Insurance). Clients need to realize that payment plans cover only the specified procedures that constitute the plan itself. They do not cover unanticipated medical issues that are not specifically detailed in the plan. They also do not include visits to other veterinary practices, including emergency facilities and specialists. Payment plans should be associated with contracts that clearly depict the responsibilities, benefits, and limitations of such programs.
• Most payment plans do not guarantee that there will not be any payment defaults, so practices need to also have a process in place to deal with situations in which some services have been rendered but payments have been interrupted or discontinued. Some corporate services will assist with nonsufficient funds transactions, expired credit cards, and other such issues.
• There also need to be processes in place when clients move, a pet dies, or in some other circumstance, when payments will end before the plan period and it is necessary to reconcile payments made with services already provided.
• Employee (associate) veterinarians that are paid on production (commission) must be confident that the practice has a system in place to assure their fair compensation when clients come in for services not associated with invoices. The most common approach is to credit them on the basis of the discounted price at time of service; but as long as there is mutual agreement, many different compensation models could work.
• Some practices significantly discount the total payment plan amount as an enticement for clients to commit to the full complement of recommended services. They might also discount ancillary services as part of the loyalty program. Because veterinary profit margins might be lower than the discounts offered, it is important to track these programs to ensure that they are, in fact, profitable for the practice.
• It is not unusual that clients fail to fully utilize all services in a payment plan. Although in some ways this might seem attractive, as money is collected without providing services, it is important to remember that one of the reasons for offering payment plans is to actually deliver a high level of veterinary care. So, clients should be encouraged and reminded to fully utilize the services provided in their plans. Discounts are typically not necessary if the plan itself provides adequate value.
• Practices must consider strategies for ongoing renewal of plans, so they are not perceived as limited to puppy/kitten visits.
• Payment plans are not suitable for all clients. In many communities, there are still pet-owning families that have neither credit cards nor bank accounts, making then unsuitable participants in payment plans.
• Payment plans are not a guarantee of profitability for a practice. If the practice has problems with customer service, communications skills, staff alignment, or administrative oversight, then payment plans can contribute more problems than they will solve.



MISCELLANEOUS

ABBREVIATIONS

CAPC: Companion Animal Parasite Council
PCI: Payment Card Industry (data security standard)
PMS: Practice management software

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8.13. Third-Party Financing



BASICS

OVERVIEW

• Pet owners have a lot of options when it comes to paying veterinary invoices; most pay with credit cards, checks, or cash.
• There are also many clients who cannot afford to pay for their veterinary services this way, and so other mechanisms have become available to help clients in this regard.
• While similar to other forms of credit, veterinary-specific third-party financing allows clients to pay for services with a variety of other options.

TERMS DEFINED

Accounts Receivable: Monies due to a company for goods sold or services rendered for which payment has not yet been received.
Economic Euthanasia: A situation in which euthanasia is selected principally on the basis of a pet owner's unwillingness or inability to pay for needed veterinary care.



ISSUES AND OPTIONS

RISK MANAGEMENT

• It is important to help clients appreciate the potential healthcare costs for a pet over its entire lifespan (see 4.9 – Lifelong Excellence in Healthcare).
• When that is done properly, pet owners can then assess their potential risk management options for being able to pay for those veterinary services.
• The most common risk management strategies are pet health insurance (see 8.11 – Pet Health Insurance), and payment plans [see 8.12 – Payment (Wellness) Plans].
• Pet health insurance is a great mechanism for helping to pay for unanticipated expenses, such as the treatment of diseases, emergencies, and even referrals to specialists. Some pet health insurance policies will also cover more routine "wellness" care, either as part of the policy or on an add-on basis. The pet health insurance itself is pet specific, and whereas coverage is based on the particular policy selected, it can be used at virtually any veterinary facility, not just with the primary-care hospital at which the pet is being seen for routine care.
• Payment plans, on the other hand, are typically arranged by a specific veterinary facility for a specific pet, and for a specific array of services. The coverage is typically for anticipated care, allowing pet owners to spread the costs of this anticipated care over periodic payments (usually monthly). Most payment plans established by veterinary hospitals are only applicable for services performed at that specific hospital (or affiliated hospitals).
• For clients who do not necessarily have the financial wherewithal to pay for their veterinary care all at once with cash, check, or a credit card, and whose veterinary bills might not be covered by pet health insurance or payment plans, other options have become available.

OPTIONS AVAILABLE

• Many pet owners do not plan ahead for healthcare issues, and also may find that they do not have access to sufficient funds to provide the care they would like for their pets.
• When pet owners are confronted with veterinary expenses they cannot afford, they may turn to the veterinary hospital for solutions. In most cases, it is not an ideal situation for veterinarians to accept delayed payments, and in many clinics the number of clients that would avail themselves of such services would create accounts receivable issues (see 8.16 – Credit and Collections).
• Pet health insurance requires that pet owners have policies in place before care is needed, or such coverage is likely to be dismissed for "preexisting" conditions. Payment plans are simply a tool for pet owners to spread anticipated expenses over an established time interval. This leaves at least some clients with a need for a program that is flexible enough to be used with either anticipated or unanticipated pet care expenses and to be able to spread those costs predictably over an interval of time.
• Veterinarians are not in the financing business and probably should not be extending credit to clients, but there are several financial institutions that are ready to provide such veterinary-specific funding to our most creditworthy clients.
• Unfortunately, without such options, veterinarians would likely find themselves in even more predicaments where they have to make life-or-death decisions, not because there are no medical options, but because clients cannot afford to pay for them, at least not up front or all at once. Sometimes, this results in the death of the pet as a financial alternative. This is sometimes referred to as "economic euthanasia" and serves the interest of neither the veterinary hospital nor the client.

THIRD-PARTY FINANCING

• The goal of third-party financing is laudable: helping pet owners to be able to afford the care their pets need and allowing veterinarians to focus on the delivery of excellent healthcare with minimal involvement in financing.
• There are a variety of third-party financing options, but most involve credit cards, loans, or payment plans.

VETERINARY-SPECIFIC CREDIT CARDS

• Private-label credit cards are available through several different financial institutions (such as CareCredit, Wells Fargo, and Citibank in the United States) and pet owners may be aware of them because they are also used for financing different human healthcare needs (such as dentistry, chiropractic, and vision care).
• Veterinary-specific credit cards can be used at different locations, but only for veterinary expenses, and only at providers that are part of the company's network. These credit cards typically provide a revolving line of credit that can be used to pay for veterinary services within the company's network of enrolled providers.
• Veterinary hospitals accepting such credit cards typically pay an administrative fee to be part of the network, as well as merchant fees on the credit card purchases.
• Each company has its own financing options, but most provide no-interest (for the pet owner) loans if the debt is paid in full within the establish payback period, and fixed monthly payments at established interest rates for longer periods.
• In most instances, credit approval is quick for creditworthy clients and can be accomplished online or by telephone in real time. Once the application has been approved, the cardholder can use the card for purchases at veterinary clinics up to the approved limit.
• The approval rate for such cards may be higher than for typical credit cards, but creditworthiness of the client is the major determinant.
• When a client has been approved and uses such a card, the veterinary hospital typically receives its payment within a few days, less the administrative fees. With most of these programs, the financial relationship is between the financing company and the cardholder, so veterinarians get paid even if the client defaults.

• The benefit to veterinary hospitals is that it allows creditworthy clients who might not have the ability to pay for all needed services at once to pay for them over time through an independent financing option.

LOANS AND PAYMENT PLANS

• Other options for third-party financing include loans and payment plans.
• There are now several companies established to provide loans and payment plans for pet owners, including Medical Financing (https://medicalfinancing.com), First Look (www.firstlookapproval.com), LendingPoint (https://lendingpointmerchantsolutions.com), PetLoans (https://petloans.com), Prosper (www.prosper.com), Scratch (https://scratchpay.com), Varidi (https://varidi.com), and Veterinary CreditPlans (www.extendcredit.com/veterinary). There is often considerable flux within the industry, with companies entering and exiting the marketplace, and names changing with corporate mergers and acquisitions.
• Payment terms vary significantly depending on the creditworthiness of the pet owner. Some require automatic withdrawal for client's bank accounts, and most of the processing and administrative fees are paid by the borrower. Sometimes, hospitals are required to pay a fee with each transaction, but in most instances there are no start-up or subscription fees. Payment to the practice typically occurs as soon as the service is rendered.

OTHER VETERINARY ASSISTANCE PROGRAMS

• There is now a plethora of financing options available to clients that are only bounded by a pet owner's imagination.
• There are a variety of crowdfunding platforms where pet owners can appeal to others for for-profit funding, the largest of which to date is GoFundMe (www.gofundme.com). However, there are many others, including PlumFund (https://plumfund.com), Waggle (https://waggle.org), and YouCaring (www.youcaring.com). Expect this marketplace to continue evolving, and it is necessary to verify the integrity of such lending platforms.
• Assistance for pet owners is also available through a variety of programs, including the Pet Fund (www.thepetfund.com), the Humane Society of the United States (http://humansociety.org), the American Society for the Prevention of Cruelty to Animals (www.aspca.org), and Feline Veterinary Emergency Assistance (http://fveap.org). Programs are also available that function solely on a local level (e.g., https://face4pets.org), so it is worthwhile doing an extensive search to uncover resources that may be applicable.
• There are also a variety of charitable organizations that provide financial assistance on a breed-specific basis. Examples include LabMed (www.labmed.org) for Labrador retrievers and WestieMed (http://westiemed.org) for West Highland White terriers.
• In some instances, it might even be possible for veterinary hospitals to create a not-for-profit foundation to benefit clients who are unable to afford needed care (see also 2.29 – Not-for-Profit Foundations).

EXAMPLES

N/A

CAUTIONS

• Though there are many financing options available for pet owners, it is unlikely that solutions exist for every potential situation.
• There is a difference between clients that do not have the means to afford needed care for their pets and those that have the means but choose not to prioritize the needs of their pet over other expenditures. However, both cases can prove difficult for veterinary hospitals, since there is still a pet in need of care.
• If a veterinary financing company deems your client not to be creditworthy, then believe them and fight the temptation to be the lender of last resort.
• The best way to address the situation proactively is to address financing needs early with clients, even at puppy and kitten visits, and encourage the owner to plan ahead, if at all possible.
• Open-book management can be enlightening for the hospital team to help with the realization that individual veterinary hospitals are not in the position of being able to routinely finance veterinary care for clients (see 2.1 – Workplace Management).
• There is no doubt that having discussions about finances is not easy, especially when it involves the life of someone's beloved pet (see 5.13 – Discussing Finances).
• Realize the stress that comes from having to provide alternatives to an established standard of care (see 2.10 – Compromise Fatigue).
• Avoid the temptation to extend credit to clients unless you are prepared to research how such a process can be done legally, while protecting the financial security of clients. If considering doing so, develop a credit application and have it reviewed by an attorney, and learn what recourse you might have if the client defaults on the debt.

MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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8.14. DIGITAL WALLETS



BASICS

OVERVIEW

• The term "digital wallet" is broadly defined as a digital system through which a person's identity, available payment methods, and other information are stored and transferred. Nearly always, a digital wallet is used in some type of transaction.
• An understanding of digital wallets is beneficial to veterinary practices because consumer adoption of the technology is increasing over time. More and more clients will come to expect that practices agree to accept digital payments.
• There are a few alternate names for digital wallets. A common one is "E-wallet." Since there is no standard definition for digital wallets they sometimes are erroneously viewed as being synonymous with mobile payment systems or other technologies. When discussing and considering digital wallets, it is important to be clear about the specific technologies and features to avoid confusion.
• The conveniences offered to consumers by digital wallets transcend online payments and now include in-person transactions. There are also myriad benefits to merchants.
• Technology solutions that enable merchants to accept digital wallet transactions are generally simple and integrate well with popular accounting and other merchant systems, making them viable and attractive for veterinary practices of all sizes to adopt.

TERMS DEFINED

Bluetooth®: A low-power wireless technology that allows devices to communicate.
Encryption: Changing data so it is not readable by unauthorized parties who might intercept it.
Internet of Things (IOT): Physical devices containing hardware, software, and sensors that are connected to a network, enabling these objects to connect and exchange data.
Merchant: A business who accepts payments from consumers.
Near-field Communication (NFC): A wireless technology that allows devices to communicate by touching or "tapping" them, or by holding them in close proximity to each other.



ISSUES AND OPTIONS

• Digital wallets, once typically used primarily for financial transactions, are now also used for many other types of transactions, such as loyalty programs, rewards systems, tickets and boarding passes, or identification/age verification.
• To understand a digital wallet, one can simply draw a comparison with all the cards and information commonly found in a physical wallet. This can include payment (credit/debit) cards, banking (automatic teller machine) cards, personal insurance information, personal identity (e.g., driver's licenses, state identification cards), library cards, and more. In addition, a digital wallet may also contain shipping/billing addresses and other contact information to make transfer of this data quick and error free.
• Although often perceived as a mobile payment system, digital wallets are often used in nonmobile environments, such as a personal computer. There are also standalone mobile devices (i.e., separate from an app on a phone or tablet) that can be used for digital wallets. The way the data is stored and the way it is accessed/transmitted are two separate components of a digital wallet. As such, the same information stored in a person's digital wallet could prospectively be accessible via a mobile device and/or via a nonmobile device.
• Adoption of mobile wallets suffered initially from a "chicken and egg" problem. In order for consumers to adopt it, a critical mass of merchants needed to accept it. In order for merchants to invest in the technology and systems to make it work, they needed enough consumers to want it. Adoption was slower in the United States than in other countries, but has been growing steadily over time and is expected to continue to rise globally. Some have speculated that digital wallets could overtake credit cards as the dominant method of payment worldwide.
• Digital wallet payments are commonly transacted using a traditional consumer-to-merchant method via a payment processor or payment gateway. Other systems have been pioneered thanks to digital wallets. One example is direct carrier billing, where mobile carriers (such as Verizon Wireless, Comcast, etc.) collect payments on behalf of an app company or other merchant. Another example is closed-loop payments where a mobile app for a coffee shop, grocery or retail store, restaurant, or other merchant collects money and maintains a balance that can be used by the consumer. Digital wallets can be used in peer-to-peer transactions as well, allowing individuals to transfer money or other digital value to another individual.
• Consumers enjoy a number of conveniences by using digital wallets, including:
  ◦ Managing funds availability and categorizing/annotating disbursements is simple and handy.
  ◦ Associating payments or transactions to loyalty or reward programs is common and easy.
  ◦ Mobile systems typically have an NFC or Bluetooth mechanism for wireless and touchless transactions – one only needs to hold the device near enough to a receiver for the data to transfer.
  ◦ Many devices that support digital wallets can be found in IOT devices. Examples include wearables, watches, pet collars and carriers, and more.
  ◦ Digital wallets support autorenewals for products and services, as well as payments and transactions for remote physical services (e.g., parking meters).
  ◦ Digital wallets can be shared by multiple users. For example, some digital wallets are shared by family members or by multiple staff in a group or company. A complete accounting of who accessed funds or data in the digital wallet can be made available, including what data/funds were used, when, and by whom.
  ◦ For online transactions, digital wallets may have the ability to automatically fill out form data. This is not only convenient, but it also reduces data entry errors. Form data is generally password protected so that it cannot be accessed by an intruder.
• Merchants also enjoy significant benefits from digital wallets:
  ◦ Transaction fees for merchant systems used by digital wallets are typically lower than for credit cards or other payment systems.
  ◦ Merchants can often access real-time data about their consumers, as well as historical data.
  ◦ Some digital wallet providers also offer merchants consumer profiling and other analytic services, which the merchant can use for marketing, decision-making, and other business endeavors.
  ◦ If the digital wallet system is used to automatically fill in online form data as described earlier, the likelihood of fraud is reduced, which mitigates risk to the merchant. In veterinary practices, this would be beneficial for the practice's online pharmacy, appointment setting, etc.
• Because they are digital, the data stored in digital wallets is readily extensible. Some efforts are made to allow people to store additional information about themselves that is not commonly found in a physical wallet. Examples might include medical records, prescription lists, insurance details (other than medical insurance – e.g., property/auto insurance, pet health insurance), lists of property

(including pets and pet details), shopping lists, contact lists, passwords, and the like. It is reasonable to expect that a good deal of pet-specific information will be made available using digital wallets.



EXAMPLES

Ms. Mathers prefers not to keep credit cards, health insurance cards, loyalty cards, or other physical cards in her purse because they may get stolen and they sometimes wear out. She has a digital wallet app on her mobile phone that allows her to make credit card payments to participating merchants by either tapping her phone on a compatible NFC device or allowing the merchant to scan a code on her phone screen. The communications between her phone and the merchant's equipment are encrypted, which eliminates the possibility of a hacker accessing her information. By participating in digital wallet transactions, the merchant is protected by its bank in the event Ms. Mathers is, in some way, fraudulently using her digital wallet.

Mr. Roberts desires to have his pet's prescriptions delivered to his home automatically every month via the practice's online pharmacy. He visits the online pharmacy using his home computer and opts to use his digital wallet to do the transaction. The digital wallet passes his name, shipping address, and billing address to the online pharmacy, which confirms the information after he enters his password. He then selects the prescriptions he wants to have auto-refilled and specifies he wants them paid using a specific credit card in his digital wallet. The online pharmacy is now able to fill the prescription each month and charge the appropriate credit card.



CAUTIONS

- Fragmentation is one major consideration for merchants and consumers alike. Disparate and proprietary systems from different digital wallet providers often are not compatible with each other. Some providers will bundle multiple digital wallet technologies into a single solution, but this often does not include all available options.
- Whereas hackers will have a more difficult time accessing data in a digital wallet due to the technologies involved, it is not completely impossible. It is likely that major providers of digital wallet technology will be regularly targeted by more sophisticated hackers.
- Merchants must be wary of fraudulent consumers. Although the general public is frequently cautioned against it, people are often willing to share passwords with people they trust, which can result in unauthorized use of digital wallet assets.
- Adoption is a consideration. The percentage of consumers who have digital wallets continues to grow, but critical mass across the board, as well as for a given market like the pet health vertical, may still take time. There is also evidence that consumers who have digital wallets may not using them as often as expected.
- Consumer privacy is a factor. Although digital wallet systems are designed to protect consumer information, consumers themselves are acutely aware of privacy issues and will often reject the use of systems like digital wallets out of concern for their privacy.
- Merchants must consider consumer privacy when adopting digital wallet technology. Data made available to the merchant must be protected. Local, state, federal, and international laws are constantly evolving to protect consumer privacy, and merchants are legally obligated to adhere to the changes as they happen.



MISCELLANEOUS

ABBREVIATIONS

IOT: Internet of Things
NFC: Near-field communication

References

N/A

Recommended Reading

N/A

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8.15. CRYPTOCURRENCIES



BASICS

OVERVIEW

• Cryptocurrencies are just lines of computer code that hold monetary value. Those lines of code are created by electricity and high-performance computers.
• Cryptocurrency is also known as digital currency. Either way, it is a form of digital public money that is created by painstaking mathematical computations and policed by millions of computer users called "miners." Physically, there is nothing to hold.
• "Crypto" comes from the word cryptography, the security process used to protect transactions that send the lines of code out for purchases. Cryptography also controls the creation of new "coins," the term used to describe specific amounts of code.
• Governments have no control over the creation of cryptocurrencies, which is what initially made them so popular. Most cryptocurrencies begin with a market cap in mind, which means that their production will decrease over time, thus, ideally, making any particular coin more valuable in the future.

TERMS DEFINED

Blockchain: A digital ledger in which transactions for cryptocurrencies are recorded publicly and chronologically.
Hedging: A risk management strategy used in limiting or offsetting probability of loss from fluctuations in the prices of cryptocurrencies. Hedging employs various techniques, but it basically involves instantly exchanging cryptocurrencies into the preferred currency used.
Mining: Cryptocurrencies are made through a very interesting self-limiting system called cryptocurrency mining, and the people who mine these coins are called miners. This involves commanding a computer, or a network of computers, to work around the clock to solve "proof-of-work" problems.



ISSUES AND OPTIONS

WHAT ARE BITCOINS?

• Bitcoin was the first cryptocurrency invented. No one knows exactly who created it – cryptocurrencies are designed for maximum anonymity – but bitcoins first appeared in 2009 from a developer supposedly named Satoshi Nakamoto. He has since disappeared and left behind a bitcoin fortune.
• Because bitcoin was the first cryptocurrency to exist, all digital currencies created since then are called altcoins, or alternative coins. Litecoin, peercoin, feathercoin, ethereum, and hundreds of other coins are all altcoins to distinguish them from bitcoin.
• One of the advantages of bitcoin is that it can be stored offline on a person's local hardware. That process is called cold storage, and it protects the currency from being taken by others. When the currency is stored on the internet somewhere (hot storage), there is high risk of it being stolen.
• On the flip side, if a person loses access to the hardware that contains the Bitcoins, the currency is simply gone forever. It is estimated that as much as $30 billion in bitcoins has been lost or misplaced by miners and investors. Nonetheless, Bitcoins remain incredibly popular as the most famous cryptocurrency to date.

HOW BITCOINS WORK

• Bitcoins are completely virtual coins designed to be "self-contained" for their value, with no need for banks to move and store the money. Once you own bitcoins, they behave like physical gold coins: they possess value and trade just as if they were nuggets of gold in your pocket. You can use your bitcoins to purchase goods and services online, or you can tuck them away and hope that their value increases over the years.
• Bitcoins are traded from one personal "wallet" to another. A wallet is a small personal database that you store on your computer drive (i.e., cold storage), on your smartphone, on your tablet, or somewhere in the cloud (hot storage).

BITCOIN VALUES AND REGULATIONS

• A single bitcoin varies in value daily; you can check places like Coindesk (www.coindesk.com/) to see the current value. There are more than two billion dollars' worth of bitcoins in existence. Bitcoins will stop being created when the total number reaches 21 billion coins, which will be sometime around the year 2040. As of 2017, more than half of those bitcoins had been created.
• Bitcoins are stewarded by "miners," the massive network of people who contribute their personal computers to the bitcoin network. Miners act as a swarm of ledger keepers and auditors for bitcoin transactions. Miners are paid for their accounting work by earning new bitcoins for each week they contribute to the network.

HOW BITCOINS ARE TRACKED

• A bitcoin holds a very simple data ledger file called a blockchain (see 10.9 – Blockchain). Each blockchain is unique to each individual user and his or her personal bitcoin wallet.
• All bitcoin transactions are logged and made available in a public ledger, helping ensure their authenticity and preventing fraud. This process helps to prevent transactions from being duplicated and people from copying bitcoins.
• Note that whereas every bitcoin records the digital address of every wallet it touches, the bitcoin system does *not* record the names of the individuals who own wallets. In practical terms, this means that every bitcoin transaction is digitally confirmed but is completely anonymous at the same time.
• So, although people cannot easily see your personal identity, they can see the history of your bitcoin wallet. This is a good thing, as a public history adds transparency and security, and helps deter people from using bitcoins for dubious or illegal purposes.

BITCOIN PRODUCTION FACTS

• Bitcoins can be "minted" by anyone in the general public who has a strong computer. Bitcoins are made through a very interesting self-limiting system called cryptocurrency mining, and the people who mine these coins are called miners. It is self-limiting because only 21 million total bitcoins will ever be allowed to exist, with approximately 11 million of those bitcoins already mined and in current circulation.
• Bitcoin mining involves commanding your home computer to work around the clock to solve "proof-of-work" problems (computationally intensive math problems). Each bitcoin math problem has a set of possible 64-digit solutions. Your desktop computer, if it works nonstop, might be able to solve one bitcoin problem in two to three days, likely longer.
• For a single personal computer mining bitcoins, you may earn perhaps USD 0.50 to USD 0.75 per day, minus your electricity costs.
• For a very large-scale miner who runs 36 powerful computers simultaneously, that person can earn up to USD 500 per day, after costs.
• Indeed, if you are a small-scale miner with a single consumer-grade computer, you will likely spend more in electricity than you will earn mining bitcoins. Bitcoin mining is only really profitable if you run multiple computers and join a group of miners to combine your hardware power. This very prohibitive hardware requirement is one of the biggest security measures that deters people from trying to manipulate the bitcoin system.

HOW TO ACCEPT BITCOIN, FOR VETERINARY SERVICES

- Accepting payment in bitcoin is no different than accepting payment in other forms, such as cash, check, gift cards, or foreign currency. Clients can pay using hardware terminals, touchscreen apps, or simple wallet addresses through QR codes from third-party providers (e.g., https://stripe.com).
- The fees associated with bitcoin are lower than credit card fees, which saves money for both the clinic and their clients.



EXAMPLES

FOUR REASONS WHY BITCOINS ARE SUCH A BIG DEAL

There is a lot of controversy around bitcoins. The top reasons are as follows.

1. **Bitcoins are not created by any central bank, nor regulated by any government.** Accordingly, there are no banks logging your money movement, and government tax agencies and police cannot track your money. This is bound to change eventually, as unregulated money is a real threat to government control, taxation, and policing.
2. **Bitcoins completely bypass banks.** Bitcoins are transferred via a peer-to-peer network between individuals, with no middleman bank to take a slice. Bitcoin wallets cannot be seized or frozen or audited by banks and law enforcement. Bitcoin wallets cannot have spending and withdrawal limits imposed on them. For all intents and purposes, nobody but the owner of the bitcoin wallet decides how their wealth will be managed.
3. **Bitcoins are changing how we store and spend our personal wealth.** Since the advent of printed (and eventually virtual) money, the world has handed over the power of currency to a central mint and various banks. These banks print our virtual money, store our virtual money, move our virtual money, and charge us for their middleman services.

If banks need more currency, they simply print more or conjure more digits in their electronic ledgers. This system is easily abused and gamed by banks because paper money is essentially paper checks with a promise to have value, with no actual physical gold behind the scenes to back those promises.

Bitcoins are designed to put the control of personal wealth back into the hands of the individual. Instead of paper or virtual bank balances that promise to have value, bitcoins are actual packages of complex data that have value in themselves.

4. **Bitcoin transactions are irreversible.** Conventional payment methods, like a credit card charge, bank draft, personal checks, or wire transfer, do have the benefit of being insured and reversible by the banks involved. In the case of bitcoins, every time bitcoins change hands and change wallets the result is final. Simultaneously, there is no insurance protection of your bitcoin wallet: if you lose your wallet's hard drive data or even your wallet password, your wallet's contents are gone forever.



CAUTIONS

Bitcoin exchange rates can be volatile, and veterinary practices should take care to offset risk. Hedging for each transaction can nearly entirely eliminate exchange rate risk that the business is exposed to when accepting bitcoins for payment.

WHY BITCOINS ARE SO CONTROVERSIAL

- Various reasons have converged to make bitcoin currency a real media sensation.
- From 2011 to 2013, criminal traders made bitcoins famous by buying them in batches of millions of dollars, so they could move money outside of the eyes of law enforcement. Subsequently, the value of bitcoins skyrocketed.
- Scams, too, are very real in the cryptocurrency world. Naive and savvy investors alike can lose hundreds or thousands of dollars to scams.
- Ultimately, though, bitcoins and altcoins are highly controversial because they take the power of making money away from central federal banks and give it to the general public.
- Bitcoin accounts cannot be frozen or examined by tax agencies, and middleman banks are completely unnecessary for bitcoins to move. Law enforcement and bankers see bitcoins as "gold nuggets in the wild, wild west," beyond the control of traditional police and financial institutions.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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8.16. CREDIT AND COLLECTIONS



BASICS

OVERVIEW

• Veterinary hospitals should minimize extending credit and avoid the need for collections in order to maintain sufficient cash flow for the practice.
• Clients should be advised of all payment options offered by the practice.
• Treatment plans showing associated fees for services should be given to all clients.
• Use of the words "wellness or treatment plan" should be used when communicating with clients, rather than the word "estimate," so the focus is on the value of care rather than on money.
• Practices should have well-established, standard payment policies. Team members must be informed and knowledgeable regarding these policies.
• Team members should be trained to answer questions regarding payment. Educate the team on the cost of running a business so they understand why the practice cannot subsidize medical care for some clients.

TERMS DEFINED

Check Authorization Companies: Companies providing approval for checks. Approved checks returned for "insufficient funds" will be paid.
Held Checks: Checks dated the day they are written, with a verbal agreement that you will hold them for deposit until an agreed-upon date. This may be better than no money collected, but there is no guarantee the check will clear when deposited.
Payment Plan Management Services: Companies that set up in-house payment plans for veterinary practices. These companies typically assess credit, set up automatic bank withdrawals from the pet owner's account, and follow up if payments are not made.
Postdated Checks: Checks written on the current day but dated for a future date. It is risky to accept these, and it may be illegal in some areas. Prosecutors likely will not prosecute a postdated check.
Third-Party Payment: Organizations offering interest-free payment plans to clients.



ISSUES AND OPTIONS

HOW TO HANDLE CLIENTS WHO CANNOT AFFORD MEDICAL CARE

• Always make appropriate medical recommendations for the pet regardless of the client's financial situation. Never assume a client does not desire or have the ability to pay for services.
• Once clients indicate they have cost constraints, advise them of all available payment options. This may include an in-house payment plan [see 8.12 – Payment (Wellness) Plans], held checks, credit cards, assistance from their friends or family, or third-party payment plans (see 8.13 – Third-Party Financing).
• Offer alternative levels of medical care within the client's budget whenever possible.
• Be sensitive to the potential embarrassment clients may have associated with their inability to pay, especially if children are present.
• Be willing to administer pain medication and perform humane euthanasia without payment, if necessary.
• When appropriate, refer clients to low-cost alternative service providers (see 1.22 – Not-for-Profit Veterinary Hospitals).
• Maintain a nonjudgmental attitude toward clients with limited funds.

TO WHOM SHOULD A PRACTICE EXTEND CREDIT?

• The simple answer is no one. To maintain the financial health of the practice, veterinary services should be paid for at the time of service.
• When deciding whether to extend credit, assess the risk of the investment. Consider the following questions: Is the client truthful? Does the client have a full-time job? Have you seen this client before? Has the client paid in the past but currently faces a temporary financial hardship? What is the amount of the bill, and what percentage of the bill can they pay?
• Established practices may elect to extend credit in certain instances, such as with long-standing clients who have a favorable payment history.
• Specialty hospitals should not extend credit to clients, because there is not typically an ongoing healthcare relationship. These practices should offer several payment options, including third-party payment plans (see 8.13 – Third-Party Financing).
• Emergency hospitals should not extend credit and should maintain strict payment policies. Ethically, emergency hospitals must provide pain medication, acute life-saving procedures, or humane euthanasia even if there is the possibility of nonpayment. This is true for all hospitals, but it may be a situation faced more often in an emergency setting.

BEFORE EXTENDING CREDIT

• Be sure to get driver's license information for clients who pay by check.
• Verify that all contact information on file is updated. It is impossible to collect on an account without a current address and telephone numbers for both work and home.
• Have clients sign a promissory note or truth-in-lending statement. This does not guarantee payment, but may avoid miscommunication, and could be used in legal proceedings to prove the client's commitment to pay.
• Payment agreements with clients should include written documentation of any finance charges according to hospital policy and when the charges will apply.
• Document social security numbers for clients who are not paying their bills in full and who have asked for an extension of credit. Be sure to review procedures and protocols to make sure that confidential and sensitive information such as credit card information and social security numbers are protected, and employees are trained in this area.

HOW TO COLLECT ON DELINQUENT ACCOUNTS

• First, try to collect on accounts internally. Most practices try to collect on delinquent accounts for 90 days before seeking outside assistance.
• Consider *why* the account is delinquent. If a client is 90 days past due but is making payments, it may be advisable to continue working with them rather than seeking outside help.
• Send monthly statements at 30, 60, and 90 days to clients with outstanding balances.
• Call clients to ascertain their willingness to pay and allow for discussion of the account. Clients may be more inclined to pay once they know you will seek external means to collect on the account.
• If an account is delinquent because a client stopped payment on a check, there is no reason to send monthly statements because the client has no intention of remitting payment. It is helpful to find out the reason for the decision to stop payment in case there are lapses in client service or communication breakdowns for management to address.
• Once internal efforts to successfully collect on an account have been exhausted, consider options for outside assistance, such as a collection agency or seeking resolution in the court system.
• Bad checks can be sent to the prosecuting attorney's office. It may take an extended period of time, but typically you will receive payment if you have correct information, the check was not postdated or held, and the client has some financial resources.

PROS AND CONS OF NOT EXTENDING CREDIT AND PROCEEDING ON DELINQUENT ACCOUNTS

- Answer the following questions: Are you willing to risk offending the client by refusing to extend credit? Are you willing to risk alienating the client by turning their past-due account over to a collection agency?
- Consider the value of the client. The financial worth of the client to the practice is evaluated based on their prior payment history, the likelihood of receiving payment this time, and the probability that they will continue to be a good client in the future.
- Consider whether there are any negative public relations associated with your decision. Remember that unhappy clients talk to many people. It may not be worth risking negative publicity in certain circumstances. If there is a dispute about the validity of the bill or the services provided, it may be better to forgive the debt.
- Extending credit to clients, especially those with large bills, is inherently a poor business decision. Occasionally, a hospital will decide this decision is worth the risk, but making a practice of extending credit for large bills will inflate accounts receivable beyond a reasonable amount.
- Remember that a successful practice must be financially solvent. High accounts receivable results in less income for other areas of the practice (see 8.9 – Account Receivables Issues).
- Losing clients who are difficult or cannot pay is not a significant loss for the practice.



EXAMPLES

EXAMPLE 1: SITUATION OF WHEN TO EXTEND CREDIT

The Jenkins family presents a three-year-old male cat named Shadow that has a urethral obstruction. The cat is still alert. The clients have recently moved to the area and have previous medical records for Shadow. You give Mr. and Mrs. Jenkins a treatment plan for appropriate medical treatment. Due to costs associated with moving and starting new jobs, the family has very limited funds. They would like to keep costs down by eliminating lab work. Mr. Jenkins starts work next week and Mrs. Jenkins will start her teaching job in two months. They state that they can only pay 50% of the bill "up front." They are clearly attached to Shadow and want to know if you would be willing to work out a payment plan for them to pay the balance within four to six weeks.

You decide to treat Shadow and set up a payment plan based on the following criteria:

- Shadow has a life-threatening illness that requires immediate attention and has an excellent chance of recovery.
- Although the Jenkins family has limited funds, this appears to be a temporary situation.
- Previous medical records indicate they have provided Shadow excellent care in the past.
- The potential value of this client outweighs the risk, and the cash collected up front covers the basic costs associated with the procedures.
- The owners consent to a fair processing fee associated with filing the credit application with the practice and have also provided a credit card for which the balance of the fees will be paid in three installments over a period of six weeks.

EXAMPLE 2: SITUATION OF WHEN NOT TO EXTEND CREDIT

Ms. Smith, who has never been in before, presents a five-year-old female cat, named Snowflake, with several chronic medical conditions. When you walk into the exam room, Ms. Smith acts irritated and complains about how long she had to wait (15 minutes). The current complaint is diarrhea, but Snowflake also has a history of chronic unilateral ocular discharge and an intermittent cough. Ms. Smith cannot be sure if the diarrhea is from Snowflake because she has five cats. She admits that she saw one of your colleagues at a nearby practice recently and received some eye medication. After a thorough exam, your medical recommendations include complete blood count, profile, feline leukemia virus/feline immunodeficiency virus tests, and chest x-rays. Ms. Smith asks if she can pay $20 today and then make payments.

You explain to Ms. Smith in a kind and professional manner that you cannot extend credit. You based your decision on the following:

- Ms. Smith appears to be a difficult client who jumps from one practice to the next.
- Ms. Smith indicates that she does not seek regular medical care for her five cats.
- Ms. Smith does not give any particular reason why she cannot pay.
- Snowflake is bright and alert with no need for emergency medical attention.
- You decide that the risk associated with extending credit to Ms. Smith is high.



CAUTIONS

- Recognize the administrative cost associated with billing and collection efforts. Costs can add up quickly if the hospital is sending out a significant number of monthly bills and pursuing collection on multiple accounts.
- Beware of doctors or staff members who consistently allow clients to charge.
- Discussing payment with clients is an emotional topic (see 5.13 – Discussing Finances). Be sensitive to the emotions of anger, fear, and sadness that clients may be experiencing.
- Provide training to team members on handling clients who are emotional or who cannot pay.
- Discuss payment options with clients who are angry or upset in the exam room or business office to avoid confrontations in the reception room.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

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8.17. DISCOUNTING

BASICS

OVERVIEW

- The use of marketing tools to attract and keep clients will become more prevalent and aggressive in the industry.
- Discounting is most often used as a form of marketing to either:
  - entice new clients to begin using the practice for veterinary products and services, or
  - entice your current clients to use more services.
- Common forms of discounting are:
  - Coupons. These can be distributed in newspapers, direct mail pieces from the practice or bundled by distributors, or with other group mailings. Coupons can also be incorporated on the back of business cards and included in hospital brochures.
  - Bundled services. Typically, bundled services are new puppy or new kitten packages that incorporate all the examinations, vaccinations, and laboratory tests for the first six months or first year of services. In order to improve compliance by clients, veterinarians bundle these services and discount them if they are prepaid [see 8.12 – Payment (Wellness) Plans].
  - Reduced fees on service. The most common forms are senior citizen, kennel, pet stores, breeder discounts, or service specials, such as a 10% discount on dentals during the month of February.
  - Free services or products. Examples include free exam fee, free vaccines for life, free nail trims, free day of boarding with each week of boarding, free upgrade in boarding, free sample bag of dog or cat food, and so on.
  - Matching prices. With the advent of online pharmacies, many practitioners offer price matching to prevent clients from purchasing products through other distribution channels.

TERMS DEFINED

Discount: Reduction in price for services and/or products. This can be a partial or total reduction of fees.

ISSUES AND OPTIONS

- Though discounts are intended to stimulate sales, and consequently profits, rarely does discounting help profits. In fact, discounts can hurt profits rather than help them. Some discounts, such as senior citizen discounts, actually are reducing fees to the historically wealthiest sector of clients (83% of wealth in the United States is owned by people 50 years of age and older, according to an Internal Revenue Service statistic). This is a strategy that must be further thought out. If a veterinary owner is trying to subsidize fees to the most needy, then, statistically, that would be newlyweds with young children, not senior citizens.
- Breeders and kennels historically are some of your poorest clients. Their decisions are typically based strictly on costs; therefore, by giving discount incentives to a cost-conscious client who is not likely to become a long-term "A" client makes questionable financial sense.

EXAMPLES

ANALYSIS

The following analysis (Table 8-17-1) analyzes the effects of discounting to profits and the additional income discounting must generate to prevent a reduction of profits for the fictional practice.

Table 8-17-1. Effects of discounting analysis.

Percentage increase/(decrease)	−10.0%	−5.0%	0.0%
Total sales	$802,353	$846,928	$891,503
− Variable expenses	195,239	195,239	195,239
= Gross margin	607,114	651,689	696,264
%	75.7%	76.9%	78.1%
− Fixed expense	632,076	632,076	632,076
Profit/(loss)	($24,962)	$19,613	$64,188
Percentage	−3.1%	2.3%	7.2%
Change sales %	−10.0%	−5.0%	0.0%
Change gross margin %	−12.8%	−6.4%	0.0%
Change profit %	−138.9%	−69.4%	0.0%
+/− Business	$117,820	$57,929	$0
= Old profit	14.7%	6.8%	0.0%
+/− # Invoices	1,664	775	0
= Old profit	14.7%	6.8%	0.0%

- In this average fictional practice, annual revenues are $891,503.
  - The average variable costs (i.e., cost of sales and cost of goods sold) are 21.9%. Types of variable expenses are drug purchases, x-ray costs, laboratory fees, pet food, and so on.
  - The average fixed expenses (i.e., administrative expenses and overhead expenses) in this example are 70.9%. Types of fixed expenses are advertising, depreciation, employee benefits, insurance, interest, staff and owner wages, and so on.
  - The profit in this example is $64,188, or 7.2% of revenues.
- The column headed 0.0% is the current situation of this fictional practice.
- The column headed −5.0% shows the effects of a universal 5% discount.
- The column headed −10.0% shows the effects of a universal 10% discount.

Figure 8-17-1 illustrates how small price changes through discounting can dramatically result in negative effects on profits.

FINDINGS

- Effects on profits.
  - A 5% universal discount lowers profits 69.4%, taking profits from $64,188 to $19,613. This is a loss of $44,575 in profit while doing the same amount of work.
  - A 10% universal discount lowers profits 138.9%, taking profits from $64,188 to a *loss* of −$24,962. This is a loss of $89,150 in profit while doing the same amount of work.

Figure 8-17-2 shows the amount of increased sales necessary to offset a decline in discounted revenues.

- Effects on revenue.
  - With a 5% discount, this practice would need to generate $57,929, or 6.8% *more* business, just to get back to making the same profit it did before discounting. Notice the amount of increase in revenue is *more than* the amount of discounts given (6.8% versus 5.0%, respectively). In this example of 11,333 annual transactions, discounting would have to generate 775 more services to pay for itself.
  - With a 10% discount, this practice would need to generate $117,820, or 14.7% *more* business, just to get back to making the same profit it did before discounting. Notice the amount of increase in revenue is *more than* the amount of discounts given. In fact, the gap is greater (14.7% versus 10.0%, respectively). In this example of 11,333 annual transactions, discounting would have to generate 1,664 more services to pay for itself. This outcome is highly unlikely. If added services do not manifest themselves, the practice would end up making *less profit* while doing *more work*.

8.17. DISCOUNTING

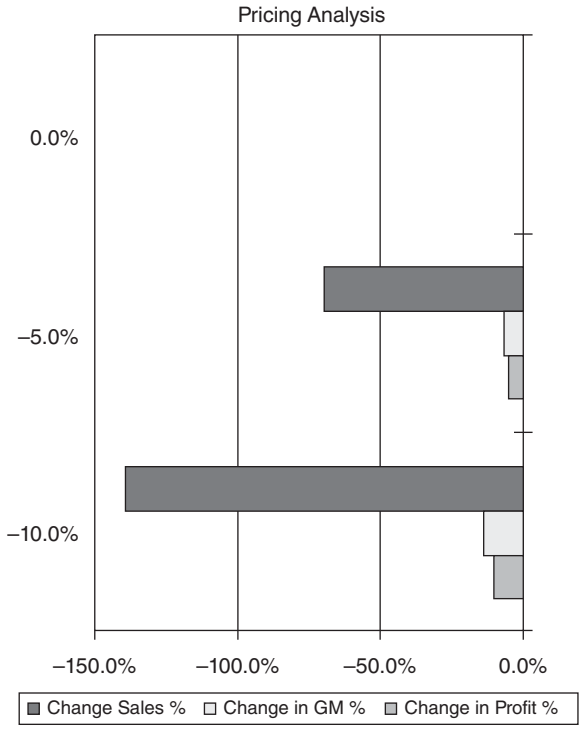


Figure 8-17-1.

Small changes in price through discounting have dramatic negative effects on profits (GM: gross margin).

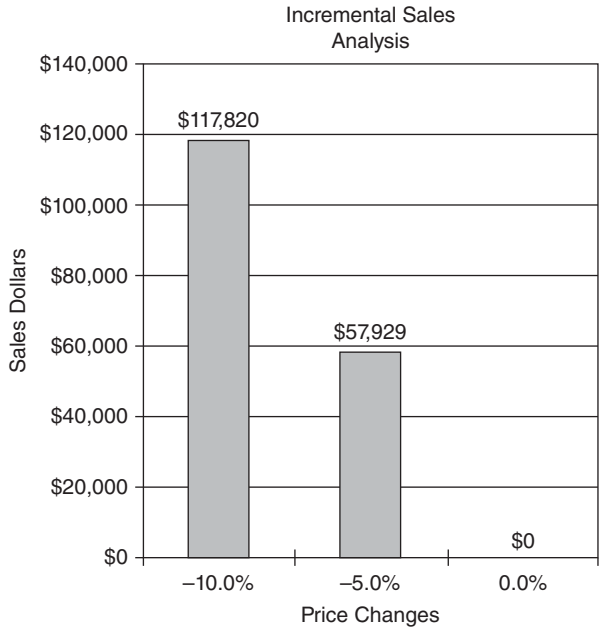


Figure 8-17-2.

Amount of increased sales needed to offset decline in revenues due to discounting.

CAUTIONS

N/A

MISCELLANEOUS

• Discounting has a leveraging effect. Small discounts can have huge negative effects on profits. (Conversely, small increases in fees have huge positive effects on profits.)
• Discounting rarely generates more profit for a practice, because the damage discounting does to profits is usually not made up by the necessary increased incremental revenue to support lower prices. When this happens, the practice (and thus the practice owner) ends up making less profit. Therefore, tracking your discounts and incremental increased sales due to discounts is important in evaluating the success of this marketing strategy.
• This is an example of working "harder, not smarter."
• Discounts targeted to senior citizens can be subsidizing your wealthiest clients who have the best ability to pay your full fees. Breeders, pet stores, and kennels discounts may be attracting different types of clients who are not necessarily financially rewarding for the veterinary owner and the veterinary practice.
• Discounting (if a practice does it at all) should be part of a well thought out marketing plan for the practice and not the single source of marketing.

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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8.18. PRACTICE REINVESTMENT



BASICS

OVERVIEW

- There is a true economic expense that must be recognized in replacing worn or outdated equipment and maintaining new technologies.
- Most veterinary practices do not differentiate between replacement of used equipment and the purchase of newer, more current technology.
- Practice reinvestment is more of a replacement or capital investment analysis decision.
  - These investments must earn a reasonable rate of return so the practice can meet its financial obligations to its creditors as well as earn a dividend for its shareholders.
- The decision is whether to replace an existing productive asset with a new one.
- Replacement analysis is the same whether it is for a piece of equipment or for an expansion or remodeling project.
- You will need to identify the net cash flow (NCF) of the practice, the incremental cash flow of the project, cash payback, the average rate of return, and calculate the net present value (NPV) of the project.
- There is a difference between net profit and NCF in making a reinvestment decision.
- The decision to make is whether the new technology and useful life of the new equipment is that much greater or better than the old equipment.
- Is the opportunity cost of the money used in an alternative fashion better than the proposed expenditure?

TERMS DEFINED

Amortization: Systematic allocation of the cost of an intangible asset (e.g., goodwill) over time.
Cash Payback (CP): The amount of time necessary between the capital expenditure and the complete recovery in cash (net after expenses) of the amount invested.
Depreciation: Systematic allocation of the cost of a tangible asset (e.g., radiographic unit) over time.
Income Statement (or Profit and Loss Statement): Financial report presenting income and expenses (with depreciation/amortization) made for a specific period of time.
Incremental Cash Flow (ICF): The change in the practice's NCF attributable to the capital investment.
Initial Investment Outlay: The ICF that occurs at the start of the project's life. These initial cash outflows typically include the purchase price, shipping, and installation charges.
Internal Rate of Return (IRR): The proposed capital investment using the present value concepts to compute the rate of return from the NCFs expected from the investment.
Managerial Accounting: Includes both historical and estimated data that management can use to conduct daily operations, planning future acquisitions, and developing business strategies.
Modified Accelerated Cost Recovery System (MACRS): Depreciation system that applies to all recovery property (not land or intangibles) placed in service after 1986. This typically reflects a five-year depreciation on autos, light trucks, computers, and specialized equipment, and seven years on office equipment (except computers).
Net Cash Flow (NCF): Revenues less expenses plus noncash expenditures (depreciation and amortization expenses).
Net Present Value (NPV): The value of an investment calculated by comparing the initial cash outlay with the present value of the future NCFs by using a management-determined interest rate of return.
Net Profit: Revenues less expenses (including depreciation and amortization).
Opportunity Cost: Amount of income foregone from an alternative to a proposed use of cash or its equivalent.
Rate of Return: The interest required by management on monies invested in a capital expenditure.
Section 179: An election to expense up to a certain dollar value of qualifying property in the year of acquisition. Check with your accountant for the most current allowances. Qualifying property generally is tangible personal property acquired by purchase for use in the active conduct of a trade or business. A 50% first-year special depreciation allowance was instituted with the 2003 Tax Act. If you acquire depreciable property with a recovery period of 20 years or less, you may be able to claim an additional 50% first-year depreciation allowance.



ISSUES AND OPTIONS

TOOLS

- Income statements include depreciation as an expense item even though it is not a cash expenditure for the reporting year.
- Depreciation expense is the minimum a practice should set aside for asset replacement or purchase, or approximately 1% of the gross revenue for the year.
  - Place these monies in a savings or money market account to incur some interest payments until they are needed for asset (equipment) purchases.

8.18. PRACTICE REINVESTMENT

- With the current use of Section 179, depreciation expense may become less on income statements.
  - For help in setting aside monies for capital asset reinvestment, consider having your tax professional establish a depreciation expense value as if the equipment was in a MACRS schedule. This will allow you to plan on setting this amount aside each year or the 1% of gross revenue as mentioned earlier.
- Replacement analysis and/or capital budgeting require managerial determination.
  - Some assets require limit analysis due to the nature of the piece of equipment (such as operating instruments or anesthesia machine) because the practice is already reliant on the equipment on a daily basis.
  - Other more expensive or unusual pieces of equipment require a more thorough analysis (such as a digital radiographic unit, laser therapy unit, etc.).
  - Determine whether this equipment will improve patient care, allow the practice to be more efficient, or increase revenue for the practice.
- Management must establish a protocol for the handling of equipment purchases.
  - If cash cannot be paid for the item, will it be leased or financed via a practice loan?
  - How much debt is allowed or desired by the practice?
  - How will the new service be priced?
  - Are all of the doctors in the practice going to recommend or use the new service?
  - Who will train the healthcare team on the equipment's use and maintenance?
  - What is the benefit to the client, and how does the practice educate the client to its benefits?
  - How will the practice promote or market the service?
- Management needs to research equipment with the needs of the practice.
- Time your purchases with national or regional meetings to compare products, and to seek the best prices and financing.
- CP is one of the two techniques used to evaluate a capital investment.
  - Considers the purchase price divided by the proposed NCF.
  - This method does not factor in the present value of future cash flows.
  - The shorter the payback period, the sooner a profit can be made and the sooner money becomes available for reinvestment.



EXAMPLES

EXAMPLE 1

If XYC Veterinary Hospital purchases a $30,000 ultrasound unit and expects to have an annual NCF of $8,000 from it, the payback period is 3.75 years.

$$\text{Payback Period} = \frac{\text{Purchase Price}}{\text{NCF}} = \frac{\$30{,}000}{\$8{,}000} = 3.75 \text{ years}$$

- The average rate of return (ARR) is a second method that does not utilize present values of money.
  - It measures the average expected income from an investment over its useful life.
  - The average investment is the midpoint of the depreciable cost of the asset. It is found by dividing the cost of the asset by 2.
  - The higher the ARR the more desirable the asset.
  - Management needs to set a minimum rate to compare with the ARR of the asset. This needs to be part of the protocol or policy the management team has developed.

EXAMPLE 2

If we use the previous example of the $30,000 ultrasound unit that has a five-year useful life with $10,000 as an average annual income, the ARR is 66.67%:

$$\text{Average Investment} = \frac{\text{Cost of Asset}}{2} = \frac{\$30{,}000}{2} = \$15{,}000$$

$$\text{ARR} = \frac{\text{Estimated Average Annual Income}}{\text{Average Investment}} \times 100 = \frac{\$10{,}000}{\$15{,}000} \times 100 = 66.67\%$$

8.18. PRACTICE REINVESTMENT

Table 8-18-1. Example of replacement analysis of $30,000 ultrasound machine versus other possible investment.

Year value of	*Present value of $1 at 8%*	*NCF*	*Present NCF*
0	1	–$30,000	–$30,000
1	0.926	$1,500	+$1,389
2	0.857	$8,500	+$7,285
3	0.794	$8,500	+$6,749
4	0.735	$10,500	+$7,718
5	0.681	$11,000	+$7,491
NPV			$632

- The NPV method analyzes the capital investment by comparing initial cash outflows with the present value of the NCF by discounting the value to the present by using an interest rate return determined by management (see also 7.1 – Time Value of Money).
- The interest rate can be thought of as the interest rate you could earn by investing the money in a different opportunity.
  - As an example, if you could invest the same monies in a mutual fund that historically earns 8% or in the ultrasound machine, which would you choose?
  - The 8% becomes the rate with which to compare the two projects.
- A positive NPV is a profitable project. Longer payback periods or higher interest rates can create a larger variation in the comparisons of projects.
- Performing NPV calculations is difficult, yet can give you a better opportunity to decide where to spend your monies.
  - Have your accountant help you perform a series of NPV calculations to become familiar with the concept.

EXAMPLE 3

Assume that you are considering purchasing the $30,000 ultrasound unit or investing the monies into another project that can earn 8%. Is the ultrasound a positive or negative NPV? (See Table 8-18-1.)

- The NPV is a positive $632. At this interest rate, the project is not profitable for the practice.
- The payback period is a little less than five years, which is more than the 3.75 years calculated earlier.
- The NPV calculation demonstrates to the management team that either a faster learning curve is needed to make the machine more profitable sooner, or a less expensive machine should be considered, or how can the practice better market the new technology.
- NPVs allow the practice to explore a wide variety of "what-ifs" for any project.
- The IRR is another tool to help analyze the feasibility of the capital asset.
- The IRR calculation is difficult to perform manually, and the help of an accountant or financial advisor should be considered. However, this equation can be easily determined with the use of spreadsheet programs (e.g., Excel).
- The IRR gives the management team a chance to see what interest rate would allow this project to break even and become profitable.
- The IRR for the ultrasound is 8.66%, which is better than the 8% required.
- The IRR gives management an opportunity to shop for the best financing alternative.



CAUTIONS

N/A



MISCELLANEOUS

- Set aside the depreciation line item or 1% of gross receipts each year for replacement and/or new capital acquisitions.

- Develop a management protocol and/or strategy for how to determine which new pieces of equipment should be purchased:
  - Using CP, NPV, IRR, and ARR:
  - Develop a list of questions to answer for the feasibility analysis.
  - Determine the desired rate of return and what percentage of debt the practice will accept.
  - Research your purchases.
  - Time your purchases to correspond to meetings (national and regional) for show specials.
- Utilize your advisors as resources to help develop the tools necessary to analyze the feasibility of the equipment.

ABBREVIATIONS

ARR: Average rate of return
CP: Cash payback
ICF: Incremental cash flow
IRR: Internal rate of return
MACRS: Modified accelerated cost recovery system
NCF: Net cash flow
NPV: Net present value

References

N/A

Recommended Reading

N/A

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8.19. Borrowing Money



BASICS

OVERVIEW

• Effective use of money for obtaining additional wealth usually involves borrowing.
• Borrowed money allows acquisition of assets that will in turn generate money that allows both the timely payback of the original principal amount of borrowings, plus the fee charged by the lender for the use of the borrowed money, plus additional money in excess of these two cash requirements.
• A borrower can maximize the use of borrowed money by carefully planning how the money will be used to generate future earnings, by selecting an appropriate length of time for the loan's payback, and by maintaining an excellent credit rating.

TERMS DEFINED

Amortization: A periodic expense attributed to the decline in usefulness of an intangible asset over its estimated useful life.
Amortization Schedule: Uses the terms of a loan to provide due dates of payments, and the payment amount detailed by the principal and interest expense portions.
Balloon Payment: Large lump-sum payment scheduled at the end of a series of considerably smaller periodic payments.[1]
Capital: Rights (equity) of the owners in a business enterprise.
Capital Expenditures Budget: Budget planning for future acquisition of facilities and equipment.
Capital Investment Analysis: Management process for evaluating, planning, and controlling long-term investments in property, facility, and equipment.
Capital Lease: Lease that includes contract provisions that result in treating the leased asset as a purchased asset in the accounts.
Cash Payback Period: Estimated period of time that will elapse between the date of a capital expenditure and the complete recovery of the amount invested.
Collateral: Assets of value pledged to the lender, giving the lender a preferred interest in the assets in the event the borrower defaults on the loan.
Cosignatory: Individual who is not the borrower but who has equal and immediate liability to pay the loan in accord with its terms in the event the primary borrower does not. Generally required of a borrower who has inadequate financial strength to qualify for a loan. The lender evaluates the cosigner's credit rating, financial statements, and income in combination with those of the primary borrower to document a stronger debt-to-income ratio that enables loan qualification. Somewhat more risky than functioning as a guarantor.
Guarantor: Similar to a cosigner, an individual who guarantees an obligation and has a legal duty to fulfill it.[1] Common in commercial loans where the primary borrower is the business entity and shareholder or owner personally backs the loan. Unlike the case of a cosigner, the lender must first exhaust all means of collection against the primary borrower before the guarantor's income and assets are attached.
Interest: The cost of borrowing money assessed by the lender over time and usually expressed as a percentage of the principal amount of borrowings. The percentage is expressed as a rate over a time period, which can change (variable rate) or stay the same over the term of the loan (fixed rate).
Leveraged: Used creditor funds to purchase assets, based on the prediction that the rates of return on purchased assets will exceed the costs of borrowing.
Loan Terms: Exact requirements of how a loan will be made to and repaid by the borrower.
Long-Term Portion of Loan: Principal portion of a loan that is due to be repaid in greater than 12 months.
Mortgage: Type of loan made on real property (real estate) in which the collateral for the loan is the real property.
Points: A fee paid to the lender at the initiation of a loan, negotiated in exchange for a lower interest rate and that effectively equates to prepaid interest. One point equates to 1% of the borrowed principal amount.
Principal: Borrowed amount of money, excluding any interest on the outstanding amount. Over time, with regular payments, the principal balance of a loan gradually decreases. With a fixed payment amount per period, the earliest payments primarily satisfy the interest accruing on the note. Loan payments made later in the term increasingly reduce the principal portions of the note.
Security Interest: The legal rights a lender takes in collateral to protect against loss in the event of borrower default on loan repayment. A security interest is perfected when the lender formally records the interest with a governmental agency, such as a county recorder's office.
Short-Term (or Current) Portion of Loan: Amount of a loan's principal balance that is due within the next 12-month span of time.
Variable-Rate Loan: Borrowed funds in which the principal is subject to periodic adjustments in the lending rate (adjustable interest rate) usually based on an index, such as a bank's prime lending rate.

8.19. BORROWING MONEY



ISSUES AND OPTIONS

• Before borrowing, establish a well thought out business plan (see 14.10 – Business Plans). A practice business plan includes targets for price, volume, and revenue generation that will pay expenses, including any loan paybacks.
• Cash flow projections of revenues, expenses, and profit help borrowers and lenders have a clearer understanding of how loans will help build the practice's revenue streams and can be timely repaid.
• Plan cash flow needs carefully so that loans can be timed well in advance. Last-minute loan applications for when money is desperately needed lead to the worst possible and most expensive loan terms.
• Use borrowing to acquire assets known to allow services that have high value and/or frequent demand by clients. Be careful of purchasing assets that will not be adequately charged because of higher acquisition price, low usage, and/or intense expertise requirements.
• When planning the purchase of high-tech equipment, give adequate consideration to ancillary costs of service contracts, training time, and education that allows efficient and knowledgeable use of the acquired equipment, and negotiate loan amounts accordingly.
• A rule of thumb is to select the length of time for loan payback to match the intended purpose of the borrowing. Equipment loans should be approximately five to seven years, the expected useful life of the equipment. As such, the equipment should be effectively used to generate veterinary services that are adequately priced. Practice purchase loans are generally 10 years in length, whereas real estate and construction loans are usually 15–25 years in length.
• Credit lines are a good source of cash in the event of emergency and should be used as such, rather than for routine expenses that should be cash-flowed from current veterinary activities. Borrowings through a line of credit are usually due in full and payable at the end of 12 months.
• Negotiation of best loan terms with a bank usually depends on your creditworthiness – the better your personal and practice financial position, the easier it is to borrow money, and vice versa.
• An easy way to understand credit rating is to remember the five Cs: Character (integrity), Capacity (sufficient cash flow to service the obligation), Collateral (assets to secure the debt), Capital (net worth), and Conditions (of the borrower and overall economy).[1]
• The fee charged by a lender is usually expressed as an annual percentage of the principal borrowed, and this rate is dependent on the creditworthiness of the borrower, the time value of money (see 7.1 – Time Value of Money), and the inflation rate.
• Ideally, a borrower minimizes the amount of future cash required to pay interest to the lender by always being in a good financial position to negotiate good rates, by timely repayment of any borrowings, and by eliminating money waste. Money waste occurs through late payment penalty fees, higher than market interest rates, and by leasing rather than purchasing.
• Because purchase leases of medical equipment are generally easy to obtain, many practices use them as a common source of financing (see 8.20 – Buying versus Leasing). However, an imputed interest rate is usually built into the payment schedule and can be substantially higher than the rate that would be negotiated with a bank. Additionally, money is wasted on sales tax calculated on the entire amount of each lease payment, including the imputed interest component.
• Many times, practice loans are repaid more quickly than required, because cash is available and borrowers wish to reduce the amount of future money outflow that would otherwise be spent on interest. When loan repayments are accelerated, the borrower should be careful of three potential pitfalls: the loan terms require extra payment amounts be applied first to future interest, the loan terms include a penalty for prepayment, and the possible additional taxes that might be incurred.
• When loans are repaid quickly, a significant portion of cash is expended on principal repayment. Because principal is a non-tax-deductible cash use of current practice revenues, the practice may have a mismatch of cash available at year end compared with taxable income (no cash, but high taxable income, and sometimes called "phantom income"). Borrowers must plan taxable income when loan repayments are accelerated or, in the later years of a loan schedule, when most of the cash outlay is applied to principal repayment.
• Consider consolidating debt when numerous loans exist with various terms and when interest rates are lower than the current loans. An accountant or lender can help determine the amount of money that would be saved after refinancing, including the costs of refinancing.



EXAMPLES

PURCHASE OF ULTRASOUND MACHINE

Purchase price of ultrasound machine	$50,000
Terms	Down payment: 10% of purchase price
Interest rate	8.5% annual percentage rate, fixed
Payment schedule	Equal monthly payments of principle and interest
Payments	Amortized over five years (see Table 8-19-1)
Term of loan	Two years, with balloon payment due at end of loan

8.19. BORROWING MONEY

Table 8-19-1. Amortization schedule.

Contracted purchase price	$50,000.00
Less: Down payment	(10,000.00)
Resulting balance/Loan payable	$40,000.00
Annual incremental investment rate	8.50%
Length in years of amortization	5.00
Number of periodic payments/year	12.00
Computed periodic payment	820.66

Monthly payment	*Interest portion*	*Principal portion*	*Remaining principal balance*	*Month*
			40,000.00	
820.66	283.33	537.33	39,462.67	1
820.66	279.53	541.13	38,921.54	2
820.66	275.69	544.97	38,376.57	3
820.66	271.83	548.83	37,827.74	4
820.66	267.95	552.71	37,275.03	5
820.66	264.03	556.63	36,718.40	6
820.66	260.09	560.57	36,157.83	7
820.66	256.12	564.54	35,593.28	8
820.66	252.12	568.54	35,024.74	9
820.66	248.09	572.57	34,452.17	10
820.66	244.04	576.63	33,875.55	11
820.66	239.95	580.71	33,294.84	12
	3,142.77			
	Total Interest Paid in Year 1			
820.66	235.84	584.82	32,710.01	13
820.66	231.70	588.97	32,121.05	14
820.66	227.52	593.14	31,527.91	15
820.66	223.32	597.34	30,930.57	16
820.66	219.09	601.57	30,329.00	17
820.66	214.83	605.83	29,723.17	18
820.66	210.54	610.12	29,113.05	19
820.66	206.22	614.44	28,498.61	20
820.66	201.87	618.80	27,879.81	21
820.66	197.48	623.18	27,256.63	22
820.66	193.07	627.59	26,629.04	23
820.66	188.62	632.04	25,997.00	24
9,847.94	2,550.10			
Total annual payments	Total interest paid in year 2			

Short-term portion of loan at inception	6,705.16
Long-term portion of loan at inception	33,294.84
Total principal balance at inception	40,000.00
Short-term portion of loan at end of first year	7,297.84
Long-term portion of loan at end of first year	25,997.00
Total principal balance at end of first year	33,294.84
Balloon payment due at end of 2 years	25,997.00
Total payments on note	45,692.87
Total interest paid on note	5,692.87
Total principle paid on note	40,000.00
Total payments, including down payment	55,692.87



CAUTIONS

- Avoid late charges by establishing controls that assure timely debt repayment.
- Borrowing through credit card use is especially expensive and should be avoided through all effort and planning.
- Always talk with your accountant before signing loan documents. The fine print of a loan can stipulate additional costs that an accountant will be able to identify. For tax planning purposes, for maximizing deductions, and for proper reporting, your accountant will advise about the best borrower of the funds, which must be stipulated in the final loan documents. For example, it may be better for an individual to borrow funds rather than the veterinary practice, and vice versa.
- Be cautious of rapid pay down of debt in a business format. When the source of cash comes from current revenues (excess cash from operations suggests profit), be careful to reserve cash for taxes on the resulting profit. A good rule of thumb is to reserve $1 for taxes for each dollar of accelerated principal payment.
- When accelerating repayment and multiple loans are outstanding, make the extra payments toward the loan with the highest interest rate.
- When refinancing or consolidating debt, do not mix debts that originate from borrowings used for business and personal needs. As of 2017, except for home mortgages and equity loans (and subject to tax law changes which may eliminate deductibility), personal interest is not tax deductible, whereas interest related to business-use loans is deductible. Tax rules include interest-tracing requirements that will greatly increase accounting costs for determining which part of an

interest payment is deductible, versus nondeductible when personal and business debts are combined.
- Keep good records of all loans, whether as a borrower or a lender. Retain payment invoices, cancelled checks, and any other documentation relating to outstanding loans so that maximum tax deductions can be obtained.
- When loans are completely repaid, review credit agency reports to confirm the indebtedness has been cleared. Also, read the detail of insurance policies and determine if lender names should be removed as "named insured parties."
- Loans documentation is especially crucial when borrowings occur between practice owners and their practices. Promissory notes, loan terms, and amortization schedules should always be formalized to ensure maximum tax benefit of related party loans. Casual, undocumented loans can result in extremely adverse tax outcomes.



MISCELLANEOUS

ABBREVIATIONS

N/A

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8.20. Buying versus Leasing



BASICS

OVERVIEW

All businesses need capital (money) to operate. The capital needs for the practice will vary depending on the stage of the practice (i.e., start up, mature, or winding down). Purchases that require a significant amount of capital warrant consideration as to how the purchase is best funded. The two options for acquiring such assets are buying and leasing, and there are pros and cons to be considered with each.

Even with leasing, there are two different ways to lease property: capital leases and operating leases. There is no right or wrong way to get the equipment needed, but there are good reasons to consider one method over the other, depending upon the item.

TERMS DEFINED

Capital Lease: Frequently over a long period of time and generally covers the economically useful life of the property in question, which is typically longer than the period of time an operating lease covers. A capital lease agreement may provide for a bargain purchase option at the end of the lease period, which would allow the lessee to purchase the property at a very low price.

Lessee: Person or company who uses the property that is the subject of the lease.

Lessor: Person or company who owns the property that is the subject of the lease or rental agreement.

Money Factor: Term used in leasing that is similar to, but not the same as, interest on a loan. It determines how much you will pay in finance charges over the life of the lease. The lower the number, the lower the total final payment. To convert the money factor amount into an equivalent interest rate, simply multiply the money factor number by 2,400.

Net Capitalization Cost: The amount that is actually being financed by a lease – the retail price minus any discounts and customer down payments.

Operating Lease: A true lease is generally for a short term, and ownership of the asset (the object being leased) remains with the lessor at the end of the lease.



ISSUES AND OPTIONS

• The benefit of purchasing property is that you own it. There are certain tax benefits to owning property that are not available to lessees. You also share in any appreciation that might occur with the property you own. This is especially true with real estate.

• Purchasing property, either real estate or tangible personal property, generally involves a down payment, frequently in the 10–20% range.

• A leasing arrangement eliminates the large down payment requirement, thereby lessening the immediate cash demands on the lessee.

• Leasing is generally more easily obtained than credit approval for purchase. The lessor retains title to the property, so any default on the part of the lessee would allow the lessor much easier access to the property in question.

• When dealing with property that has a high obsolescence rate, leasing limits the lessee's risk. As the lessee, you know precisely how long you are going to be paying for the property; and with a true operating lease, your cash outflow is generally much lower than with either purchasing the equipment outright or entering into a capital lease.

• Operating lease payments are generally 100% deductible on your income tax returns. With Section 179 depreciation allowances, this may not be as great a benefit as it once was, but for tax planning purposes the difference needs to be taken into account. The various alternatives should be discussed with your tax professional because, depending upon your individual circumstances, immediate expensing (Section 179 possibility) versus extending over the life of the loan may have advantages or disadvantages to be considered. A capital lease arrangement more closely mimics installment purchases of equipment.

• The lease agreement can be tailored to give you greater flexibility, especially related to any servicing or maintenance the property may require.

• Operating leases are never reflected on your balance sheet as a liability of the lessee. This may be of major concern to you if your debt-to-equity ratio is so large that it may be of concern to a third-party lender.

• Leasing is often more costly over the time period that you use the equipment than an outright purchase. This is generally the case because the lessor bears more of the burden and risk in a leasing arrangement and needs to be compensated for that.

• Lease agreements may be so restrictive that your use of the property could be curtailed. Also, there might be front-end or back-end charges, guarantees of condition of the property, or other fees that you need to be aware of before signing. Be sure you understand all of the terms of the agreement. If you do not, ask questions until you do or seek the help of someone who understands the agreement and listen to what they are telling you about how it impacts your decision.

• To help you make the decision to purchase or lease property, a discounted cash flow analysis should be done to compare the after-tax benefits of either arrangement. That usually requires the services of an accountant or financial consultant.

• Leasing vehicles used in your practice versus buying them is a major decision-making process. Leasing vehicles may provide the owner with a more favorable tax advantage for personal use of the vehicle than outright ownership of the car or truck. Owing to the specifics of various leasing arrangements and the personal tax situation of individuals, this is an area for which it is strongly recommended that you seek advice from a knowledgeable tax professional.

• If leasing a vehicle, care must be taken in trading in a vehicle as part of the agreement. In drafting the lease payment to fit specific cash requirements, you may receive much less of a benefit for the equity in the vehicle you are surrendering than selling the vehicle outright or trading on a new vehicle. Make sure you are fully aware of your total cost of the lease.

• The subject of owning the real estate on which the practice is situated also requires careful consideration. It is not necessary to own the real estate to be a success. If the location is right, the price is right, and outright ownership of the property has long-term benefits, then purchase can be a good business decision. If money is a concern and you want property management to be someone else's responsibility, the timeline for practice ownership is uncertain, or the main desire is veterinary practice rather than real estate holdings, securing a favorable lease on the location can be a good business decision.

• Because most veterinary practices are long-term commitments, the lease arrangement for the office is extremely important. Make sure the lease length, options to renew, common area maintenance charges, and responsibility for repairs to the physical structure are clearly spelled out and are something that work favorably for you. If your location is in a strip mall or similar structure, you may also want to consider limitations or restrictions on the landlord's ability to lease space to competing professionals.

• Knowing how your lease payment is being calculated is extremely important for you to evaluate whether leasing or purchasing is the right decision for you. Once you know how the payment is calculated, be sure you recalculate the lease payment to be sure you are getting the benefit of all the options you were offered. A lease payment is made up of three components: the depreciation fee, the finance fee, and the sales tax due on the payment. The depreciation fee is the price for the

equipment you negotiated with the dealer, plus any add-on fees and rolled-in loan payoffs, minus the value of the equipment at the end of the lease term. In lease terminology, the final negotiated price of the leased equipment plus associated added on costs, minus any reductions in the costs, is referred to as the net capitalized cost (often referred to as net cap cost). The value of the equipment at the end of the lease term is referred to as the residual value of the equipment. The finance fee is the money you are paying the leasing company for the use of their money to allow you to use the equipment. The finance fee is calculated by adding together the net cap cost and the residual value and multiplying the result by the money factor. Then, of course, you have to add any applicable sales tax to the final number.



EXAMPLES

CALCULATING A LEASE PAYMENT

Price for a new ultrasound machine	$28,000
Term	24 months
Trade-in value of old machine	$5,000
Money factor (provided by the vendor)	0.00375
Value of machine at the end of the 24 months	$14,000
Equipment fee	($28,000 − $5000 − $14,000)/24 = $375
Finance fee	($9,000 + $14,000) × 0.00375 = $86.25
Lease payment	$375 + $86.25 = $461.25 + applicable sales tax
Equivalent internal interest rate	0.00375 × 2,400 = 9%



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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8.21. CONTROLLING CASH FLOW: BUDGETING



BASICS

OVERVIEW

Particularly in the veterinary industry, cash flow is a driving force in determining how successful a practice is. Proper cash flow management is one of the most critical management tasks to make your practice successful. Movement of cash into and out of your practice occurs by several mechanisms:

- Cash "inflows" are the receipt of funds into your cash flow from the provision of veterinary services, the sale of retail products, and the provision of ancillary services to pets and their owners. The extension of credit to pet owners allows them to charge the sale of retail goods or services to their account. An inflow occurs as you collect on the customer's account. Proceeds from shareholder loans to the practice, lines of credit advances, or other bank financing are also considered cash inflow (though not from operations).
- Cash "outflows" are the disbursement of funds out of your veterinary practice to pay for practice expenses. Purchasing capital assets, payment toward bank and shareholder loan balances, and paying recurring practice bills are cash outflows.

Cash outflows and inflows generally occur independently of one another. This timing difference can create a cash flow gap. Managing your cash flow allows you to narrow or completely close your cash flow gap, and an analysis of individual cash flow components can point out signs that may result in a cash flow gap. The key to cash flow management is in identifying sources of and correcting cash flow gaps.

A practice cash flow budget is a good way to predict your practice's cash flow. It is a projection of your practice's cash inflows and outflows over a certain period, which may be weekly, monthly, quarterly, or annually. Most businesses in other industries typically prepare monthly cash flow budgets that roll into an annual, or overall, cash flow budget.

The primary purpose of using a cash flow budget is to:

- predict your practice's ability to generate a positive cash flow strictly from operations;
- gauge your practice's ability to create enough internal resources necessary for expansion;
- rate your practice's ability to provide a salary, management fee, and return of capital investment to the practice owner(s);
- predict cash flow gaps requiring potential utilization of external resources; and
- discover unfavorable trends and/or financial/operational policies requiring correction.

TERMS DEFINED

Accounts Payable: Amounts owed to your suppliers that are payable in the future. Without payables and trade credit, you would have to pay for all goods and services at the time you purchase them.

Accounts Payable Aging Schedule: List of all amounts you owe to your suppliers over certain blocks of time (30, 60, 90 days, and more).

Accounts Receivable: Sales that have not yet been collected. The bulk of patient service fees should be collected before the pet owner exits the practice door, as late-paying or slow-paying pet owners may extend cash shortages.

Accounts Receivable Aging Schedule: List of customers who owe the practice for services and shows balances owed over certain blocks of time (30, 60, 90 days, and more).

Accrual Basis Accounting: System in which income is recorded when the service is rendered, regardless of when you are paid, and expenses recorded when goods or services are received, regardless of when they are paid. The accrual method presents a more accurate financial determination of net worth than the cash method.

Balance Sheet: Summary of the practice's financial standing on a selected date, which lists assets, liabilities, and retained earnings or net worth. Balance sheets summarize the arrival at the practice's net worth, which is what would be available to the practice owner(s) after all assets were collected and all liabilities paid. One caveat: not all balance sheet assets are valued at market value.

Cash Basis Accounting: System that recognizes income only when cash is collected from a sale, and recognizes expenses when cash is actually paid for goods and services received, effectively resembling actual cash flow.

Credit Policy: Written guidelines to assist in deciding to extend credit to a customer. Formulating a standard credit policy helps to avoid extending credit to pet owners who are unable to pay their accounts. A good credit policy should help you retain good relationships without jeopardizing cash flow. The credit policy for most small practices is informal and relies on a practice owner's instinct.

Credit Terms: Time limits set for your customers' promises to pay for the merchandise or services purchased from your practice. Credit terms affect the timing of your cash collections.

Inventory: Extra merchandise or supplies your practice keeps on hand to meet the demands of pet owners and treatment requirements. Excess inventory depletes cash flow by tying up money budgeted for other cash outflows.

Profit and Loss Statement: Summary of practice income, expenses, and resulting profit or loss.

Trade Credit: Trade credit allows you to defer payment to vendors until a negotiated future date. A vendor payment discount may be available if you pay your bills quickly, within a certain period.



ISSUES AND OPTIONS

Most veterinary practices have many informal, primarily undocumented, accounting systems in place. A great place to start the documentation procedure is the cash flow process. By recording these discrete processes – who is responsible for accomplishing specific tasks, and when those tasks are performed – in flowchart form, the practice owner(s) will be able to perform a systematic cash budgeting process. In addition, in the process, they may find efficiencies and future improvement opportunities to be gained by the flowcharting effort.

Preparing a cash flow budget involves four primary steps:

- Preparing a sales forecast is the first step to generating inflows that will drive the other factors in your cash flow budget. By using your practice management software, you should be able to derive the factors that define this step, such as revenue-generating procedures, number of occurrences of each, and average fee(s) charged. Also, add projected retail sales for the period. Analyze those areas to see how reasonable they are to interpolate to the next time period (a monthly analysis may have seasonal irregularities), and if an applicable fee increase is warranted per service provided. Remember that these are fees generated (accrual basis) and not cash collected (cash basis).
- Projecting anticipated cash inflows involves incorporating the cash inflows derived from the sales forecast previously calculated. If your practice only accepts cash sales, projected cash receipts equals projected sales forecast revenues. Projecting cash receipts is more involved if your practice extends credit to its customers and handles more than a nominal accounts receivable balance. If you manage significant accounts receivable, you must take into account how rapid is the collection of an average accounts receivables balance. By quantifying this timing effect, you can see the impact on cash inflows. By analyzing current data, the practice can achieve a good starting point for planning future cash flows.

8.21. CONTROLLING CASH FLOW: BUDGETING

• Projecting your anticipated cash outflows involves projecting your expenses and other cash outflows over a certain period. The categories of outflows are as follows:
  ◦ "Cost of retail goods sold" highlights the purchase of retail inventory items sold to pets and pet owners. In a veterinary practice, which is a service-related rather than a manufacturing enterprise, only a nominal cash outflow will be for inventory items versus other expenses. The best way to complete your practice cash flow budget integrating costs of goods sold is to base the related cash outflows from the sales forecast. In order to achieve a certain level of retail item sales, your practice will have to purchase and maintain a corresponding inventory base (including display, sample, and stored goods). Using revenue information from your practice management software and cost of retail goods sold from prior years, accounting software should allow you to determine a percentage relationship of your practice's cost of retail goods sold to practice retail revenue.
  ◦ Operating expenses include the expenses you incur while operating your practice (see 8.4 – Expenses in Veterinary Practice). Examples of operating expenses include payroll and payroll tax expense, utilities, rent and other occupancy costs, insurance, and repairs and maintenance. Rent is the same cost for the typical lease period of one year or more. Other operating expenses, such as payroll and payroll taxes, fluctuate with revenue production. The best way to predict operating expense outflows is to base them on your sales forecast. Using revenue totals from your practice management software and operating expense data from prior years' accounting software should allow you to determine a percentage relationship of your practice's operating expenses to total revenues.
  ◦ Major purchases. You must predict the cash outflows for major purchases, such as veterinary equipment, vehicles, computers, or other office equipment. Major purchases are usually irregular in nature and are the result of a practice expansion, addition of services, or replacement and upgrade expenditures. The cash flow budget is an excellent tool to help you determine when or when not to make major purchases as requisite cash flow indicates.
  ◦ Debt payments consist of cash outflows to pay regularly scheduled and unscheduled loan payments. They are probably the easiest outflows to predict when preparing your cash flow budget. Debt payments, such as a lease and/or mortgage payments, are generally made at the same time for the same amount each month or period.
• The final step in preparing a cash flow budget is consolidating projected cash inflows and outflows to arrive at the practice cash flow (positive or negative).

In its basic form, your present cash balance, plus projected cash inflows, less projected cash outflows, equals your projected cash balance for that period. The ending cash balance for the first period becomes the second period's beginning cash balance. This process continues until the last period of the cash flow budget is completed.

A positive cash flow figure indicates your practice has a cash surplus at the month (or period) end. A negative cash flow figure indicates that your practice has run into a cash flow gap (a period where cash outflows exceed cash inflows) when added to your practice's beginning cash balance. In order to meet a projected temporary gap in cash flow, practice owners may consider any of the following strategies:
• Decreasing anticipated cash outflows by reducing inventory purchases and nonessential operating expenses.
• Consider using a third-party payment service (see 8.13 – Third-Party Financing) for all future noncash transactions besides check or credit card payments. If pet owners use this type of payment, the practice does not finance the pet owners' "accounts payable" (your receivable).
• Consider using a third-party service such as an "online pharmacy" for retail goods, such as pharmaceuticals, that does not tie up the unrealized gross margin of retail sales from order time until eventual sale to pet owners.
• Obtain short-term shareholder loans or arrange for a line of credit from your bank. Shareholder loans should be evidenced by a signed promissory note.
• Assess the possibility of maximizing accounts receivables collections through either employee telephone contact, flagging pet owners for reminders in the practice management software, or by other standard means.
• Major capital equipment purchase may be delayed until cash gaps are eliminated. Alternatively, instead of purchasing capital equipment for replacement or integration of new practice services, practices should pay the minimum deposit required for purchase and finance the balance by either leasing or third-party bank financing.
• Liquidate short-term money markets instruments held in the practice entity for short-term cash flow needs.
• Negotiate payment terms with your suppliers and vendors, or even delay payments to vendors. This strategy is commonly employed in the manufacturing sector. It is often advisable to explain the situation to them carefully and to let them know when they will be paid and the amount of each payment.
• Minimize the amounts you pay for operational costs of your practice by negotiating with potential new hires regarding salary and benefits, searching for lower cost providers of technology services, utilities and telephone systems, and finding innovative ways to outsource – perhaps payroll, bookkeeping, human resources, and other noncore provisions. These methods are typically longer lasting mechanisms to reduce standard operating costs rather than methods of delaying outflows due to capitalizing on cash flow timing differences.
• Increase service and retail revenues your practice generates by increasing fees by adjusting transaction charges based on the American Animal Hospital Association Fee Reference, which is one tool out of many widely available. The reference provides a guide to practice owners, who probably set desired fees on a periodic basis consistent with other types of practices (rural, suburban, and urban) similar to theirs.

Some indication of ratios and calculations may enable you to help analyze problems in cash flow (see 7.8 – Key Performance Indicators). Every practice is different and composed of different paying and payer relationships and cash flow metrics. The following ratios and statistics, when generated from internal financial data, can assist you in discovering both positive and (hopefully not) negative trends in practice cash flow and related accounts:
• The average collection period calculates the length of time it takes to convert average revenues into cash. It defines the relationship between accounts receivable and cash inflows. Longer average collection periods require a higher balance in accounts receivable, and less cash for practice cash outflows. The average collection period is calculated by dividing your present accounts receivable balance by your average daily sales:

$$\text{Average Collection Period} = \frac{\text{Current Accounts Receivable Balance}}{\text{Annual Sales}/360}$$

• The accounts receivable to sales ratio looks at accounts receivable relative to monthly sales. Using monthly revenue data, the accounts receivable to sales ratio looks at relatively current changes in accounts receivable. The calculating formula is

$$\text{Accounts Receivable to Sales Ratio} = \frac{\text{Accounts Receivable}}{\text{Monthly Sales}}$$

• An increase in your practice's accounts receivable to sales ratio from one month to the next indicates that your practice's relative level of accounts receivable is growing faster than that of practice revenues.
• Analyzing your accounts receivable aging schedule may help you identify potential cash flow problems. The accounts receivable aging

8.21. CONTROLLING CASH FLOW: BUDGETING

schedule is a useful tool for analyzing the makeup of your accounts receivable balance. The accounts receivable aging schedule is reviewed to identify the pet owners that are extending the time it takes to pay their outstanding bill for services and/or retail sales. If the bulk of the overdue amount in receivables is attributable to one or a few pet owners, a concerted effort can be made to collect on this pet owner's delinquent account. Overdue amounts attributable to a number of pet owners may signal a pervasive problem. Your practice needs to revisit its methodology of accepting payment over time from both new and existing pet owners.

• An accounts payable aging schedule may help you determine your cash outflows for certain expenses and will provide a good estimate of the cash outflows necessary to pay your operating expenses besides payroll and related liabilities. The average payable period is a good indicator of success in managing cash outflows. Using your payable period to slow down outflows, within acceptable vendor standards as prescribed by negotiation, can significantly improve your cash flow.



EXAMPLES

As previously noted, an important practice financial metric is the average collection period. It determines the effect of different accounts receivable collection periods on your practice's cash flow. For example, assume that your practice's average sales amount per day is $1,000 and that your average collection period is 14 days. Now assume that you were able to reduce your average collection period from 14 days to seven days. The resulting reduction in the average collection period of seven days reduces the accounts receivable balance from $14,000 to $7,000, generating an additional $7,000 in practice cash flow.

The accounting term "profit" views income and expense over a certain point of elapsed time. Profit is a very intangible concept. Cash flow is the actual flow of cash-equivalent funds in and out of a practice checkbook and is a very tangible concept. Every practice owner realizes that cash in a checking account is ready and available for use. If your practice uses the accrual accounting method (whether for internal reporting, financial statement purposes, or just for preparation of your annual income tax return), converting your accrual profit to your cash flow profit requires "accrual-to-cash" adjustments. Accrual-to-cash adjustments are necessary because certain accrual accounting transactions are taken into account to determine your accrual net profit, even though these expenses do not currently require a cash transaction (inflow or outflow) to have occurred. The formula for "accrual-to-cash" conversion for a simulated annual period is as follows:

Net profit or loss (accrual basis)	$65,000
+ Depreciation and amortization expense	$11,000
− Increases (or + decreases) in accounts receivable	($7,000)
− Increases (or + decreases) in inventories	($4,000)
+ Increases (or − decreases) in accounts payable	$10,000
− Decreases (or + increases) in notes payable (bank loans)	$25,000
= Net positive or (negative) cash flow	$100,000

The cash flow from operations does not include the receipt of additional bank financing, and is actually $75,000. The financing brings the total net positive cash flow to $100,000 for the period defined.



CAUTIONS

• Assumptions necessary to complete the cash flow budget are key to its preparation. As in any budgeting process, it may be determined that assumptions previously held as "certain" were actually incorrect, resulting in erroneous estimations.

• A budget is still a projected quantification of future events and, therefore, is subject to uncertainty even when compared with past results.

• If cash flow budgeting assumptions are made and specific performance to achieve those goals is not undertaken, the cash flow budgeting process may reasonably be doomed to failure.

• Using the "float period" between when your check is written and when it is cashed is a common but even riskier practice to handle periods of temporary cash shortage due to new, faster, check-clearing mechanisms enacted in 2004 by the Federal Reserve system.

• Because of the uncertainty involved in the cash flow budget process, trying to budget too far into the future (more than three to five years) may prove to be futile.

• Longer credit terms extended to pet owners mean your practice will have to wait longer for the cash inflows from the collection of accounts receivable, which may limit required payments to vendors, employees, and creditors.

• The use of monthly versus quarterly and annual metrics related to average collection days and accounts receivable to sales ratio tend to produce more current and actionable results as trends may emerge more from recent weeks' memory than from past-year history.

• Keep a close eye on your cash flow so you can forecast potential cash flow problems and take steps to remedy them. One of the easiest ways to monitor your business's cash flow is to compare the total unpaid purchases with the total sales due at the end of each month. If the total unpaid purchases are greater than the total sales due, you will need to spend more cash than you receive in the next month, indicating a potential cash flow problem.

• The main danger when putting together a cash flow budget is being overoptimistic about your projected sales. Expenses are typically realistic in budget models; variability from actual results is often seen when projecting revenues.

• The key to improving your practice cash flow with regard to cash outflow is to delay all outflows of cash as long as you possibly can. However, you still need to meet all your outflow obligations on time. Managing your cash outflow requires that you follow a basic rule in business: pay your practice's outstanding bills on or by the due date, but never pay your bills before the due date.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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8.22. The Electronic Funds Transfer Payment Process



BASICS

OVERVIEW

There are a wide variety of payment mechanisms available to the veterinary practice owner for invoices both that the practice incurs as a normal course of operation and those that are generated by the veterinarian personally. These methods are as follows:

- cash payments
- checks or money orders
- credit and debit cards
- automatic payment by electronic funds transfer (EFT)
- automatic payment by credit/debit card.

Many veterinary practice owners still prefer to pay bills with checks, but electronic methods are becoming more popular. In examining the payment method histories of all consumers (veterinary practices included), electronic payments such as credit card and debit card transactions have recently surpassed cash and checks as the preferred method of payment for in-store purchases. According to the American Bankers Association 2012 Study of Consumer Payment Preferences, 72% of all recurring bill payments were made by writing a check during 2001, falling to 36.5% by 2012. This decline in check-writing volume is due in part to the increased adoption of automatic and online bill payment. Today, 81.2% of all consumers use some form of automatic payment. According to the *2016 U.S. Consumer Payment Study*,[1] when presented a choice for payment, 40% of consumers select credit cards, 35% select debit cards, and 11% choose cash. Debit is the preferred choice for everyday (supermarket, gasoline, etc.) transactions, and credit for higher dollar transactions and items of a discretionary nature. Credit is the preferred payment method among consumers aged 25–44 years and those 65 years and older. Mobile payment methods, as well as identity security, are also high on a list of consumer concerns (see 8.14 – Digital Wallets). And although the adoption of online bill payment is lower than automatic payments, it represents one of the fastest growing payment methods.

The goal of every veterinary practice should be to outsource the tasks that it does not perform efficiently or proficiently in-house. US accounting firms, software companies, and manufacturers are constantly seeking ways to offload cumbersome tasks. The veterinary practice and practice owner, by initiating automatic payments for recurring expenses such as utilities, telephone, vendor bills for supplies and products, and so on, reduce the manual transcription of checks to a bare minimum. As noted throughout this section, there are a variety of payment mechanisms to accomplish the payment process, and even the receipt of funds, with a minimum of effort after initial set-up.

TERMS DEFINED

Automated Clearing House (ACH): The national automated payment clearing system in the United States.

Check 21 Act: The Check 21 Act, signed into law during 2003 and effective October 28, 2004, was created by Congress and supported by the Federal Reserve Bank to further automate the American check-processing system. Checks impacted by Check 21 include consumer checks, business checks, cashier checks, teller checks, Treasury checks, and travelers' checks. By using electronic transmissions and a substitute check, the process can be reduced to hours. Banks are required to accept a substitute check from other banks in place of traditional checks while continuing to accept traditional checks as the system evolves. A substitute check effectively documents the electronic processing of a check. Check 21 does not apply to direct deposits, automatic teller machines (ATMs), or point-of-sale (POS) transactions, or to noncash items such as passbooks or certificates of deposit. It essentially mandates that veterinary practices employ stricter cash management procedures to eliminate any possibility of payment without sufficient cash to cover that payment, as payments could clear a payee's bank that very same day.

Electronic Funds Transfer (EFT): The process of moving transaction funds from one bank to another via the ACH of the Federal Reserve Network. An EFT processes preauthorized debits or credits from one bank account to another without using a check. This electronic, computer-based transaction process is governed by the Federal Reserve Banking System.



ISSUES AND OPTIONS

The national payment mechanism moves money between merchant and consumer accounts, utilizing a variety of EFT systems:

- ATMs.
  - Consumers can do their banking without the assistance of a teller to get cash or to make deposits, pay bills, or transfer funds from one account to another electronically. ATMs are used with a debit or EFT card and a personal identification number.
- POS transactions.
  - Some EFT cards can be used when shopping to allow the transfer of funds from the consumer's account to the merchant's. To pay for a purchase, the consumer presents an EFT card instead of a check or cash. Money is taken out of the consumer's account and put into the merchant's account electronically.
- Preauthorized transfers.
  - When the account holder authorizes a bank or a third party to do so, preauthorized transfers automatically deposit or withdraw funds from an individual's bank account. Consumers can authorize direct electronic deposit of wages, dividend payments, or other recurring deposits to their accounts. They may also authorize banking institutions to make regular, recurring payments of both vendor and personal bills (insurance, mortgage, and utility or product costs) as required.

First Data Corporation has become one of the nation's largest ATM processors by managing one of four major ATM companies in the United States. Their company research suggests:

- Online bill payment users pay an average of 6.5 bills a month online.
- Those households pay an average of 12 bills a month, online and offline.
- Seventy percent of online bill payers initiate online payments via billing websites.

Credit and/or debit card purchasing is an efficient way to simplify a practice's procurement and collection processes as well as financial reporting functions. Any practice, regardless of size, can use EFTs to conduct a variety of financial transactions. For veterinary practice accounts payable, EFT benefits include:

- Scheduled prompt payment of your practice and personal bills each month.
- Eliminating the need to receive, process, and pay recurring monthly bills via US mail, if electronic bills are not enabled. This can save on related labor, postage, and printing costs. Less paperwork means lower operating expenses. A study commissioned by Visa indicates that companies with purchasing card programs were able to reduce purchasing process costs by an average of 70%.
- Reducing late payment fees on mortgages, car payments, and other credit-affecting obligations.
- Credit card reporting solutions allow you to review your transaction details.
- Practices using credit cards can easily monitor and control expenses and set spending limits with vendors. In addition, owners can maintain control of employee spending without having to manually approve each transaction.

8.22. THE ELECTRONIC FUNDS TRANSFER PAYMENT PROCESS

• The monthly bank or credit card statement is proof of payment to another person, your record for tax purposes, and allows the reconciling of EFT transactions with your accounting records.

For those practices utilizing EFTs as an accounts receivable collections method, benefits include:

• Having fees automatically deducted from your pet owner's checking account reduces incidence of bounced checks and potential misappropriation or fraud surrounding checks.
• By using automated payments if using a level-fee billing service, your practice will provide pet owners the convenience and security of having their bill paid to you automatically by transferring payment from their checking account, savings account, debit card, or credit card.



EXAMPLES

ACCOUNTS PAYABLE

Practice owners or authorized managers must sign a form that authorizes vendors to deduct their payment for services on a certain date. The practice must provide a checking deposit slip or voided practice check to verify all account information. According to the billing cycle, the amount of your vendor bill is then automatically debited from the practice checking account and deposited into their account.

In the case of payroll, those practices already utilizing an outside payroll service, such as ADP, Paychex, or Gusto, to process employee payroll and remit funds to the taxing authorities already understand the concept of electronic payments. Your practice bank account is debited and your corresponding employee's bank account, as well as federal and state taxing agencies bank accounts, are credited each pay period.

The same system of electronic interchange applies to vendor and other payments made by the practice. In human medicine practices, we have designed payment systems so that large practices only write five actual checks per month for those parties that are either self-employed information technology consultants or relief practitioners. All other payment mechanisms are electronically presented.

CONCIERGE MEDICINE

As in the emerging trend of concierge medicine on the human side, veterinarians in those geographic or economic areas that allow it may consider the EFT payment process as an entrée into the business of retainer-based concierge medicine.

Because those practices strictly limit the number of patients they see, they are able to provide much more personal attention and a variety of extra services to vastly improve both a pet's and an owner's healthcare experience. In addition, a retainer is paid on a monthly, quarterly, or annual basis via EFT payment, greatly increasing regular cash flow and allowing budgeting to take place on a zero-based factor, with the retainer client collections possibly covering fixed expenses for the practice (occupancy costs at a minimum). Concierge practices, under that EFT retainer-based method, offer extended visits, flexible appointment scheduling, e-mail access, minimal waiting times, prompt prescription refills, and a focus on general wellness. At present, the concierge practice model seems more suited to primary care. Specialty care that is infrequent, consultative, or procedural really does not lend itself to a concierge practice model.

According to the American College of Physicians/Internal Medicine, one concierge physician calculated fees charged to his practice of 800 patients (down from 3,000 patients in his old practice model) $75 a month for individuals aged 35 years and up, $45 a month for those aged 21–35 years, and $15 for ages 18–21 years. For those fees, patients receive services such as routine exams, x-rays, and flexible sigmoidoscopy. The practice determines discounts on an individual basis for patients who want to subscribe but who are financially unable to. Like virtually all other retainer practices, this gives patients a variety of payment schedules (monthly, quarterly, annually) and types (including automatic debit and credit withdrawals).

Concierge gains are not purely financial. Another concierge provider said that moving to a retainer practice has given him time to recertify in internal medicine, geriatrics, and critical care. The time spent away from billing and collections has certainly enhanced the practice.



CAUTIONS

• There are some reasons why consumers may continue to favor checks or cash. They might value the anonymity of checks or cash payments or find it easier to budget their expenditures with cash, such as restricting their cash withdrawals to a set dollar amount per pay period, for example.
• The way to report errors is somewhat different with EFT services than it is with credit cards. As with credit cards, financial institutions must investigate and correct promptly any EFT errors reported. If there has been an error in an electronic fund transfer relating to your account, financial institutions must be contacted immediately.
• The debit card possesses potentially serious security concerns for consumers. Unauthorized use of a debit card could lead to greater liability than with a credit card. The consumer's loss is limited to $50 only if the loss is reported within two business days. If the card loss is not reported within two days, maximum liability increases to $500. In addition, if notification is not given to a financial institution within 60 days after receiving a statement showing unauthorized withdrawals, the consumer may be liable for all unauthorized use after the 60th day of loss.



MISCELLANEOUS

ABBREVIATIONS

ACH: Automated clearing house
ATM: Automatic teller machine
EFT: Electronic funds transfer
POS: Point of sale

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8.23. VALUE-ADDED TAX AND GOODS AND SERVICES TAX



BASICS

OVERVIEW

- Value-added tax (VAT) is a general consumption tax. The amount of the tax collected is incremental, based on the increase in value of a product or service at each stage of production or distribution. VAT is an alternative system to the sales taxes that are levied by many states in the United States.
- VAT is sometimes known as a goods and services tax (GST). Another term used in some geographies is "consumption tax." These terms are all synonymous.
- VAT was conceived in Germany in 1918. The modern implementation of VAT began in the 1950s.
- The United States has considered using VAT but as of this writing has not implemented it yet. However, VAT does impact veterinarians in certain circumstances, even in the USA, so it is worth exploring what it is and how it works.
- Canada uses a GST system at the federal and provincial levels.
- There are two distinct methods used to calculate VAT.

TERMS DEFINED

Goods and Services Tax (GST): A tax paid by consumers on goods and services sold for domestic consumption. The tax is remitted to the government by the businesses selling the goods and services.

Value-Added Tax (VAT): An indirect tax on consumption of goods and services in which the tax is incrementally added at each stage where value is added to the supply chain, from production to sale.



ISSUES AND OPTIONS

- Although US-based veterinary practices do not charge VAT as of the time of this writing, it is useful to understand how it works, because even American veterinary practices and veterinary professionals may need to pay it under a few circumstances, including:
  - veterinary professionals who are members of global professional organizations;
  - veterinary professionals who attend foreign conferences or who travel abroad;
  - veterinary practices that purchase goods or services from outside the United States.
- One hundred and sixty-six out of 193 countries use VAT as of 2018. So, in many countries outside of the United States veterinarians need to charge VAT and submit payments to the government.
- The tax rate for VAT is usually based on the location of the customer, not the supplier/retailer.
- Not all localities require VAT. Often, exported goods are duty free.
- Businesses who will calculate and pay VAT must register with the applicable localities.
- VAT-registered businesses are required to add VAT on goods and services that they supply to others (with some exceptions, which vary by country) and account for the VAT to the taxing authority, after deducting the VAT that they paid on the goods and services they acquired from other VAT-registered businesses.
- Ultimately, VAT levies taxes on the same people and businesses for the same amounts of money, despite its internal mechanism being different from the sales tax model.
- There are a few key differences between VAT and the sales tax model:
  - With the sales tax model, there is a burden on raw goods suppliers and manufacturers to verify that a retailer is not the final consumer, so that taxes do not need to be charged. No such burden exists with VAT since incremental taxation occurs throughout the value chain.
  - With the sales tax model there is a burden on retailers to comply with local, state, and federal sales tax differences. No such burden exists with VAT.
  - With the sales tax model there is a burden on consumers to pay a use tax in applicable jurisdictions when sales tax is not charged (e.g., online sales, sales across state borders). There is no such burden with VAT.
- VAT supports two different collection methods: accounts based or invoice based.
  - The invoice-based method, also called the credit-invoice method, requires each sale to be taxed and the tax amount reported to the customer. The tax is then remitted to the taxing authority. The seller then receives applicable credits for VAT paid on raw goods, materials, or services. This is the most commonly used method for VAT.
  - The accounts-based method, also call the subtraction method, requires the business to calculate two items: the value of taxable sales at the end of a reporting period, and the sum of taxable purchases it made during the reporting period. The difference between these two calculations is then taxed at the applicable VAT rate.



EXAMPLES

With a traditional sales tax, the entirety of the tax is remitted to the government by the retailer and is ultimately paid for by the consumer. In the following example, a 10% sales tax is levied. The raw goods producer receives $100 from the manufacturer and recognizes a $100 gross profit. The manufacturer receives $120 and recognizes a $20 gross profit by selling to the retailer. The retailer gets a $30 gross profit and remits the $15 tax (calculated as $150 purchase price × 10%) to the government.

Transaction	*Seller's gross profit*	*Tax paid in transaction*	*Total tax paid*	*Total amount paid to seller*
1. Raw goods → manufacturer	$100	$0	$0	$100
2. Manufacturer → retailer	$20	$0	$0	$120
3. Retailer → consumer	$30	$15	$15	$165

With a VAT model, the tax is remitted to the taxing authority in each step by the entity selling the item. Ultimately, the tax is paid for by the consumer through the incremental increase in the amount paid. In the following example, a 10% VAT is levied. The raw goods producer receives $110 from the manufacturer with a gross profit of $100 and pays $10 to the government. The manufacturer recognizes a $20 gross profit by selling to the retailer and remits a $2 tax to the government (10% × $20 gross profit). The retailer recognizes a $30 gross profit and a $3 tax to the government (10% × $30 gross profit). Ultimately, the same tax was paid to the government and the consumer absorbed the entirety of the tax.

8.23. VALUE-ADDED TAX AND GOODS AND SERVICES TAX

Transaction	*Seller's gross profit*	*Tax paid in transaction*	*Total tax paid*	*Total amount paid to seller*
1. Raw goods → manufacturer	$100	$10	$10	$110
2. Manufacturer → retailer	$20	$2	$12	$132
3. Retailer → consumer	$30	$3	$15	$165



CAUTIONS

Import/export issues between nations that charge VAT and nations that charge sales tax – there is the potential for being taxed twice. To fix this problem, nearly all countries that use VAT use special rules for imported and exported goods:

- all imported goods are charged VAT for their full price when they are sold for the first time;
- all exported goods are exempted from any VAT payments.



MISCELLANEOUS

ABBREVIATIONS

VAT: Value-added tax
GST: Goods and services tax

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N/A

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8.24. CASH CONTROL: PREVENTING EMBEZZLEMENT



BASICS

OVERVIEW

You and your team work very hard to make a living. Losing your profit to a thief, either a stranger with a gun or a trusted employee, is never a good thing. Although few veterinary practices are the subject of an armed robbery, many practitioners have either been on the receiving end of employee theft or know one of their acquaintances that suffered from embezzlement. What is sadly the case is that much of this could have been prevented by controls.

TERMS DEFINED

Embezzlement: To take property or money entrusted to your care.
Fraud: Generic term embracing all multifarious means by which an individual is cheated out of something he or she owns. The term describes behavior that may have both a civil and a criminal component. Criminal fraud may result in fines, restitution, and/or prison sentencing of the perpetrator. Civil fraud may result in a judgment for restitution from the perpetrator but does not result in jail time. Misdeeds may also be investigated to obtain enough information to file a fidelity insurance claim in the case of a bonded employee.
Fraud Triangle: Three key factors that identify individuals who may be susceptible to committing fraud: situational pressures, opportunities to commit fraud, and personal integrity.
General Ledger: Detailed listing of the activity that occurs in each account on the financial statements.
Imprest System: A financial accounting system, most commonly used for petty cash, in which a fixed amount is reserved and then replenished at the end of the period or when circumstances require. So, if the period begins with $100 in the petty cash "float" and by the end of the period $75 has been spent from petty cash, then $75 is replenished and credited to the cash account, and the debits go to the appropriate expense accounts based on the petty cash receipts.
Internal Accounting Controls: Process and mental controls set in place to provide management reasonable assurance that no practice resources are being lost, that financial reporting is reasonably accurate, and that profitability targets are achieved.



ISSUES AND OPTIONS

• As part of the prospective employee interview process, be sure to obtain permission to conduct a background check and to obtain a credit report on all potential new hires (see 3.8 – Screening Potential Hires). Big personal debts, poor credit, or inability to obtain credit are pressures that motivate people to misappropriate funds. Even though the individual may not have direct access to funds or is not responsible for accounting or business functions, it does not mean that he or she does not have the opportunity to embezzle from the practice. Some people advocate that only individuals having access to cash have a background check and credit report pulled. However, there are too many opportunities in any practice to walk off with items of value to not do this for everyone being considered for employment. While you can test all candidates for a particular position and not for others, because of the street value of many products in the clinic, it is recommended doing checks on all new hires.
• Pay attention to your employees. Living beyond one's means, preoccupation with being successful, unexpected financial pressure, excessive use of alcohol, and gambling are all potential stresses that can push someone into fraudulent behavior. Work-related pressures can also contribute to the belief in some employees that they are "entitled" to more than their paychecks because they are not appreciated, because they are not treated fairly or not respected, or a host of other emotional or perceived psychological issues.
• Separation of duties is a basic tenet of internal control. This means that you have one person in your practice handling the receipt of money, another recording the cash, and a third depositing the money, credit cards, checks, and so forth at the bank. This can work well in large businesses; can be an issue when your total team consists of less than 10 people.
• Even in a small practice, you can have the bank statement mailed to your house rather than to the office, or access the statement online regularly. If you scan the banking activity, you can generally spot things that do not seem right. If nothing else, you give the appearance of checking on things, and perception is sometimes as good as reality. (Do not forget to bring the statement to the office in a timely fashion and give it to whoever is responsible for doing the bookkeeping.)
• Pay attention to the amount of credits, discounts, and other write-offs that take place in your practice. Insist that every discount given to a client be recorded on the invoice. By reviewing your financial statements and practice management reports on a regular basis, unusual or large balances would be an indication that something is amiss. Even in a practice that does not carry large accounts receivable balances, cash can be misappropriated through the use of credits, discounts, and refunds.
• Familiarize yourself with the management summary statements available on your practice management software. Scanning these reports frequently will let your staff know you are looking at things. You can generally tell by looking at selective reports if things "feel right." If the number of patients you see or medications you prescribe or procedures you have done do not jibe with what you remember, ask. Again, even if the staff jogs your memory correctly, it shows them that you are looking.
• Many practice management software programs have audit trail capabilities that will allow you to check to see if changes are made to client accounts. Get familiar with this feature and use it, if your software has it. Not only can you check for embezzlement issues, but you can also spot areas of trouble with staff accuracy, coding issues, or other areas that may need attention.
• Insist on timely prepared financial statements, including a full reconciliation of each and every bank account your practice has, including the credit card account. If your practice has a bookkeeper on staff or if your practice manager prepares the statements, be sure you have a basic understanding of how the statements are prepared and how the bank is reconciled. Again, scanning the general ledger and the bank reconciliation report will help to tell you if things are in order. As an alternative, you can use a competent accountant or consultant to analyze the statement, including the bank reconciliation, for accuracy. Insist that this be done in a timely fashion.
• Monitor the activity in your credit card account; specifically, you are looking for suspicious credits or refunds. A common trick of unscrupulous employees who have access to credit card machines with little control is for them to credit their own card with refunds from their employer's account.
• Be very watchful of payroll scams. With the increase in electronic involvement in payroll activity (calling in payroll deposits, doing payroll tax returns online, using payroll services), it is very easy for someone to change the gross amount of a paycheck and the related withholding without your knowledge. It may take a while for them to receive the benefit of this scam – they have to file their individual tax returns and receive a much larger refund than what they would normally be entitled to – but they took money nonetheless. It is very difficult to spot these types of scams because the net amount of the paychecks does not change. Again, become familiar with the payroll reports from your accounting software or payroll company, and periodically scan them for reasonableness.

8.24. CASH CONTROL: PREVENTING EMBEZZLEMENT

• Set up protocols for dealing with petty cash. These include using the imprest system for petty cash drawers or boxes. Under the imprest system, the petty cash custodian is responsible for the amount of the fund either as cash or signed receipts. Surprise cash counts of the drawer will reveal any discrepancies in this area. Common embezzlement issues of petty cash funds include trading personal checks for cash. Periodically, the check may be replaced by a check with a later date or simply the "loan" may never be repaid. Claiming reimbursement for purchases made for the practice out of personal funds can often be handled through petty cash with less documentation than would otherwise be the case if handled through normal reimbursement procedures. Paying false vendors with disbursements from the petty cash drawer is another common way to divert funds. Be sure to cancel petty cash vouchers after they have been submitted for reimbursement to prevent multiple reimbursements for the same expense. Making it a point to reconcile the petty cash drawer regularly in a public fashion is a good deterrent to misappropriation of petty cash funds.
• Insist that every transaction be rung through the practice management software. This means that if you take a bag of dog food and pay cost for it, an invoice is entered into the computer. If you take the bag and it is agreed that there will be no charge, it is rung through the computer as a "no charge" transaction. Not only does this set the example that everything is tracked in the office, but it certainly helps with monitoring what is going on with your inventory.
• Set a good example. There is no such thing as a "limited license to steal." If you take food or product without paying for it, your staff learns from you. If it is alright for you to do it, it is difficult for them to make the case that they cannot follow your example. The number one deterrent to embezzlement happening in a practice is the role model that the owner provides. If the owner brags about cheating on their taxes, taking advantage of errors on invoices from vendors, or other situations where you set the example that stealing is okay when done by you, but not okay when done to you, do not expect staff to "get the right message."
• Consider posting a sign at the front desk indicating that if the client does not receive a receipt, his or her visit is free. I know this sounds like you are a retail shop; however, there is a reason that large corporations have this policy. If you do not post or save a transaction in your practice management software, the software does not know you did anything. Therefore, if an invoice is opened, payment is accepted, and then the invoice is cancelled without saving it, you have no way of tracking that your staff just pocketed the client's payment.
• Pay your staff appropriately. If your staff is paid commensurate with their position, training, skills, and attitude, the temptation to steal is lessened.
• One of the biggest assets in any companion animal practice is the inventory. Losing a box of heartworm preventative is just as much of a loss to you as an employee taking $60, $70, or $80 out of the cash drawer. Being extremely zealous in the area of inventory controls is as important as monitoring cash receipts.
• Make sure that you cancel every bill or invoice that you pay. Have a procedure for paying vendor amounts due. Generally, distributors will send packing slips and/or invoices with each order received and then send a statement at the end of the month. Make sure that invoices match the statement and that you only pay once for items received. A properly drafted protocol will prevent any problems in this area. Look at the invoices you are paying to be sure they are for practice-related expenses. Paying your bookkeeper's electric bill because you did not monitor the location makes you a nice person, but it does not help the bottom line of the practice.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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Section 9

Operations Management

9.1. MEDICAL RECORDS AND PATIENT DOCUMENTATION



BASICS

OVERVIEW

• Medical records are the basic ingredients for any successful veterinary practice. The issue usually is not if medical records are kept, but rather if they are adequate or complete compared with the practice acts and the need for veterinarian legal defense in a malpractice case.
• There is great variation in medical record requirements when compared with different state practice acts; there is no variation in records needs when comparing the detail required for an adequate malpractice defense. The more complete information there is, including details of client consultations, the better the defense is when needed.
• Medical records are mandated by veterinary practice acts.
• Veterinarians are commonly in noncompliance with record requirements when responding to license board complaints.
• Lawsuits are commonly won or lost based on the facts of the case and/or client communications being documented in the needed medical records.
• Every state's veterinary practice act has differing degrees of detail required for properly completed medical records.
• The American Veterinary Medical Association's (AVMA's) Principles of Veterinary Medical Ethics spells out the importance and minimal requirements of medical records.
• Medical records are the property of the practice and the practice owners.
• Veterinarians are obligated to provide copies to clients upon request.
• Ethically, the information in the records is considered privileged and confidential and should not be released except by court order or consent of the owner of the patient, with exceptions only as provided in state law.
• In litigation, an event or treatment is presumed to "not have happened" if it is not documented in the medical records.

TERMS DEFINED

Client Communications: The medical records must include documentation of explanations made to the client and the client's acceptance or rejection of the explanation and/or offer of treatment.
Medical Records: Daily written reports by veterinarians on the animals he or she treats. They are required to be kept for each animal or companion animal. They may also be kept on herds or flocks, and for food- and fiber-producing animals.
Noncompliance: This describes the veterinarian's lack of maintaining adequate medical records to meet the minimum requirements stated in a veterinary practice act.
Waiver: A client may sign a form explaining that they have declined to accept (or have waived) the doctor's recommendations or advice.



ISSUES AND OPTIONS

GENERAL

• Privileged and confidential information. The medical records are presumed to be privileged and confidential or held in confidence between the doctor and the client owner of the patient. Some state laws, or common law in some states, have changed the presumption of privilege and confidentiality.
• Medical records minimum inclusions. Medical records are the daily written reports provided by the treating veterinarian on the patients or herd of patients. The medical record must include at a minimum the following information:
  ◦ name, address, and telephone number of the owner;
  ◦ name, number, or other identification of the animal or group;
  ◦ species, breed, age, sex, and color of the animal;
  ◦ immunization record;
  ◦ beginning and ending dates of custody of the animal;
  ◦ a short history of the animal's condition as it pertains to its medical status;
  ◦ physical examination findings and any laboratory data;
  ◦ provisional or final diagnosis;
  ◦ treatment and medication administered, prescribed, or dispensed;
  ◦ surgery and anesthesia;
  ◦ progress of the case;
  ◦ radiographs and laboratory results pertaining to a given patient.
• Medical records commonly are too brief and exclude the communications between the veterinarian and the client.
• Medical records must include all patient data and patient information, including laboratory results and radiographs.
• Medical records should, but commonly do not, include authorization forms or waiver forms signed by the client, allowing or denying patient treatment.
• Records should include estimates for services to be provided.
• Practice acts from state to state usually include the previously mentioned minimum requirements, but some statutes greatly expand the physical examination findings requirements.
• Physical examination requirements in some states include requiring a report on all the following, which is obviously more than the minimum previously mentioned:
  ◦ temperature
  ◦ weight
  ◦ mucous membranes
  ◦ auscultated chest
  ◦ abdomen
  ◦ lymph nodes
  ◦ musculoskeletal condition.



EXAMPLES

• Examples of records violations before license boards include the following:
  ◦ Lack of complete patient and client identification.
  ◦ Lack of complete system-by-system description, with annotated physical examination (as previously stated).
  ◦ Lack of tentative diagnosis.
  ◦ Lack of prognosis.
  ◦ Lack of treatment specified, especially the lack of the client's waiver or denial of a recommended procedure or treatment.
  ◦ Illegible entries.
  ◦ Changes or deletion of records after a reasonable contemporaneous period.
• If a client declines a doctor's recommended treatment, then a waiver form must be signed by the client and filed with the medical record to document why the patient was not treated to the standard of care. In later litigation when a client complains that a patient outcome was less than expected, the veterinarian will be without an adequate defense if the waiver or denial forms were not signed by the client to prove the explanation and the client's initial directives.
• Veterinarians can be fined and reprimanded by state boards for falsifying, altering, or correcting records noncontemporaneously.
  ◦ For example, a veterinarian received a notice from the state board of a client complaint. The state sent the letter with the wrong date of the incident, and the veterinarian assumed he had wrongly dated the medical record and changed it in his medical records to comply with the erroneous state notice. He was fined and reprimanded for altering medical records.

◦ A client complained to the state licensing board that the patient's death was unexpected and the fault of the practicing veterinarian. The veterinarian subsequently was fined for failure to meet an adequate understanding of informed consent by the owner to proceed with a treatment that included some risk by performing surgery of the respiratory tract.



CAUTIONS

• If a treatment or diagnosis is not recorded in the record, it is presumed not to have happened.
• Medical records violations are a part of almost all veterinary investigations by the state licensing boards.
• Even though the client complaint to the state veterinary board is not about records, when the state board investigates the case they always request copies of the medical records for review for compliance with the statutes.
• When those medical records do not meet the standards of care for the community and/or as spelled out in the practice act, the veterinarian will be cited for medical records violations even though the veterinarian may be acquitted or found not guilty as to the client's original complaint.
• Medical records requirements for contemporaneous drafting requires that, if they are on a computer, they must have some security mechanism to lock out staff and doctors from changing them after a certain specified time, usually less than 48 hours.



MISCELLANEOUS

• Medical records corrections or additions can be made after the contemporaneous timeline if it is noted as an addendum with an explanation.
• Medical records can be written by technical staff, if the doctor signs off as to accuracy and authenticity.
• Medical records must be legible.
• Illegible medical records are the same as no medical records if a third-party reviewing board cannot decipher what was intended in the medical records.
• Even though laboratory results and radiography reports are part of the medical records, owners can and will request copies of them, which must be provided in a reasonable time.
• If radiographs are shared with second-opinion practitioners, they should be requested to be returned within a reasonable time to be part of the original records kept by the original treating practitioner.
• Medical records must be kept at the treating hospital for a minimum of three to five years, subject to state statute variations.

ABBREVIATIONS

AVMA: American Veterinary Medical Association

References

N/A

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9.2. PATIENT AND PROCEDURE LOGS



BASICS

OVERVIEW

• Patient and procedure logs play a vital role in any practice and work best in conjunction with well-designed and well-prepared procedure manuals.
• Patient and procedure logs serve three primary functions in the support of practice operations. First, they allow for the convenient storage of important data (see Table 9-2-2). Second, they improve the quality of patient care and customer service by helping to standardize how procedures are performed. They also help facilitate charge capture and auditing processes. Logs are essential if supplies such as laboratory tests kits are recalled. Without a log, it would be impossible to know which patients were impacted by the recall (see Table 9-2-2).
• Many successful practices find it challenging to maintain quality standards as the practices grow in both size and volume. Developing system of logs is an important component in maintaining the success of your practice.
• Practices with a well-run system of logs and audits may increase net revenues as much as 10–15%.

TERMS DEFINED

Audit: Methodical examination and review of practice records to assess accuracy and completeness. A large practice may have one or more staff members whose sole responsibility is to perform audits.
Hybrid Logs: These logs are a combination of patient and procedure logs. For example, a final care log lists the names of deceased pets and the actions that need to be completed, such as requesting cremation or burial services. These logs may also serve as task checklists to ensure that all paperwork and communication related to a specific procedure are completed in a timely manner.
Patient Log: Any record or list of patients that have received a particular service or product. The log generally has additional pertinent information, such as excerpts from the patient's medical record and/or items helpful in the billing process (e.g., laboratory logs and new-patient lists).
Procedure Log: Procedure logs help ensure that tasks have been completed and/or completed in a specific manner (e.g., a practice housekeeping checklist or a record of dates evidencing that someone has calibrated the in-house laboratory instruments).



ISSUES AND OPTIONS

CREATING A LOG

• The first step in the preparation of a patient and/or procedure log is to determine whether or not a need exists for such a log. This is not as simple as it sounds, because almost every process within a veterinary practice could benefit with a little extra quality control. In human medicine, they have entire departments dedicated to quality control and quality assurance.
• Once you determine that a need exists in a particular area, you should make a list of the data that need to be collected and the steps that need to be completed in order for the function to run smoothly. Quite often, logs are created in response to specific disasters that the practice leadership hopes to prevent from recurring, so the information gathering can be quick and easy. For example, most final care logs are developed after a pet that was supposed to be sent to the crematorium for a private cremation with the ashes returned to the owner ends up going to the pet cemetery for a group burial in an unmarked grave.
• As always, the more input you receive, the better the final product. It is best if multiple team members offer input and/or review drafts of the proposed log. In this way, you can ensure that a more complete and functional log is developed.
• The use of the log should be announced to the staff along with its date of implementation.
• The staff should also receive training on how to complete the steps in the log. Such training serves multiple purposes. It ensures that everyone has the same expectation regarding the function and purpose of the log, and it reduces the margin of error. This training also helps elevate the importance of the log with the staff, which, in turn, increases staff compliance and acceptance.
• Someone should be responsible for making sure that the log is being properly completed and that it is indeed solving the problems it was designed to solve.
• If the log is performing as desired, a regular schedule of audits should be implemented to maximize the log's effectiveness.
• If the log is not performing as desired, it should be revised. At no time, however, should the log's use be discontinued – interruptions in protocol will reduce its efficiency.



EXAMPLES

• Simply put, logs and audits are designed to solve problems. One of the simplest problems to solve in a practice through the use of logs and audits is lost revenue due to missed charges. The laboratory, for example, is a common site for lost charges, and a log that records the results of fecal exams alone can generate thousands of dollars in additional revenues for a practice each year.
• Advancements in veterinary practice management software have reduced the need for several types of manual logs, such as a new-patient list. For example, software that automatically invoices the client when you order a laboratory test has decreased the need for auditing for missed charges. The same software can label samples for

Table 9-2-1. Sample laboratory result log (heartworm test).

Client	*Patient*	*Client ID*	*Date*	*Result*	*Technician*
Jane Smith	Rusty	362598	08/31/18	Negative	Sally J
Bill Jones	Blackie	45826	08/31/18	Negative	Sally J

ID: identification.

Table 9-2-2. Sample laboratory reporting log (heartworm test).

Medical record	*Client contacted*	*Assistant who called*	*Date*	*Time*	*Test manufacturer*	*Lot number*
Yes	Yes	Jane B	08/31/18	5:21pm	ABC Co	XY123
Yes	Yes	Jane B	08/31/18	5:22pm	ABC Co	XY123

sending out and receiving test results into the medical record. This eliminates the need for logs to chase missing test results. However, you may still need to print the computer log to compare against the monthly statement from the laboratory in order to check them for billing errors or to confirm that required communication has occurred, such as informing the client of the test results.

- The data to be collected in the log need to be determined by surveying the staff. Fecals are notorious for lost charges because they are sometimes given to a receptionist, sometimes to a technician, and sometimes to the doctor. Clients may initially forget they even brought a sample with them, so you might not even get it until they are ready to leave. The staff member who sets up the sample may not be the person who reads it; therefore, it is important to have these procedures spelled out in a procedure manual so that the entire staff has the same expectation. Each data point collected should have a specific purpose (no one enjoys extra paperwork for no reason).
- The date tells us when the test was run; the client and patient names identify the origin of the sample. Inclusion of client and patient identifications (IDs) makes it easier to check in the computer that the client was charged for the examination.
- The initials of the staff member who set up the sample for examination help identify that individual if there is a problem to be addressed. In the majority of practices, the person who sets up the sample is also the person responsible for putting the proper charge on the client's invoice.
- The time the sample was set up is helpful if the type of test you are running is time sensitive. For example, one popular test says the sample needs to sit for 7–15 minutes in order to be accurate. Too little time or too much time and you could get a false-negative result.
- The initials of the staff member who reads the sample and records the results are also required. In this example, results must be recorded in the log and in the patient's medical record. This is especially important for those practices that require the person who read the sample to report the results to the client.
- The frequency of checking the log against the computer varies from practice to practice. Most practices check laboratory logs twice daily, so if a charge was missed the client can be contacted immediately and their invoice can be properly revised.
- Waiting days or weeks to report a billing omission to a client usually results in a lost opportunity to collect the fee, as well as a less than enthusiastic client.



CAUTIONS

- Blanket policies such as "everyone is responsible for checking for lost charges" are rarely effective. When practices get busy, most staff members assume that someone else is following through because they are otherwise occupied. If everyone is responsible for completing a task, then no one is responsible for completing the task! The results can sometimes be devastating on a practice's bottom line. Thus, it is imperative that one individual ultimately owns each log and audit process to ensure compliance and accountability.
- As with most new initiatives within a practice, it is best if you can put a new log into service when you are confident that you will be able to follow through with the audits and analyses in a timely manner. If you initiate a log and do not follow through, many staff members will quickly become noncompliant, making it harder to reinforce the desired new behaviors.
- Most practices fall into a routine of only telling staff when they have made a mistake. If a log is audited and there are fewer errors than last time or no errors at all, then these results should be celebrated by the practice team. For example, one practice reinforces excellent work by giving small cash bonuses to the receptionist who has the lowest number of invoicing errors each week.
- Do not fall into the trap that your computer is magically auditing all of your records. Manual systems existed for decades, which gave practices ample opportunity to build in quality control procedures. Many practices abandoned these procedures when they computerized, falsely believing that all the opportunities for errors had been removed. In reality, many practice management software programs have few quality control features. Those that do are rarely set up correctly or monitored as they should be.
- Though not capable of independently auditing your entire practice, technology can aid the auditing process. For example, spreadsheets are powerful tools for identifying trends in your results. Contact your software support department to determine what standard features come with your software package. Set them up and utilize them.



MISCELLANEOUS

Those individuals charged with auditing responsibilities should record their results each and every time an audit is performed so they can look for possible trends. For example, if, within a month's time, five technicians each miss two fecal samples, then all the technicians should probably receive some refresher training. If, however, two technicians each miss one sample and a third technician misses the remaining eight samples, then that specific technician should receive additional training, coaching, and/or counseling on how to properly process fecal samples.

ABBREVIATIONS

ID: Identification

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N/A

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9.3. Standards of Care and Care Pathways



BASICS

OVERVIEW

In many veterinary practices, veterinarians function relatively independently and autonomously, and although some may cherish this personal freedom, it leaves client care quite variable, even within a single hospital.

Standards of care and care pathways are used to preserve best practices, so that clients receive consistent evidence-based care regardless of the level of expertise and experience of individual staff regarding both common and uncommon conditions.

Standards of care and care pathways not only recognize best practices for many different preventive and treatment options, but also comprise one of the best ways of realizing appropriate hospital revenue and patient care (see 4.8 – Pet-Specific Care).

TERMS DEFINED

Care Pathway: Also known as clinical pathways and care maps, care pathways are evidence-based practices for specific groups of patients with a predictable clinical course in which professional intervention can be defined, optimized, and sequenced, and in which the outcomes can be measured, contributing further to evidence-based evaluation.

Evidence-Based Practice: Use of the best currently available resources (research and clinical expertise) in making decisions about patient care.

Guidelines: Routine or sound practices, often formed by consensus within veterinary organizations.

Standards of Care: The level of medical care that is expected for a competent veterinary professional to deliver to a patient within a specified veterinary practice. In veterinary medicine, the term *standard of care* is often used synonymous with *protocol*.



ISSUES AND OPTIONS

STANDARDS OF CARE (PROTOCOLS)

• Most standards of care begin as guidelines, which are typically created by veterinary organizations, associations or specialty colleges. The guidelines are general in nature to be applicable to a wide audience and geographic area (see Figure 9-3-4).

• When guidelines have been customized to meet the needs of a specific hospital or organization, it is then that they typically become referred to as standards of care.

• Standards of care are critical for veterinary practices, and they provide the foundation for evidence-based veterinary medicine. At a time when compliance has been documented to be significantly less than estimated by most veterinarians (see 4.11 – Compliance and Adherence), standards of care are needed not only for the financial wellness of the veterinary hospital, but also for the ultimate benefit of both clients and their pets.

• Practice protocols are easy to understand and comforting for clients, and they allow the hospital to use best practices, regardless of the experience levels of individual doctors and staff members. These protocols need not be rigid, and can and should change based on circumstances and accumulated data.

• Lapses in the adherence to protocols can be costly for practices and potentially dangerous for clients and their pets, and they may even open the hospital to liability on the basis of substandard care. Clearly, a consistent level of service is good for hospital revenue and good for the pet owner and pet.

• It can be confusing for both clients and staff when doctors in the same practice follow different directives for routine care. Protocols allow all staff to reinforce the practice message about desirable care options, and even relatively small changes in protocol adherence can make large differences in healthcare compliance – as well as revenue generation for the hospital.

• Although many like to believe that veterinary medicine is as much an art as a science, and nobody likes to be dictated to, standards of care allow everyone in the practice to deliver the same consistent high quality of medicine.

• Guidelines are commonplace in human medicine, where evidence-based standards of care are relied upon to ensure patients are receiving appropriate care within hospitals.

• To successfully implement standards of care into practice, it is worthwhile to first examine the potential benefit to everyone involved, including pets, their owners, and the practice itself.

• To be accepted by everyone as a hospital-wide standard of care, it is worthwhile building consensus, and that might involve soliciting fact-based evidence for protocols from outside experts, if necessary.

• Although it is possible to create protocols for almost every medical presentation, it is best to concentrate on wellness protocols first, because these should be less controversial and should have the most impact on clients, pets, and hospital revenues (Figure 9-3-1). This allows doctors the personal freedom to handle most other medical presentations but agree to follow accepted standards of care for most of the routine wellness situations.

• To be successful, protocols must be universal in their application to ensure compliance and positive benefit to all pets in the practice. These standards of care must not be ambiguous, or selective, or they will not be embraced by staff or clients. Criteria for these wellness protocols can be determined based on risk assessment, and the criteria should be easily understood by all staff members (see 4.9 – Lifelong Excellence in Healthcare).

• Most pet owners have experienced accepted protocols associated with human health, so they may be even more comfortable with the concept than hospital staff. Some of these human healthcare protocols may have to do with dental care, vaccination to enter the public school system, mammography recommendations, colonoscopy, and so on.

• Different doctors within the same hospital having different standards of care for pets, without a good explanation, may create controversy among staff and clients (which doctor is right?). Therefore, the goal should be to have standards of care that can be universally adopted by all staff members, whenever medically prudent to do so.

• When creating standards of care, it is important to realize that there is unlikely to be complete consensus for all given protocols. Standards of care are more about compromise for the greater good, realizing that no standard will be appropriate for all pets in all circumstances. Therefore, there need not be endless debate on medical minutiae, and the hospital team should instead focus on standards that are sensible, defensible, and that can be readily understood and implemented by all staff.

• When the protocol is adopted, set a firm time period when it will be reevaluated, so it becomes a dynamic process and not dogma. It is

- Lifetime wellness schedule
- Vaccination
- Integrated parasite control
- Nutritional and weight management
- Oral healthcare and prophylaxis
- Breed-specific screening
- Prescription refills (by medication)
- Pre-anesthetic requirements
- Senior evaluation

Figure 9-3-1.

Basic standards of care that are applicable for most veterinary hospitals.

- Achromatopsia
- Black-haired follicular dysplasia
- Canine leukocyte adhesion deficiency
- Cardiomyopathy
- Catalase deficiency
- Cataracts
- Centronuclear myopathy
- Cerebellar ataxia
- Cerebellar cortical degeneration (neonatal)
- Chondrodysplasia
- Cleft palate
- Cobalamin deficiency
- Collie eye anomaly
- Cone degeneration
- Congenital stationary night blindness
- Copper toxicosis
- Cyclic neutropenia
- Cystinuria
- Degenerative myelopathy
- Dermatofibrosis
- Enamel hypoplasia (amelogenesis imperfecta)
- Encephalopathy (Alaskan husky)
- Episodic falling
- Exercise-induced collapse
- Factor VII deficiency
- Factor VIII deficiency (hemophilia A)
- Factor IX deficiency (hemophilia B)
- Factor XI deficiency
- Familial nephropathy
- Fanconi syndrome
- Fucosidosis
- Gallbladder mucocele
- Glanzmann's thombasthenia
- Glaucoma (primary open angle)
- Globoid cell leukodystrophy
- Glycogen storage disease II
- Glycogen storage disease IIIa
- GM-1 gangliosidosis
- GM-2 gangliosidosis
- Hairlessness
- Hereditary necrotizing myelopathy
- Hereditary recessive nephropathy
- Hyperekplexia (startle disease)
- Hyperuricosuria
- Hypoadrenocorticism (juvenile)
- Hypo/dysmyelinogenesis
- Hypothyroidism with goiter
- Ichthyosis
- Ichthyosiform dermatitis with keratoconjunctivitis sicca
- Improper coat (RSPO2)
- Junctional epidermolysis bullosa
- Juvenile epilepsy
- Kindlin-3 (LAD) deficiency
- L-2-Hydroxy glutaric aciduria
- Lafora-body disease
- Late-onset ataxia
- Macrothrombocytopenia
- Malignant hyperthermia
- Merling
- Mucopolysaccharidosis I
- Mucopolysaccharidosis IIIa
- Mucopolysaccharidosis IIIb
- Mucopolysaccharidosis VI
- Mucopolysaccharidosis VII
- Mullerian duct syndrome
- Multi-drug resistance (MDR)-1
- Multifocal retinopathy 1
- Multifocal retinopathy 2
- Multifocal retinopathy 3
- Muscular dystrophy
- Musladin–Leuke syndrome
- Myasthenia gravis
- Myostatin deficiency
- Myotonia congenita
- Narcolepsy
- Nasal parakeratosis
- Necrotizing meningoencephalitis
- Neonatal ataxia (Bandara's)
- Neonatal encephalopathy
- Nephritis (COL4A5)
- Neuronal ceroid lipofuscinosis
- Osteochondrodysplasia
- Osteogenesis imperfecta
- Pancreatitis (SPINK 1,2)
- Perianal fistulae
- Phosphofructokinase deficiency
- Pituitary dwarfism
- Platelet disorder
- Polyneuropathy (greyhound)
- Polyneuropathy (Leonberger)
- Prekallikrein deficiency
- Primary ciliary dyskinesia
- Primary hyperoxaluria 1
- Primary hyperparathyroidism
- Primary lens luxation
- Progressive retinal atrophy – rcd1
- Progressive retinal atrophy – rcd1a
- Progressive retinal atrophy – rcd2
- Progressive retinal atrophy – rcd3
- Progressive retinal atrophy – rcd4
- Progressive retinal atrophy – prcd
- Progressive retinal atrophy – cord1
- Progressive retinal atrophy – cord2
- Progressive retinal atrophy – dominant
- Progressive retinal atrophy – X-linked
- Progressive retinal atrophy – crd
- Progressive retinal atrophy – crd1
- Progressive retinal atrophy – crd2
- Progressive retinal atrophy – crd3
- Progressive retinal atrophy GR_PRA1
- Progressive retinal atrophy GR_PRA2
- Progressive retinal atrophy – type A
- Progressive retinal atrophy – night blindness
- Pyruvate kinase deficiency
- Pyruvate dehydrogenase phosphatase-1 deficiency
- Renal cystadenocarcinoma/nodular dermatofibrosis
- Renal dysplasia
- Retinal dysplasia/oculoskeletal dysplasia
- Rod–cone degeneration
- Severe combined immune deficiency
- Short tail
- Signal transduction disorders (thrombopathia)
- Spinocerebellar ataxia
- Superficial keratitis (chronic)
- Trapped neutrophil syndrome
- Von Willebrand disease type I
- Von Willebrand disease type II
- Von Willebrand disease type III

Figure 9-3-2.

Just some of the genetic disorders for which DNA testing is currently available. Abstracted from Ackerman, L. *The Genetic Connection*, AAHA Press, Lakewood, CO, 2011.

9.3. Standards of Care and Care Pathways

- Atopic dermatitis
- Glaucoma
- Diabetes mellitus
- Hypoadrenocorticism (Addison's disease)
- Hyperadrenocorticism (Cushing's syndrome)
- Osteoarthritis (degenerative joint disease)
- Congestive heart failure
- Colitis
- Keratoconjunctivitis sicca
- Seizure disorders
- Urolithiasis

Figure 9-3-3.

Conditions for which hospitals might consider creating care pathways.

important to involve all hospital members in the discussion, because veterinarians themselves are sometimes poor judges of what clients want and what they consider to be acceptable risk. Nonveterinarians in the practice are often more likely to identify questions and concerns of the pet-owning public that might be nonmedical in nature.

• As protocols get developed, it is important to keep them technologically sound, current, and consumer driven. That includes keeping profiles customized for individual patients and utilizing all available tools, including genetic screening (see Figure 9-3-2, and 4.10 – Personalized Pet Profiles).

• Protocols are extremely important for practices, in terms of building consistency into wellness, decreasing confusion of pet owners and staff, and setting expectations regarding optimal pet care.

CARE PATHWAYS

• In addition to protocols, which are standards of care for particular situations, "care pathways" are also important to practices, especially for chronic or lifelong conditions.

• Care pathways help practices focus on the long-term but predictable aspects of patient care, including complications to monitor for, unexpected events, and even the point at which referral to a specialist is indicated (see Figure 9-3-3).

• It is the care pathway that can often serve as the template for client education materials, because it focuses on aspects of particular significance to the pet owner, such as the evolution of the condition, anticipated effect on lifespan, whether the condition can be cured or managed, a time frame for when clinical improvement can be expected, when referral is indicated, and likely price points of extended care (veterinary visits, diagnostic testing, therapies, referral, etc.).



EXAMPLES

Mrs. Gardner presented her five-year-old Airedale terrier, Maggie, for routine evaluation and vaccination. Maggie had been diagnosed with mild hip dysplasia at two years of age when screening radiographs had been taken and now was just starting to show some mild discomfort when first waking. Repeat radiographs revealed some early-stage osteoarthritis. The hospital's care pathway for osteoarthritis, which had been previously shared with Mrs. Gardner, suggested that treatment would be started with nonsteroidal anti-inflammatory drug (NSAID) therapy and nutraceuticals, there would be some changes to the dietary regimen, and the staff would demonstrate some physiotherapy maneuvers that Mrs. Gardner could consider starting at home. Prior to starting therapy, some laboratory testing would be done and then an abbreviated panel would be run 10–14 days after starting the NSAID to ensure there were no idiosyncratic adverse reactions. It was anticipated that NSAID therapy would be continued long term to control inflammation, repeat laboratory work would be scheduled every six months, and the radiographs would be repeated annually. If Maggie did not respond as anticipated, a referral to a specialist would be considered.



CAUTIONS

Standards of care and care pathways are intended for typical case presentations, but ultimately the care delivered must meet the specific needs of owner and patient.



MISCELLANEOUS

It is not necessary for each hospital to create standards of care and care pathways in isolation. There are many resources currently available (see Figure 9-3-4) and many more surely to be developed in the future. Each guideline is just that, a guideline, and should be customized based on local circumstances.

Guideline	*Web address*
AAFP–AAHA Feline life stage guidelines	http://www.catvets.com/guidelines/practice-guidelines/life-stage-guidelines
AAFP Feline vaccines	http://www.catvets.com/guidelines/practice-guidelines/feline-vaccination-guidelines
AAFP Senior care guidelines	http://www.catvets.com/guidelines/practice-guidelines/senior-care-guidelines
AAFP Anesthesia guidelines	https://www.catvets.com/guidelines/practice-guidelines/anesthesia-guidelines
AAFP Zoonoses guidelines	http://www.catvets.com/guidelines/practice-guidelines/zoonoses-guidelines
AAFP Antimicrobial use	http://www.catvets.com/guidelines/practice-guidelines/antimicrobial-in-cats
AAFP Hyperthyroidism	http://www.catvets.com/guidelines/practice-guidelines/feline-hyperthyroidism
AAFP Feline handling	http://www.catvets.com/guidelines/practice-guidelines/handling-guidelines
AAFP Feline nursing care	http://www.catvets.com/guidelines/practice-guidelines/nursing-care-guidelines

Figure 9-3-4. (*continued*)

9.3. STANDARDS OF CARE AND CARE PATHWAYS

Guideline	*Web address*
AAFP Feline NSAIDs	http://www.catvets.com/guidelines/practice-guidelines/nsaids-in-cats
AAFP Feline behavior	http://www.catvets.com/guidelines/practice-guidelines/behavior-guidelines
AAFP Retrovirus management	http://www.catvets.com/guidelines/practice-guidelines/retrovirus-management-guidelines
AAFP Pain management	http://www.catvets.com/guidelines/practice-guidelines/pain-management-guidelines
AAFP House-soiling	http://www.catvets.com/guidelines/practice-guidelines/house-soiling
AAFP Fluid therapy	http://www.catvets.com/guidelines/practice-guidelines/fluid-therapy-guidelines
AAFP Environment needs	http://www.catvets.com/guidelines/practice-guidelines/environmental-needs-guidelines
AAHA Pain management	https://www.aaha.org/professional/resources/pain_management.aspx
AAHA Pain management implementation	https://www.aaha.org/professional/resources/pain_management_toolkit.aspx
AAHA Preventive care	https://www.aaha.org/professional/resources/preventive_healthcare.aspx
AAHA Canine vaccine guidelines	https://www.aaha.org/professional/resources/canine_vaccine.aspx
AAHA Dental care	https://www.aaha.org/professional/resources/dental_care_guidelines_abstract.aspx
AAHA Diabetes	https://www.aaha.org/professional/resources/diabetes_management.aspx
AAHA Senior care	https://www.aaha.org/professional/resources/senior_care.aspx
AAHA Nutritional assessment	https://www.aaha.org/professional/resources/nutritional_assessment.aspx
AAHA Nutritional assessment – cats	http://www.catvets.com/guidelines/practice-guidelines
AAHA Fluid therapy	https://www.aaha.org/professional/resources/fluid_therapy_guidelines_abstract.aspx
AAHA Referrals	https://www.aaha.org/professional/resources/referral_guidelines.aspx
AAHA Mentoring	https://www.aaha.org/professional/resources/mentoring_guidelines.aspx
AAHA Anesthesia	https://www.aaha.org/professional/resources/anesthesia_guidelines_abstract.aspx
AAHA Anesthesia implementation	https://www.aaha.org/professional/resources/anesthesia.aspx
AAHA Oncology guidelines	https://www.aaha.org/professional/resources/oncology.aspx
AAHA Oncology guidelines implementation	https://www.aaha.org/professional/resources/oncology_toolkit.aspx
AAHA Weight management	https://www.aaha.org/professional/resources/weight_management_toolkit_abstract.aspx
AAHA Weight management implementation	https://www.aaha.org/professional/resources/weight_management_toolkit.aspx
AAHA Behavior management	https://www.aaha.org/professional/resources/behavior2015.aspx
AAHA Behavior implementation	https://www.aaha.org/professional/resources/behavior_management_toolkit.aspx
AAHA Antimicrobials	https://www.aaha.org/professional/resources/antimicrobials.aspx
AAHA Canine life stage guidelines	https://www.aaha.org/professional/resources/canine_guidelines_abstract.aspx
AAHA Canine life stage implementation	https://www.aaha.org/professional/resources/canine.aspx
AAHA Feline life stage guidelines	https://www.aaha.org/professional/resources/feline_life_stage.aspx
AAHA Dental care implementation	https://www.aaha.org/professional/resources/dental.aspx
AAHA Fluid therapy implementation	https://www.aaha.org/professional/resources/fluid_therapy_toolkit.aspx
AAHA/AVMA Partnership for preventive pet healthcare	http://www.pethealthpartnership.org/
AAHA/IAAHPC End-of-life guidelines	https://www.aaha.org/professional/resources/end_of_life_care_guidelines.aspx
AAHA/IAAHPC End-of-life implementation	https://www.aaha.org/professional/resources/end_of_life_care_toolkit.aspx
ACVECC – Resuscitation	http://acvecc-recover.org/
ACVECC – Prevention and preparedness	http://www.acvecc-recover.org/
ACVECC – Basic life support	http://www.acvecc-recover.org/
ACVECC – Advanced life support	http://www.acvecc-recover.org/

Figure 9-3-4. (*continued*)

9.3. Standards of Care and Care Pathways

Guideline	*Web address*
ACVECC – Monitoring	http://www.acvecc-recover.org/
ACVECC – Post-resuscitation care	http://www.acvecc-recover.org/
ACVIM Seizure management in dogs	http://onlinelibrary.wiley.com/doi/10.1111/jvim.13841/full
ACVIM Antimicrobial use and antimicrobial resistance	http://onlinelibrary.wiley.com/doi/10.1111/jvim.12562/full
ACVIM Blood donor screening for blood-borne pathogens	http://onlinelibrary.wiley.com/doi/10.1111/jvim.13823/full
ACVIM Treatment and prevention of uroliths in dogs and cats	http://onlinelibrary.wiley.com/doi/10.1111/jvim.14559/full
ACVIM Ehrlichial disease	http://onlinelibrary.wiley.com/journal/10.1111/%28ISSN%291939-1676/homepage/free_reviews_and_consensus_statements.htm
ACVIM Endoscopic biopsy	http://onlinelibrary.wiley.com/journal/10.1111/%28ISSN%291939-1676/homepage/free_reviews_and_consensus_statements.htm
ACVIM Enteropathogenic bacteria	http://onlinelibrary.wiley.com/journal/10.1111/%28ISSN%291939-1676/homepage/free_reviews_and_consensus_statements.htm
ACVIM *Helicobacter*	http://onlinelibrary.wiley.com/journal/10.1111/%28ISSN%291939-1676/homepage/free_reviews_and_consensus_statements.htm
ACVIM Leptospirosis	http://onlinelibrary.wiley.com/journal/10.1111/%28ISSN%291939-1676/homepage/free_reviews_and_consensus_statements.htm
ACVIM Lyme disease	http://onlinelibrary.wiley.com/journal/10.1111/%28ISSN%291939-1676/homepage/free_reviews_and_consensus_statements.htm
ACVIM Valvular heart disease	http://onlinelibrary.wiley.com/journal/10.1111/%28ISSN%291939-1676/homepage/free_reviews_and_consensus_statements.htm
ACVIM Proteinuria	http://onllinelibrary.wiley.com/doi/10.111/j.1939-1676.2005.tb02713.x/pdf
ACVIM Hypertension	http:/onlinelibrary.wiley.com/doi/10.1111/j.1939-1676.2007.tb03005.x/pdf
ACVIM Antimicrobial use	http://onlinelibrary.wiley.com/journal/10.1111/%28ISSN%291939-1676/homepage/free_reviews_and_consensus_statements.htm
ACVIM Hyperadrenocorticism	http://onlinelibrary.wiley.com/journal/10.1111/%28ISSN%291939-1676/homepage/free_reviews_and_consensus_statements.htm
AHS Canine heartworm	http://heartwormsociety.org
AHS Feline heartworm	http://heartwormsociety.org
AHS Heartworm management	http://heartwormsociety.org
AKC CHF testing	http://www.akcchf.org/canine-health/genetic-tests/
Association of Shelter Veterinarians – Guidelines for Standards of Care in Animal Shelters	https://www.sheltervet.org/assets/docs/shelter-standards-oct2011-wforward.pdf
AVMA – Euthanasia	https://www.avma.org/KB/Policies/Pages/Euthanasia-Guidelines.aspx?utm_source=alerts-policy&utm_medium=email&utm_campaign=policy
AVMA – Principles of veterinary medical ethics	https://www.avma.org/KB/Policies/Pages/Principles-of-Veterinary-Medical-Ethics-of-the-AVMA.aspx
AVMA – Leishmaniasis diagnosis	http://avmajournals.avma.org/doi/abs/10.2460/javma.236.11.1184
AVMA – Leishmaniasis – prevention	http://avmajournals.avma.org/doi/abs/10.2460/javma.236.11.1200
AVMA – Leishmaniasis – treatment	http://avmajournals.avma.org/doi/abs/10.2460/javma.236.11.1192
AVMA – Zoonoses	http://avmajournals.avma.org/doi/pdf/10.2460/javma.237.12.1403
AVMA – Working with animal control and welfare organizations	https://www.avma.org/KB/Policies/Pages/AVMA-Guidelines-for-Veterinarians-and-Veterinary-Associations-Working-with-Animal-Control-and-Animal-Welfare-Organizations.aspx
Companion Animal Parasite Council (CAPC)	www.capcvet.org/recommendations/index.html
CAPC Ascarids	https://www.capcvet.org/guidelines/ascarid/
CAPC Babesiosis	https://www.capcvet.org/guidelines/babesia/
CAPC Baylisascaris	https://www.capcvet.org/guidelines/baylisascaris-procyonis/
CAPC Bedbugs	https://www.capcvet.org/guidelines/bed-bugs/
CAPC Cestodes	https://www.capcvet.org/guidelines/cestodes/
CAPC *Cheyletiella*	https://www.capcvet.org/guidelines/hairclasping-mite/
CAPC Coccidia	https://www.capcvet.org/guidelines/coccidia/
CAPC Cryptosporidia	https://www.capcvet.org/guidelines/cryptosporidium/
CAPC Cuterebra	https://www.capcvet.org/guidelines/cuterebriasis/
CAPC Cyclophylidea	https://www.capcvet.org/guidelines/

Figure 9-3-4. (*continued*)

9.3. STANDARDS OF CARE AND CARE PATHWAYS

Guideline	*Web address*
CAPC Cytauxzoonosis	https://www.capcvet.org/guidelines/cytauxzoonosis/
CAPC Demodicosis	https://www.capcvet.org/guidelines/demodex/
CAPC Diphyllobothrium	https://www.capcvet.org/guidelines/diphyllobothrium-spp/
CAPC Dipylidium	https://www.capcvet.org/guidelines/dipylidium-caninum/
CAPC Dracunculus insignis	https://www.capcvet.org/guidelines/dracunculus-insignis/
CAPC Echinococcus	https://www.capcvet.org/guidelines/echinococcus-spp/
CAPC Ehrlichia and anaplasma	https://www.capcvet.org/guidelines/ehrlichia-spp-and-anaplasma-spp/
CAPC Fleas	https://www.capcvet.org/guidelines/fleas/
CAPC Fleaborne rickettsiosis	https://www.capcvet.org/guidelines/flea-borne-rickettsiosis/
CAPC Giardia	https://www.capcvet.org/guidelines/giardia/
CAPC Heartworm (canine)	https://www.capcvet.org/guidelines/heartworm/
CAPC Heartworm (feline)	https://www.capcvet.org/guidelines/heartworm/
CAPC Hepatozoonosis	https://www.capcvet.org/guidelines/american-canine-hepatozoonosis/
CAPC Hookworms	https://www.capcvet.org/guidelines/hookworms/
CAPC *Ixodes scapularis* and *Ixodes pacificus*	https://www.capcvet.org/guidelines/ixodes-scapularis-and-ixodes-pacificus/
CAPC Leishmaniasis	https://www.capcvet.org/guidelines/canine-leishmaniasis/
CAPC lice	https://www.capcvet.org/guidelines/lice/
CAPC Lungworms	https://www.capcvet.org/guidelines/lungworms/
CAPC Lyme disease	https://www.capcvet.org/guidelines/lyme-disease/
CAPC Mesocestoides	https://www.capcvet.org/guidelines/mesocestoides/
CAPC Mosquitoes	https://www.capcvet.org/guidelines/mosquitoes
CAPC Nasal mites	https://www.capcvet.org/guidelines/canine-nasal-mites/
CAPC Neosporosis	https://www.capcvet.org/guidelines/canine-neosporosis/
CAPC Notoedric mange	https://www.capcvet.org/guidelines/notoedric-mite/
CAPC Otodectic mange	https://www.capcvet.org/guidelines/otodectic-mite/
CAPC Physaloptera	https://www.capcvet.org/guidelines/physaloptera-spp/
CAPC Rocky Mountain spotted fever	https://www.capcvet.org/guidelines/rocky-mountain-spotted-fever/
CAPC Sarcoptic mange	https://www.capcvet.org/guidelines/sarcoptic-mite/
CAPC Schistosomiasis	https://www.capcvet.org/guidelines/canine-schistosomiasis/
CAPC Spirometra	https://www.capcvet.org/guidelines/spirometra-spp/
CAPC *Taenia*	https://www.capcvet.org/guidelines/taenia/
CAPC Ticks	https://www.capcvet.org/guidelines/ticks/
CAPC Toxoplasmosis	https://www.capcvet.org/guidelines/toxoplasma-gondii/
CAPC Trematodes	https://www.capcvet.org/guidelines/trematodes/
CAPC Trichomoniasis	https://www.capcvet.org/guidelines/trichomoniasis/
CAPC *Trichuris vulpis*	https://www.capcvet.org/guidelines/trichuris-vulpis/
CAPC Trypanosomiasis	https://www.capcvet.org/guidelines/trypanosomiasis/
CAPC Urinary tract nematodes	https://www.capcvet.org/guidelines/urinary-tract-nematodes/
Canine atopy	http://onlinelibrary.wiley.com/doi/10.1111/j.1365-3164.2010.00889.x/suppinfo
Dx of canine atopy	http://www.biomedcentral.com/1746-6148/11/196
Tx of canine atopy	http://www.biomedcentral.com/1746-6148/11/210
Canine demodicosis	http://onlinelibrary.wiley.com/doi/10.1111/j.1365-3164.2011.01026.x/pdf
Decreased tear production in dogs	https://www.cliniciansbrief.com/article/decreased-tear-production-dogs?utm_medium=email&utm_source=Clinician%27s+Brief+Newsletter&utm_campaign=Online+170526&ajs_uid=9120I9772801J5T
CPR guidelines	www.veccs.org
Compendium of animal rabies prevention and control	http://avmajournals.avma.org/doi/pdf/10.2460/javma.239.5.609
IRIS Staging of chronic kidney disease	http://www.iris-kidney.com/guidelines/staging.html
IRIS Treatment recommendations for chronic kidney disease	http://www.iris-kidney.com/guidelines/recommendations.html
IRIS Grading of acute kidney injury	http://www.iris-kidney.com/guidelines/grading.html
IRIS Consensus for diagnosis of proteinuria	http://onlinelibrary.wiley.com/doi/10.1111/jvim.12223/full
IRIS Consensus for therapy of glomerular disease	http://onlinelibrary.wiley.com/doi/10.1111/jvim.12230/full

Figure 9-3-4. (*continued*)

9.3. Standards of Care and Care Pathways

Guideline	*Web address*
IRIS Consensus for immunosuppressive therapy based on established pathology	http://onlinelibrary.wiley.com/doi/10.1111/jvim.12228/full
IRIS Consensus for immunosuppressive therapy absent an established diagnosis	http://onlinelibrary.wiley.com/doi/10.1111/jvim.12222/full
IRIS Consensus for treatment of serology positive glomerular disease	http://onlinelibrary.wiley.com/doi/10.1111/jvim.12232/full
IRIS Prevalence of immune-complex glomerulonephritides	http://onlinelibrary.wiley.com/doi/10.1111/jvim.12247/full
ISCAID Urinary guidelines	http://www.iscaid.org/
Guidelines for diagnosis and treatment of superficial folliculitis	http://onlinelibrary.wiley.com/doi/10.1111/vde.12118/full
Guidelines for diagnosis and treatment of respiratory disease	http://www.iscaid.org/
ISFM Chronic kidney disease – cats	journals.sagepub.com/doi/pdf/10.1177/1098612X16631234
ISFM Diabetes – cats	http://www.catvets.com/guidelines/practice-guidelines
ISFM Hypertension – cats	http://journals.sagepub.com/doi/pdf/10.1177/1098612X17693500
ISFM Population mgmt – cats	http://www.catvets.com/guidelines/practice-guidelines
Leishmania – dogs	http://www.leishvet.info/publications-and-guidelines
Leishmania – cats	http://www.leishvet.info/publications-and-guidelines
WAVD – Diagnosis and treatment of dermatophytosis	http://onlinelibrary.wiley.com/doi/10.1111/vde.12440/full
WAVD – Recommendations for approaches to methicillin-resistant staphylococci	http://onlinelibrary.wiley.com/doi/10.1111/vde.12444/full
WSAVA Nutrition – cats	http://www.catvets.com/guidelines/practice-guidelines
WSAVA Global nutrition	http://www.wsava.org/guidelines/global-nutrition-guidelines
WSAVA Global pain	http://www.wsava.org/guidelines/global-pain-council-guidelines
WSAVA Hereditary diseases	http://www.wsava.org/guidelines/hereditary-diseases
WSAVA Vaccination	http://www.wsava.org/guidelines/vaccination-guidelines
WSAVA Liver disease	http://www.wsava.org/guidelines/liver-disease-guidelines
WSAVA Microchip	http://www.wsava.org/guidelines/microchip-identification-guidelines
WSAVA Gastrointestinal	http://www.wsava.org/guidelines/gastrointestinal-guidelines
WSAVA Animal welfare	https://www.wsava.org/Guidelines/Animal-Welfare-Guidelines
WSAVA Renal standardization	http://www.wsava.org/guidelines/renal-standardization-guidelines

Figure 9-3-4.

Some useful guidelines that have already been developed and are available online.

9.3. Standards of Care and Care Pathways

ABBREVIATIONS

NSAID: Nonsteroidal anti-inflammatory drug

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N/A

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9.4. CONTINUITY OF CARE



BASICS

OVERVIEW

• Continuity of care is a critical responsibility of every veterinary staff member. It is important to recognize that although the ultimate burden rests on the doctor who is managing the case, it is the responsibility of the entire staff to ensure that each patient receives complete and proper care.
• Continuity of care is a broad term that encompasses all aspects of medical recordkeeping and corresponding communications. Such administrative measures ensure that the patient receives complete and seamless veterinary healthcare. Ideally, a single individual would be able to monitor and manage a case from initial presentation through final resolution, but this is rarely the case. Through proper documentation, all team members can track a patient's progress and respond appropriately to client concerns and issues.
• Today, continuity of care has broadened to include all who have a role in patient care. There may be significant time and geographic variances, which increases the need for accurate recordkeeping. Care may be provided by the primary care veterinarian, the pet-owning family, the emergency hospital, numerous specialists, trainers, physical therapists, chiropractors, acupuncturists, and so on.
• The backbone of continuity of care and the doctor–client relationship is communication. The majority of breakdowns in patient care and customer service are rooted in incomplete, untimely, and/or incorrect communication. For the quality of care to be maintained over time, care providers must be able to become rapidly acquainted with previous medical history. Thus, we have seen an increase in record sharing through the advent of digital information portals that facilitate rapid (and often real-time) access to medical information.
• Complete, problem-oriented medical records identify the patient and document all medical information in a logical, well-organized manner (see 9.1 – Medical Records and Patient Documentation). Such records define each problem while facilitating "total care of the patient." Proper medical records facilitate rapid retrieval of information and a thorough progression of care despite the involvement of multiple veterinary healthcare providers. Never overlook the pet owner's role in patient care. Discharge instructions should always be written and easy to follow. Utilize technology to allow clients to access care instructions and related information online 24/7.

TERMS DEFINED

SOAP: An acronym that identifies the most common data entry format used by veterinary practices. The data are generally located in the progress notes portion of a problem-oriented medical record. **S** stands for subjective. Includes the chief complaints as well as the patient history. **O** stands for objective. Includes objective and observed information derived from the physical examination, laboratory reports, and other diagnostic data. **A** stands for assessment. Includes a provisional diagnosis, summary of abnormal findings, and differential rule-outs. **P** stands for plan. The most critical section for continuity of care, the plan should include plans being made for further diagnostic studies, treatments, and/or surgery.



ISSUES AND OPTIONS

• To ensure continuity of care, even simple procedures such as recheck examinations require the implementation of a systematic, decision-making process. Without proper "setup" and communication, customer service and patient care will suffer.
• Before the client leaves the office, the staff, if possible, should schedule the patient's recheck examination, preferably with the same doctor. This type of immediate follow-up helps increase client compliance and improves the probability that the original doctor, rather than one of their associates, will see the patient at the recheck. When using a flexible scheduling system such as a 10-minute flex, it is important to specify the appropriate time slot for the recheck (e.g., a 10 or 20 minute time slot; see 4.15 – Client Appointment Scheduling).
• If, after checking your schedule, you realize that you are not scheduled or are not available when the recheck is due, check the practice schedule to determine if one of your colleagues who is on duty today will be on duty when you schedule the recheck. If so, introduce your colleague to the client and allow that doctor to have a quick look at the patient so that he or she is better informed.
• It is important to provide a detailed description of each condition your colleague will review at the recheck. The more detail you provide, the easier it makes everyone's job. For example, if you have located a mass and wish to monitor it, you should measure its exact size with calipers or a ruler. You should also mark on a diagram of the pet the exact position of the mass. Never estimate sizes, always use a calibrated measuring device. You should also document your expectations as to what the desired response or recovery should be at the time of the recheck. Have detailed plans developed (see Examples section) that include references to further diagnostics, treatment options, and client expectations.
• In today's digital age, we have many modes of communication at our disposal. In many practices, clients may elect e-mail or text messaging as their preferred method of communication. However, we have found that medical recordkeeping is not keeping up with this technology, and much of this vital communication is not being captured properly in the medical record. Does your practice have a way to document a post-op text message? Do you have proof that you emailed laboratory results? If an associate regularly texts clients on their cell phone, then that associate leaves your practice, do you have a record of those communications?



EXAMPLES

• There are numerous examples of tips and techniques that you can use to help improve the continuity of care within your practice.
• Scheduling doctor rounds is an extremely important component that contributes enormously to improving the continuity of care. Regularly scheduled rounds are even more important in practices with new or less-experienced doctors, in larger practices, and in 24-hour environments.
• In addition to the standard morning rounds that most practices employ, larger facilities will also implement rounds at the end of the day. In a 24-hour environment, rounding at the end of each shift is critical, especially because many of the cases found in a 24-hour environment typically require a higher level of care. Establishing a 24-hour schedule with intentional shift overlap is one easy way to help increase rounding compliance. Sample shifts may include 7:00 a.m. to 4:00 p.m., 3:00 p.m. to 12:00 a.m., and 11:00 p.m. to 8:00 a.m. The guaranteed overlap helps facilitate rounds. If the practice is extremely busy and work continues into the overlap, it is generally the responsibility of the doctor coming on duty to release the doctor going off duty. Such practices ensure that the oncoming doctor is comfortable with the status of all of the cases in the hospital and is able to take over their care until the next shift comes on duty.
• In many practices, the skill and talent of the support staff may be overlooked. Veterinary technicians can play a significant role in helping to improve continuity of care. In many practices, the treatment

technicians round simultaneously with the doctors. Technicians often have added insights on how the pet is responding (e.g., alert, lethargic, uncomfortable, or tearing out intravenous lines). They may also have additional input regarding how well the pet is eating, drinking, and so on. Even small tips can be helpful (e.g., recommending an alternate route of administering medications). Depending upon individual skill levels and practice environments, many doctors will round with a technician if the oncoming doctor is unavailable. Many hospitals also have a technician-round journal, where the technicians enter helpful comments regarding each patient's care (e.g., whether or not restraint is needed and, if so, what type is the most effective).

- In the emergency/referral setting, prompt communication with the referring veterinarian, including results of all tests performed and follow-up recommendations, is crucial for continuity of care.[1]
- Utilize technology as much as possible. Digital photographs can be taken and stored in most software systems for a nominal amount. A picture is worth a thousand words, so save yourself all the writing. Photographs are an effective way to document lacerations, skin problems, masses, external parasites, dental problems, and so on. If you forget to communicate everything you wish to the doctor who is taking over the case, it is never too late to follow up with an e-mail or voicemail message from home or on the road. Always assume that the piece of information you left out is the first question your colleague will be asked.



CAUTIONS

- Standardize the abbreviations that your practice uses in its medical records. Multi-doctor practices employing graduates from different veterinary schools often have trouble understanding one another's abbreviations. The full scope of abbreviations for medical records is far too extensive to even begin to identify here; the best approach is to have a staff member develop a standard list of abbreviations approved for use within your practice. You could also consult a reference such as the American Animal Hospital Association book listed in the Recommended Reading section.
- Always prepare clients before you turn cases over to other doctors. The more informed a client is and the more proactive communication they receive, the greater their confidence and trust level will be. If you do need to turn cases over, it is often best to identify a doctor with whom the client has had prior contact. Working from established, positive relationships is always easier than initiating new relationships, especially during stressful times (such as when a pet is hospitalized for emergency treatment).
- Using vague entries such as "follow-up blood work" or "liver panel" instead of identifying specific tests may jeopardize the patient's life or cause the patient's owners to incur unnecessary costs (e.g., if the correct diagnostics are not done).
- Laboratory tests such as cultures that may have preliminary and final results need to be tracked and the owner contacted as soon as final results are received. Follow-up should be completed by the doctor who ordered the test, or specifically delegated to another doctor if the initial doctor is unavailable.
- The same rules that apply for treatments and diagnostics also apply for medications. Telling a client, "Let's try this medication for a few days, and if you do not see an improvement we will change medications" may be an acceptable verbal report to a client, but the medical record should identify the specific medication and dose you expect to try next. If the client contacts the practice and you are unavailable, the doctor looking at the medical record can easily explain to the client that, "Dr. X noted that she would like to change Fluffy to XYZ. I'll have the technician get some ready for you." This approach provides better patient care and customer service than the following response: "I don't know which medication Dr. X wanted to try, because there are several that could work. I'll leave her a note to call you when she gets back." Making a complete entry in the medical record may require a little more effort; however, spending a few extra minutes to make it is easier than dealing with an unhappy colleague and a very unhappy client upon your return.



MISCELLANEOUS

One common test of the quality of a medical record and its ability to facilitate excellent continuity of care is the "telephone roundtable game." Many teaching hospitals require their interns to participate in this exercise each month to reinforce the importance of quality medical records as well as to demonstrate to the interns how much their recordkeeping abilities will improve throughout their tenure. The game is played by having each participant select a record of one of the cases they are managing in the hospital. The participants then sit around a table and pass their record to the doctor on their right. The facilitator then engages each doctor in a role-playing exercise by pretending to be the pet's owner and calling him or her on the telephone for a progress report. The "pet's owner" asks the doctor numerous questions, and the doctor only has the medical record and their own personal knowledge of the case (such as from rounds) from which to draw. Needless to say, the first few games are a little frightening, but after a while the medical records become more complete and the participants are much more articulate.

ABBREVIATIONS

SOAP: Subjective, objective, assessment, plan

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9.5. Profit Centers



BASICS

OVERVIEW

• To monitor ongoing operations in a veterinary practice, owners, administrators, and practice managers produce and review a variety of reports, including an assortment of income, expense, and production numbers.
• Although these reports have a lot of numbers, they do not necessarily provide much useful information to an owner/veterinarian.
• Monthly profit and loss reports do not tell all the relevant information about a practice's operations, especially if the practice records income when it is received and expenses when they are paid.
• There is generally a time lag between when costs rise and when a practice adjusts its fees. That time lag lowers profitability for as long as it exists. Some practices seem to have a permanent lag; they never quite get caught up, so even though revenue is rising, profits are falling.
• Practice management software produces reports showing production by doctor, by service code, average transaction charge, and may also track the cost and quantity on hand of drugs and supplies.
• Production reports do not track the actual expenses that relate to each category of revenue.
• Some practice management software packages can link with the hospital's general accounting system, but the complexity of doing so frequently outweighs the benefits, especially for smaller practices.
• Traditional reports do not allocate doctor and technician/nurse/assistant wages among service codes, so there is no way to know if you are recovering the cost of their time, especially in very labor-intensive procedures.
• Boarding revenue is not earned equally over the year, yet some level of kennel staffing is required all year long. How much kennel staff can the practice afford without raising boarding fees? Over the course of a year, does boarding actually add to the bottom line?
• Traditional reports will not tell you if your fees for individual kinds of services are actually covering your direct costs, especially the cost of drugs, supplies, and equipment related to those services.
• If you only have a profit and loss statement and production reports, there is no way to know which groups of services are contributing the most to your bottom line. Do you want to do more of all kinds of services, or will doing more of some cause you to lose more money?
• A well-designed profit center report will give you the missing information by bridging the gap between your practice management software and your general accounting system.

TERMS DEFINED

Production Report: Report produced by your practice management software which shows fees by service code; that is, surgery, examinations, vaccinations, retail sales, and so on.
Profit and Loss Statement (or Income Statement): Type of financial report that reflects income and expenses for a specific period; that is, a month, a quarter, or a year.
Profit Center Report: Report that tracks income from related service codes (e.g., all dentistry codes) and expenses related to producing that income (doctor and tech time, dental supplies, dental equipment, etc.), arriving at the profit (or loss) for those practice areas.



ISSUES AND OPTIONS

WHAT PRACTICES OUGHT TO BE MONITORING

• In 7.2 – Financial Statements, there is a list of information that practice owners and leaders should review at least monthly.
• Reports that show figures for the current month as well as the same figure categories for each of the prior months (the comparable month last year plus each month since then) are very useful.
• Where possible, view expense categories both as actual numbers and as a percentage of gross fees. Most find it much easier to compare percentages than actual numbers. For example, if nonveterinarian salaries were 19.8% of gross fees a year ago but in the current month they are 21.6%, further investigation may be in order. Why have salary costs risen faster than fee income?
• Monitor income and expense by profit center by generating a monthly profit center report. This is the missing report for most practices – the report they never see, yet practices likely have all the information needed to generate it. The easiest way to do so is (1) export the monthly profit and loss statement from your in-house accounting software (such as QuickBooks) into Microsoft Excel, (2) enter the production totals by service code into a spreadsheet, and then (3) run a custom Excel macro that allocates the expenses among the profit centers. Once the spreadsheet is set up, entering the production data takes less than five minutes, and the profit center report can be produced in-house using only two keystrokes.

CHOOSING WHICH PROFIT CENTERS TO TRACK

• General companion-animal practices usually track these profit centers:
  ◦ anesthesia
  ◦ dentistry
  ◦ diagnostics
  ◦ diets and retail
  ◦ examinations
  ◦ hospitalization
  ◦ laboratory
  ◦ pharmacy
  ◦ surgery
  ◦ treatment.
• Additionally, if boarding and/or grooming are provided, those should each be added to the list.
• Specialty, food animal, and equine practices use some of the same profit centers, but add additional ones relating to their specialty.
• Additional profit centers can be added as well, depending on which services you wish to track separately.
• Be careful to select no more than 10–15 profit centers in total, or the allocation of expenses will likely become too complex and the report will become less meaningful.

WHAT COSTS TO INCLUDE (AND NOT TO INCLUDE) IN A PROFIT CENTER

Expenses to allocate against the relevant profit center include:
• Doctor and technician salaries, wages, benefits, payroll taxes, continuing education (CE), uniforms, and similar costs.
• Drugs and supplies used during the month.
• The cost of diets and retail items.
• Equipment costs related to those service codes (prorated over the life of the equipment).

Though not all consultants would agree, consider *not* allocating rent, utilities, and management expenses against profit centers. Instead, offset the combined net income from all the profit centers by these overhead expenses. By doing so, the net profit for the month will tie to net income on your profit and loss statement, a good cross-check to ensure that no revenue or expenses were overlooked. In the short run, you cannot have much impact on overhead costs, so tracking them by profit center does not add a lot of useful information to assist in day-to-day management. The notable exception is boarding. Because boarding can occupy a significant portion of a facility, we suggest making a separate calculation that subtracts a pro rata portion of the facility costs (based on square footage) from the profit shown for the boarding operations on the profit center report. Such a calculation is

especially useful in determining whether or not to expand boarding services.

TRACKING REVENUE INFORMATION IN YOUR PRACTICE MANAGEMENT SOFTWARE

- At the time your practice management software was set up, service codes were selected to capture detail about fees and product sales. As a result, no two practices have an identical setup even if they are using the same version of the same software. That fact, combined with the number of practice management software packages available today, means that there is no standardization of service codes nor report titles to select and get monthly production information.
- In addition, many practices report income in their general accounting system (like QuickBooks) on the cash method, meaning that income is reported when the client pays for the services. The cash, checks, and credit card charges that make up the daily deposits are not broken down by service code, so most practices using the cash method of accounting simply report the total as "fee income."
- On the other hand, production software is, by definition, designed to track income on an accrual basis, meaning that income is recorded at the time the services are performed, and accounts receivable balances by clients are tracked to report income that has been earned but not yet collected from the client.
- As a result, the income that is included in a profit center report must be taken from the production reports and will, therefore, be reported on the accrual method of accounting. Only by using reports from the production system will income data be broken down by service code.
- Combining revenue figures from the production system with expenses from the general accounting system will probably offend most accountants on a theoretical basis, since the method of accounting may well be different. However, this report is not suggested as a representation of generally accepted accounting principles. Rather, it is a very useful tool for veterinary practices to monitor internally how well their fees are actually covering their expenses. (Over time, the differences between the various methods of accounting will even out anyway.)
- Since revenue figures for the profit center report will come from the practice management system, first review the service codes and report formats to see if modifications are needed. You may need to add some categories, and you might choose to combine some others in your veterinary software. This process provides a good review of why you set up those categories in the first place – are they giving you the information you want?
- You need to be able to run a report that provides the monthly revenue in the same categories as the profit centers you have chosen to track. The production report can show *more* categories than your list of profit centers (since you can combine some as you produce the report), but it cannot have *fewer* categories (since you would have no way to accurately break down the total).

HOW TO ALLOCATE EXPENSES FROM YOUR GENERAL ACCOUNTING SYSTEM

Whereas the revenue figures come from your practice management system, the source of the expense data is your general accounting system. At the time that system was set up, either by you or by your accountant, a chart of accounts was established. For many practices, that chart has been based on the American Animal Hospital Association (AAHA) Chart of Accounts. Recently, a group of veterinary management associations has developed the AAHA/VMG Chart of Accounts (which is available free).[1] But even if you use a totally different classification system, you can still produce a profit center report based on your financial records.

ALLOCATING DRUG AND SUPPLY COSTS

- Almost all practices have an expense category called drugs and supplies or something similar. They may have additional subcategories as well, but the data to track these kinds of expenses is already available for your practice.
- What you do not know, and could not easily track, is exactly how these drugs and supplies are used. That is, in which profit center are the fees recorded so that you can allocate the related costs to the same profit center?
- This category becomes even more complicated depending on how you record purchases of drugs and supplies. Many practices record the purchase of these items directly into an expense account, whether or not the items are used in the same month. If such items are bought periodically (but not monthly), then the expenses for a particular month may be very high (because a purchase was made), whereas the same expense in the next month might be zero (because the practice is using up the items bought previously).
- In addition, many practices stock up on seasonal medications, purchasing a six-month supply of heartworm or flea preventatives in a single month. Payment on that purchase might be deferred for many months, so some practices would record the purchase at the time the order was placed, and others would only record it when the actual payment to the vendor was made months later.
- Many other practices track these purchases differently. Instead of recording the purchase in an expense account, they record it as an asset called inventory. Assets are not shown on the profit and loss statement, so the purchase of inventory does not reduce net profit. Instead, these practices make an adjustment at the end of the month to adjust the inventory account to the amount actually on hand (according to the practice management system or an actual count), thereby recording an expense for the amount used or sold during the month.
- Periodically, but at least once a year, they actually count the inventory to verify that the practice management system reports are accurate and make any necessary adjustments at that time. This method is a better matching of revenue and expense, since the drug and supply costs are expensed as the items are used or sold, not as they are purchased.
- Over the life of a practice, both methods get to the same place – the practice starts with no drugs or supplies and ends with none. But meanwhile, the monthly profit and loss statements will look quite different.
- Either method will work for the purposes of the profit center report, but if the first method is selected then the practice's bottom-line profit will vary much more from month to month than if the second method is used. Readers of the resulting profit center report should keep that in mind.
- Not only is the purchase complicated, but the allocation of these costs among profit centers can be made very complex – so complicated, in fact, that the profit center report could never be generated because there would never be enough real data. That defeats the purpose of creating the report in the first place.
- Therefore, under either method, estimates must be used to allocate the costs. Orthopedic plates and screws might logically belong only in the surgery profit center, and lab supplies logically relate to diagnostics. But classifying other items by profit center may not be so easy. In small practices, the person responsible for ordering has a good idea where the various items are actually used. If so, having this staff member suggest the cost allocations may be the best solution. In larger practices, the person ordering the items has less information as to how the items are actually used than the technicians or doctors. If so, a team approach to estimating usage may produce a better result. No matter how the estimate is determined, it can be adjusted periodically if better facts become available.
- Finally, adding additional expense categories in the general accounting system may increase the accuracy of the report. For example, recording purchase detail in various subcategories such as items for retail sale, hospital supplies, vaccines, anesthesia, and so on may produce more usable detail for the profit center report.

9.5. Profit Centers

ALLOCATING SALARIES, WAGES, BENEFITS, AND PAYROLL TAXES

• Most practices are astounded when they see their combined monthly totals for salaries, wages, benefits, and payroll taxes; yet this is precisely why it is critical to know that your fees by profit center are actually covering these costs.
• One of the recommendations in both standardized Charts of Accounts is that salary expense be broken down by staff category; that is, owner(s), associates, technicians/nurses, veterinary assistants, receptionists, kennel workers, and administrative staff, or some similar grouping.
• Payroll taxes and benefits should be broken down into the same groupings or subaccounts. CE, uniforms, and similar people-related costs should be included in the cost of benefits that goes into the profit center report.

The best way to determine a proper allocation of these costs is to ask all practice employees, including doctors, to record their time by profit center for a two-week period. Most people, of course, resist this, but the process is actually quite enlightening for everyone. To get the most accurate and useful results, follow these steps:
• Select a two-week period that is fairly "normal." That means excluding weeks with holidays, CE, and vacations, if possible.
• Hold a staff meeting in advance and explain the purpose of a profit center report. Discuss why it will be useful information for the practice.
• Explain that all people-related costs will be allocated in the report on the basis of estimated time spent on each profit center by each employee classification (doctor, technician/nurse, etc.)
• Acknowledge that no one is 100% productive every day. Suggest that employees include a category called "downtime" or "available" or "administration" into which they put time that is not related to one of the profit centers. "Administration" or "practice management" can actually be set up as a profit center, although it will always have costs but no direct revenue. If administration is not set up as a profit center, the time allocated to these categories will be placed into general overhead expense at the bottom of the report.
• Encourage accuracy for the two-week period. Knowing whether a technician spends an hour and a half or 30 minutes on a particular dental task makes a significant difference in the final allocations.
• Plan to report back to the staff on the results of the two-week survey. Not only does the survey generate the information for the profit center report, but it frequently uncovers inefficiencies in hospital procedures. Often, barriers to efficiencies or work being performed at the wrong staff level will be discovered and can be corrected almost overnight.

ALLOCATING EQUIPMENT COSTS

• Some practices have a bad habit of buying expensive equipment and then not getting the training to use it efficiently and effectively. In a perfect world, a practice would analyze the cost/benefit and determine how many procedures need to be performed over a given period of time for the equipment to pay for itself.
• In the absence of that pre-purchase analysis, the profit center report helps a practice match the actual equipment cost against the related revenue.

Two equipment issues are relevant:
• Which equipment should be allocated to the various profit centers and which equipment should be treated as part of general overhead?
• For equipment to be allocated to specific profit centers, what allocation method is appropriate?
  ◦ Most practices allocate only specialized equipment to profit centers, leaving the rest in general overhead. For example, ultrasound equipment might be allocated to the diagnostic profit center and an air abrasion system might be allocated to the dentistry profit center.
  ◦ The hospital's computer system, however, would likely not be allocated to any profit center; instead, its cost would remain in unclassified overhead expense.
  ◦ Determining the allocation of equipment costs is more difficult than deciding which equipment to track in which profit center. Practices tend to acquire equipment in one of two ways: purchase or lease. If the equipment is *purchased*, its cost is expensed over a number of years, with the method and life determined by current tax law. That expense is shown each year as "depreciation" on the practice's profit and loss statement. However, depreciation is computed at year-end by the practice's tax preparer, so those figures are frequently not available during the year as the monthly profit and loss statement is generated. If you ask, however, then your accountant can give you a report showing an estimate of the current year's expense.
  ◦ Another issue is that current tax law allows practices to write off the cost of certain equipment in the first year, rather than depreciating it over several years. That reduces income tax, but distorts net income from one year to the next.

Purchased Equipment

For purchased equipment, the easiest way to get the appropriate expense into the profit center report is as follows:
• Estimate the equipment's useful life – how long will it reasonably last and be productive? Some practices use a 10-year life for all equipment under the theory that, even if it still works 10 years from now, there will be a newer and more efficient model available then.
• Divide the cost, including sales tax and delivery/installation charges, by the useful life determined above.
• Record 1/12th of that amount as depreciation expense each month during the year. (Ask your accountant how to record this entry on your accounting system.)
• At year-end, your tax preparer will reverse these entries and substitute the actual tax depreciation amount prior to preparing your income tax return. However, for each month during the year, you will have recorded a reasonable estimate of the cost of that equipment for profit center purposes.

Leased Equipment

If the equipment has been *leased* rather than purchased (even if you will only pay $1 at the end of the lease to "buy" the equipment), you should ask your accountant how the lease should be recorded.
• Many practices simply record the monthly payment as "equipment lease expense," which is shown as an expense on the practice's profit and loss statement.
• Although the life of the lease is probably shorter than the life of the equipment (thereby artificially reducing net income during the term of the lease), most practices simply allocate the lease payment to the appropriate profit center or to general overhead.
• On the other hand, if your accountant suggests that you record the lease as a purchase, he or she will give you the appropriate entries to make to record the cost. You would then compute depreciation expense as already explained.



EXAMPLES

N/A



CAUTIONS

N/A

9.5. PROFIT CENTERS



MISCELLANEOUS

- For most practices, owners are being provided with operating data from several sources, but with no way to see the larger picture. A profit center analysis bridges the gap between the general accounting system and the veterinary practice management software.
- By combining data from each of these sources, owners can monitor which services are contributing to the bottom line and identify those areas where fees are not keeping up with expenses. As a result, these owners can make better business decisions and can react in a more timely way to changes in their practice's costs and service mix.

ABBREVIATIONS

AAHA: American Animal Hospital Association
CE: Continuing education

References

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Recommended Reading

N/A

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9.6. VALUE-ADDED ANALYSIS[1]



BASICS

OVERVIEW

• For discretionary expenses, consumers will pay fees that reflect the real or perceived value of the service. For commodities, the price is typically dictated by supply and demand. It is therefore in the best interests of veterinary practices to deliver value in the services they provide, so that clients will be prepared not only to pay for the costs incurred in offering the services, but also a premium based on the value added during the process.
• Value added is actually independent of cost, in contradistinction to a commodity. Consumers spend money on fads, sporting events, entertainment, and luxury items at rates far above cost recovery. They willingly pay a premium because they perceive a value in the purchase that far exceeds the costs involved.
• Companion pet healthcare involves the provision of veterinary services to animals whose worth to their owners far exceeds any monetary value of the animals themselves. Similarly, the care provided to those animals is a value-driven expense, and one not necessarily limited to the laws of supply and demand. Veterinary practices should concentrate on delivering value to pet owners and are entitled to fair compensation to reflect the value added. The value added in any transaction can be assessed with a value-added analysis.
• In creating service offerings for clients, a hospital builds on the value proposition that clients will directly benefit from such intervention in a win–win scenario.

TERMS DEFINED

Commodity: Product that is interchangeable with another product of the same type. The price is a function of supply and demand.
Economic Value Added: Monetary value of an entity at the end of a time period minus the monetary value of that same entity at the beginning of that time period; that is, after-tax earnings minus the opportunity cost of capital.
Value Added: The increase in real or perceived value of a product or service is the value to the client after intervention less the value before the intervention. For example, "value added" might reflect the difference between when an animal is ill versus its value when it has returned to health.
Value Proposition: The assurance that value will be delivered in an offering, and the customer's belief that value will be experienced.



ISSUES AND OPTIONS

VALUE CHAINS

Value chains represent all opportunities for adding value: from first identifying the client's need until postservice care. At any point along the chain, value can be added from a variety of stakeholders, including staff, pharmaceutical companies, laboratories, specialty hospitals, veterinary associations, and marketing efforts. By looking at the different access points along the value chain, it is possible to imagine all the different places at which we and our stakeholders can add value to the proposition. The chain just constitutes a visual representation of the situation so that solutions can be more easily recognized (Figure 9-6-1).

VALUE RARELY DEPENDS ON GADGETRY

• Operating a veterinary hospital is an expensive undertaking, but value added is mostly independent of cost. Clients expect that veterinarians will advise them of the best care for their animals; they rarely want to get involved in the particulars of how this is best accomplished. For example, clients have little interest in selecting the type of suture material that will be used in a procedure. They rely on the expertise of the veterinarian that an appropriate product will be selected, and that the fee they are quoted reflects the use of appropriate materials. Similarly, they expect that their veterinarian will spare their pet pain in the process. Most clients are appalled when pain management is offered as a fee-based option, wondering if the veterinarian would otherwise allow their pet to suffer if they elected not to pay for pain medication.
• Clients are not interested in paying for equipment; they pay for the care given to their pets. There is a tendency for veterinarians to acquire equipment with the notion of creating additional profit centers, but this does not always make sense from a value-added perspective. There are typically many cheaper and less labor-intensive ways of delivering value to clients and having them willingly pay for the service.
• For example, some large pharmacies use a pharmaceutical dispensing machine that will count and dispense medications with fewer errors than pharmacy technicians do. However, the cost of the machines would add significantly to the cost of clinic prescriptions. Would clients pay a premium to have their medications dispensed by a machine? The likelihood is that they would not; clients pay for value, not equipment.
• It is also important to realize that value is interpreted by the individual, and there may be many different components to their assessment of value. For example, in addition to quality of care, which is a basic assumption in most peoples' minds, value can also be functional (saves time, reduces risk, reduces effort), emotional (reduces anxiety, provides wellness or therapeutic value), or can be life-changing (provides hope, specialized care, end-of-life care). All provide value to clients, but not necessarily in equal measure.

THE VALUE-ADDED ANALYSIS

To correctly perform a value-added analysis, it is necessary to think like a consumer, not necessarily a healthcare professional. The analysis is performed by evaluating any hospital process and breaking down the processes into the following three activities:
• client value-adding activities (CVAs) – those activities that provide value to clients;
• medical value-adding activities (MVAs) – those activities that are medically necessary from a medical or hospital perspective;
• nonvalue-adding activities (NVAs) – those activities that are neither medically necessary nor perceived as adding value from the perspective of the client.

The goal of such an exercise is to maintain or enhance the CVAs, minimize the MVAs to those that are truly necessary, and try to eliminate the NVAs as much as possible. The analysis may suggest changes that both cut costs and increase value, for which clients may be prepared to pay a premium. At a minimum, there should be increased profit by decreasing unnecessary costs.

CALCULATIONS

There are many complicated methods of calculating the economic value added (EVA) in a procedure, some of this involving complex calculus. However, incorporating the cost of capital into a return on investment (ROI) calculation is at the heart of EVA. For example, if a $40,000 investment led to a return of $8,000 in benefits after all costs were deducted, then the ROI would be calculated as

$$\text{ROI} = \frac{\$8{,}000}{\$40{,}000} \times 100 = 20\%$$

[1] Some material was reproduced with permission from Ackerman, L.J. *Business Basics for Veterinarians*. ASJA Press, New York, NY, 2002.

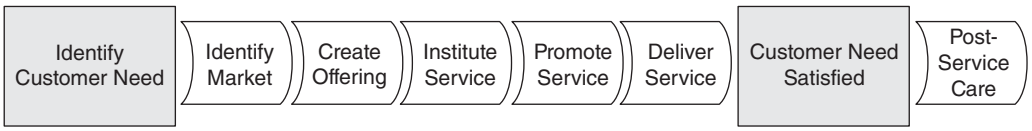


Figure 9-6-1.

A veterinary value chain. *Source:* Ackerman, L.J. *Management Basics for Veterinarians*, ASJA Press, New York, NY, 2002. Reprinted with permission.

The EVA requires including the cost of capital. If that rate is 10% in our hypothetical example, and the net operating profit after taxes (NOPAT) is the same $8,000, the EVA can be calculated as

$$\begin{aligned}\text{EVA} &= \text{NOPAT} - (\text{Capital} \times \text{Cost of Capital}) \\ &= \$8{,}000 - (\$40{,}000 \times 10\%) \\ &= \$4{,}000\end{aligned}$$

Now, ROI = ($4,000/$40,000) × 100 = 10%.

EXAMPLES

ABC Veterinary Hospital had their management consultant perform a value-added analysis on a procedure that has remained relatively unchanged for years, and one that has only been marginally profitable at best: the canine ovariohysterectomy. The analysis revealed some facets of the procedure that could be altered to be more profitable and provide additional value for clients. There were also nonvalue-added components that could be removed, saving money without compromising the value to clients.

ABC Veterinary Hospital routinely admitted animals for ovariohysterectomy and charged a comparable amount to other veterinary hospitals in the area, but significantly less than for other abdominal surgeries. They had previously considered several options for this procedure, including charging a premium to accomplish the procedure with high-energy surgical modalities. In a survey that was done, clients valued several aspects of the existing procedure: that the pet be spared as much pain as possible, that it not be a bad experience for the pet, and that the pet be returned to the owners as soon as possible. Several owners who completed the survey actually wanted to be with their pet until the last possible moment, and to be there when it was waking up, and then take it home as soon as possible.

The consultant sought to maximize the client value-added activities, keep the medical value-added activities to those required for the procedure, and eliminate as many nonvalue-added activities as possible. The most evident nonvalue-added activity seemed to be the overnight hospitalization that was recommended to pet owners for the pet's safety. However, it was apparent that there was no staff present overnight to monitor the pets postsurgically, so it was questionable how much value was added. In fact, if owners realized that their pets were left alone in a cage all night following surgery, it would have a potentially very negative impact on the value being delivered. Regarding medical value-added activities, clients did not really care if the veterinarian selected isoflurane over sevoflurane, staples over sutures, or laser over radiosurgery or scalpel, as long as the outcome for the pet was similar. The doctors in the hospital decided on a protocol that was both safe and economical. Preemptive analgesic regimens were instituted, and pain management was continued intraoperatively and postsurgically.

To augment the client value-added activities for owners, several changes were instituted. Owners were allowed to either drop off their pets early in the morning at the surgery, or stay with their animals until they were admitted for surgery. For those owners who elected to stay, they were allowed to remain with their pets until it was time for the pet to be "prepped" for surgery. Because the alternative would have been for the pet to be placed in a cage, this was a good compromise for both parties. Following the procedure, an attendant whose job it was to keep the pet quiet and comfortable would personally "recover" the pet once it was awake enough to safely return it to the owner in a multipurpose room. The attendant would then check on the pet and owner every 5–15 minutes. Later in the day, the pet was discharged as a day-surgery patient. A waiver had been prepared and the owner agreed to monitor the pet closely at home over the next 24 hours, and to go immediately to the emergency clinic if there were any problems.

The change in protocols actually saved the hospital money, especially in terms of hospitalization, and the clients who selected the service happily paid a significant premium for the day surgery and personal recovery (see 9.3 –Standards of Care and Care Pathways).

CAUTIONS

Value is a personal interpretation, and value analysis is different in each practice and each region of the country. What clients consider value added in one practice may not be value adding in another.

MISCELLANEOUS

The veterinary community is slow to welcome change, but there are those outside the industry who are always seeking to provide value to pet owners that veterinarians fail to recognize, and to profit from that advantage. Pharmacies that provide medications to pet owners at significantly lower cost than veterinary hospitals are only the latest to reflect CVAs for pet owners that have been largely ignored by the veterinary profession. In this instance, retailers were quick to seize an opportunity in which some veterinary hospitals were providing commodities at premium prices, without being able to differentiate their products and prices from those made available by others.

ABBREVIATIONS

CVA: Client value-adding activity
EVA: Economic value added
MVA: Medical value-adding activity
NOPAT: Net operating profit after taxes
NVA: Nonvalue-adding activity
ROI: Return on investment

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N/A

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9.7. CONTINUOUS QUALITY IMPROVEMENT



BASICS

OVERVIEW

• Continuous quality improvement (CQI) is a management approach used to enhance quality.
• The management approach is applied to processes within a hospital.
• It involves teamwork to develop and to improve the systems and processes.
• "Continuous" implies that it is a never-ending process.
• Application of CQI results in incremental improvements in quality. CQI is about making changes. It is not about settling for the status quo.
• CQI is applied to problematic processes to improve upon them. It is also applied to processes that appear to be functioning adequately.
• The goal of CQI is to improve processes for both internal stakeholders (employees) and external stakeholders (clients and patients).
• CQI implementation assists hospitals with meeting and exceeding client expectations.
• The end result of CQI is improved quality of patient care.

TERMS DEFINED

Continuous Quality Improvement (CQI): Method of continuously examining processes and making changes to them to make them more efficient and effective. It is a team approach to improving quality.



ISSUES AND OPTIONS

• CQI was first introduced and applied to businesses outside of healthcare.
• CQI requires an understanding of the processes and the systems that result in poor quality.
• It also requires an understanding of the processes and systems that do not appear to contribute to poor quality but that can be improved through the application of CQI.
• It does not put blame on an individual for poor quality.
• CQI identifies a poorly designed process or system as the cause of poor quality, and/or it identifies a process or system that can be improved to further enhance quality.
• CQI can be applied to any process within a hospital (medical, surgical, administrative, etc.)
• The definition of quality varies depending upon the stakeholder involved – the veterinarian, the hospital manager, the client.
• Veterinarians are more likely to define quality in terms of clinical quality. Examples: disease management, medical errors, surgical errors, and cure rates.
• Hospital managers may define quality in terms of administrative outcomes. Examples: employee turnover and financial results.
• Clients are more likely to associate quality with quality services. Examples: waiting times and communication.
• A hospital's quality improvement efforts should consider the definition of quality from the perspective of all the stakeholders involved.

BENEFITS

• Today, veterinarians are more aware of how important service quality is to their clients. CQI principles can be applied to processes to improve service quality and, ultimately, client satisfaction. Clients who perceive a quality service are more likely to remain loyal to the practice and are more likely to make referrals.
• CQI can be applied to processes to decrease costs and thereby improve profitability.
• Medical errors, surgical errors, patient record errors, lab errors, and administrative errors can be reduced by applying the principles of CQI to the processes resulting in the errors.
• Competitive advantages can be gained by a veterinary practice that implements a quality improvement program. Practices that track and measure data pertinent to quality are able to demonstrate to clients and potential clients their ability to provide quality care. This information can be used to market a practice and distinguish a practice from competitors.

CQI IMPROVEMENT MODELS

There are many models used to organize a quality improvement project. The FOCUS–PDSA model will be discussed here.
• FOCUS is an acronym for:
  ◦ Find a process to improve
  ◦ Organize a team for the improvement project
  ◦ Clarify the problem and current knowledge of the process
  ◦ Understand process variations
  ◦ Select improvements.
• PDSA is an acronym for
  ◦ Plan
  ◦ Do
  ◦ Study
  ◦ Act.
• The PDSA portion of the model is a repetitive cycle.



EXAMPLES

CONTINUOUS QUALITY IMPROVEMENT USING A FOCUS–PDSA MODEL

FOCUS

1. Find a process to improve.

• Continuous quality improvement begins by identifying a process that can benefit from improvement. Focus on problematic processes first. Quality improvement involves a commitment to continuous improvements, allowing for other nonproblematic process improvements to be addressed and enhanced in the future.
• Brainstorm with staff to help identify processes that can be targeted for improvement:
  ◦ Is there a trend in client complaints?
  ◦ Do the financial statements indicate any problem areas?
• Identify areas that do not add value from the employee's perspective – time spent looking for technician assistance, finding lost files, and deciphering doctor's handwriting, for example.
• Survey your clients to determine areas for improvement.
• Identify areas that do not add value from the client's perspective – waiting on hold on the telephone, waiting for lab test results, or not understanding the medical jargon used by the doctor.
• Other examples:
  ◦ Clinical quality. Higher than normal postsurgical complication rates; for example, doctors providing treatment for animals that do not have an accurate diagnosis, inaccurate diagnoses resulting in readmissions, or vaccine protocols involving unnecessary use of vaccines in pets.
  ◦ Administrative/management quality. High employee turnover, declining doctor productivity.
  ◦ Service quality. Increasing numbers of client complaints involving higher than average waiting times, or communication problems.
• Evaluate the list of potential improvement projects by:
  ◦ Benefits anticipated.
  ◦ Cost to improve.
  ◦ Resources to improve them.
  ◦ Start with a small project that can be easily addressed. For the purposes of this example, we will assume the problem to be a 25%

9.7. CONTINUOUS QUALITY IMPROVEMENT

Receptionist books appointment ⇨ receptionist admits patient ⇨ pre-anesthetic examination ⇨ anesthesia ⇨ surgery ⇨ recovery ⇨ patient discharge

Figure 9-7-1.

Flow chart of the process related to increased surgical complications associated with routine spays and neuters.

increase in surgical complications following routine spays and neuters.
2. Organize the team.
• The project team should consist of employees who are knowledgeable about the process and/or will be affected by improvements in the process.
• Ideally, the team would be made up of a mixture of veterinarians, technicians, front-line support staff, and management.
3. Clarify the problem.
• Clarify current knowledge.
  ◦ The team should develop a list of possible reasons for increased surgical complications, such as:
    ▪ preexisting health problem
    ▪ pet's age
    ▪ lack of communication at discharge
    ▪ sterilization unit
    ▪ surgical technique.
• Conduct more research.
  ◦ A search of the literature may lead the team to more possible causes of surgical complications. For example, a literature search may discover surgical site preparation processes that reduce complications or may reveal a particular suture material that is associated with increased complications.
4. Understand variations and analyze the data.
Develop a flowchart of the process from beginning to end. The team can then evaluate the process in detail and identify problem areas.
• For example, a simplified flowchart of the process related to increased surgical complications associated with routine spays and neuters is shown in Figure 9-7-1.
• Analyze the cases that resulted in surgical complications and develop a list that identifies where problems related to surgical complications are occurring at the various stages of the process:
  ◦ surgical preparation techniques are out of date;
  ◦ older animals and obese females who appear to be at greater risk are being discharged with the same communication information as younger animals.
5. Select improvements.
• The surgical preparation process needs to be changed.
• The discharge communication and follow-up with animals that are older and/or obese needs to be changed.

PDSA cycle

The PDSA cycle is a method to test a change to a process that has been targeted for continual quality improvement.
1. Plan.
• The objectives of the test should be stated; for example, "To determine if changing the surgical preparation process and the discharge communication will decrease the number of surgical complications."
• The plan should answer who, what, when, where, and how the test will take place:
  ◦ Determine who will be responsible for developing written communication regarding the new surgical preparation process and the discharge communication. Determine a timeline.
  ◦ Determine who will be responsible for educating staff on the topics. Determine a timeline.
  ◦ Determine who will be responsible for implementing the surgical preparation process and the client discharge communication.
• Determine what data will be collected; that is, the number of surgical complications from the start date of implementation of the test.
2. Do.
• The plan is executed by the team.
• If possible, the plan is executed by the team on a small scale before it is implemented throughout the hospital.
• Document any problems with the change.
3. Study.
• The team measures the results of implementing their plans over a period of time to determine whether or not the plan is successful. Did the number of surgical complications decrease?
• Evaluate the problems that arose because of the changes.
4. Act.
• Given the problems that arose and the results of the test, determine what modifications, if any, are needed to the process.
• Begin the cycle over, starting with the preparation of a plan.



CAUTIONS

N/A



MISCELLANEOUS

The Institute for Healthcare Improvement (www.ihi.org) provides another model for healthcare improvement. The organization is an excellent resource for practices committed to continuous quality improvement.

ABBREVIATIONS

CQI: Continuous quality improvement
FOCUS: Find a process to improve. Organize a team. Clarify the problem. Understand process variations. Select improvements
PDSA: Plan, do, study, act

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9.8. Digital Imaging Systems in Practice



BASICS

OVERVIEW

- Purchases of diagnostic imaging equipment constitute one of the largest capital outlays in many veterinary practices. This may include radiography systems and ultrasound equipment.
- New imaging equipment can increase quality of patient care while increasing ease of image storage and communication.
- Diagnostic images in veterinary practice are moving more and more away from analog (traditional) format and into digital format.
- All new imaging systems are capable of capturing digital images. One must ensure the capability of the system to store, transmit, and allow communications between equipment.
- A practice will need to develop and implement infrastructure to manage and maintain these digital imaging systems.

TERMS DEFINED

Charge-Coupled Device (CCD): Similar in function to a digital camera; light is detected and focused with lenses onto a computer chip, which generates the digital image.

Computed Radiography (CR): Similar in function to traditional film screen radiography; the image is captured on photostimulable storage phosphor and read by a separate machine to produce the digital image.

Digital Imaging: Any imaging that captures image data in a digital format, for storage, manipulation, viewing, and distribution. All imaging modalities are capable of producing digital images, either inherently or through analog-to-digital converters built into their hardware.

Digital Imaging and Communications in Medicine (DICOM): Image standard that allows communication between image capture devices, viewing software, storage, and print devices.

Digital Imaging Viewing Software: Image interpretation software that allows for viewing, manipulation and comparison of digital images. This will integrate with, and may be built into, a picture archiving and communications system (PACS).

Digital Radiography (DR): A term often used to encompass all methods of digital radiograph image capture. When used in this manner, it may include CR, CCD systems, and image capture with digital panel systems. DR is also used to refer more specifically to the latter of these (CCD and digital panel systems).

Picture Archiving and Communications System (PACS): A system that stores, distributes, and may be involved in viewing of digital images.

Radiology Information System (RIS): System that integrates hospital management software with PACS and viewing software.



ISSUES AND OPTIONS

Three distinct radiographic image capture modalities produce digital images. These include CR, CCD DR, and panel DR imaging systems (Table 9-8-1).

- CR systems are most similar to traditional film-screen radiography:
  - Images are captured on plates that are the same size as traditional radiography cassettes. This allows easy integration with current radiography tables. Also, imaging plates can be distributed and shared among multiple radiography tubes/tables.
  - Similar to film-screen radiography, a latent image is stored on the imaging plate (photostimulable phosphor).
  - This must be processed in an image-processing machine to generate the digital image. This machine also erases the plate and prepares it to capture the next image. This process takes between 45 and 120 seconds.
  - Cheapest of the digital systems: $10,000 to $40,000 (2017).
  - This is the only system that requires the intermediate, manual, processing step.
- CCD DR systems are similar in function to a digital camera.
  - When exposed to x-rays, a scintillator built below the table generates light, which is focused with lenses or fiber optics onto a CCD silicon chip. The light is captured and a digital image is produced.
  - Cost and size of CCDs have been the limiting factor for image quality, though improvements to both have increased image quality to a level and price point that is acceptable for general practice.
  - Mid-range cost is $30,000 to $850,000 with table, tube, and generator (2017).
  - Because of the lenses and optics involved, these systems are often sold as a package with radiographic tables, tubes, and generators. They are difficult to impossible to retrofit into an older table.
  - Image quality depends on CCD and lens quality, as well as the image capture and processing software. There is more variability in image quality between CCD systems than may be present between panel DR systems.
- Panel DR systems:
  - When exposed to x-rays, a scintillator in the panel generates light that is captured, or the panel directly detects x-ray energy, and a digital image is produced.
  - Highest initial start-up costs are $65,000 to $110,000 (2017).
  - Image quality is high, and it continues to improve.
  - Can often be retrofitted to existing table, tube, and generator.
- Ultrasound continues to become more and more prevalent in veterinary practices.
  - Systems range widely in quality, function, and price.
  - Typical new systems range from $25,000 to $100,000 (2017), depending upon the number of transducers and functions of the machine.
  - Refurbished and used systems can be obtained from $5,000 to $25,000 (2017).
  - A basic system should include two transducers, color flow Doppler capabilities, and have software for abdominal and cardiac imaging.
  - Imaging short courses are available (admission is often included in machine purchases) for basic training.
  - Imaging common disease entities (effusions, masses, bladder pathology, etc.) can improve patient care and add value to the practice.
- PACSs are the backbone of image storage, distribution, viewing, and manipulation.
  - PACSs range from free software on a desktop computer to server racks with duplicative storage and backup, to cloud computing solutions with offsite image storage.
  - The main functions are to store images for medical records, retrieve images from storage, receive and distribute images from image capture devices.
  - Additional functions, which can be achieved with independent software, include image viewing and manipulation for diagnosis (typically on a workstation dedicated to this function).
  - The complexity of the PACS should reflect the practice needs. A single-doctor practice with one radiography system may only require a simple PACS, which may be maintained by the practitioner or a staff member. Conversely, a 10-doctor practice with multiple exam rooms (viewing stations), multiple imaging modalities (DR, ultrasound) may require a robust system that integrates with current practice management software. This system may require onsite or offsite technology support.
  - PACSs and their component modalities communicate via an image standard known as DICOM. This standard integrates hospital data,

Table 9-8-1. Comparison of CR, CCD, and panel DR.

	CR	*CCD*	*Panel DR*
Ease of integration with current radiography table and generator	Easy	Difficult to impossible to retrofit table	Moderate
Cost	$	$$	$$$
Speed	Similar to film-screen (1–2 minutes per image)	1–2 seconds to image	1–2 seconds to image
Flexibility (use with multiple tubes, horizontal beam, etc.)	+++ Same as traditional	–	+

patient data, and image data into a standard format that allows communications between equipment and viewing software. Not all machines are DICOM compliant. DICOM conformance statements are available from vendors of equipment and should be evaluated closely prior to purchase.
  - PACSs may integrate with practice management software through an RIS. This may allow for scheduling, and basic image storage and viewing within practice management software.
- Advantages of DR over film-screen radiology include:
  - Speed. Decreased technician time, particularly evident with retake images.
  - Equipment. No need to maintain film processor/darkroom.
  - Film storage. Eliminates physical storage needs. Cost of digital storage is minimal.
  - Film retrieval. No loss of films; no need to mail films or send out to referral practices.
  - Consultation. Eliminates obstruction (mailing, delay, etc.) in obtaining imaging consult from specialists.
  - Image manipulation. Images can be magnified, contrast can be adjusted, and processing algorithms may be applied to increase lesion conspicuity and diagnostic yield.
- Disadvantages of DR:
  - Cost. Potentially high start-up costs compared with film-screen; high cost to convert in established practices. High cost of maintenance and service.
  - Infrastructure. May need significant upgrades to workstations, networks, and current radiography equipment, as well as information technology (IT) support staff.



EXAMPLES

N/A



CAUTIONS

There are a number of "hidden" costs that practitioners often fail to account for, and vendors are reluctant to divulge, when purchasing imaging equipment.

COSTS OF IT SUPPORT

Often, an in-house or remote IT support group is necessary if managing a large network. If a large network, and support infrastructure already exists in the practice (for hospital software and hardware), increased costs may be minimal.

COST OF REPAIR AND MAINTENANCE

Annual preventive maintenance and repair costs may be significant. It is not uncommon for a minimum charge for a service call of $500 (2017). In remote areas, practices may need to cover travel expenses. Service contracts may cover these costs.

COSTS OF SERVICE CONTRACTS

Cost of repair on equipment requires special expertise, and often vendor-specific parts. These costs mount quickly if equipment is not covered under service contract. As such, most facilities carry service contracts, either through vendors or independent contractors, once manufacturer warranties expire. These may cost $2,500 to $15,000 per year (2017), depending upon the equipment.

Making the decision to go forward with capital expenditures of this magnitude can be intimidating. A number of resources are available to aid in the decision-making process:
- Seek reputable equipment and sales team. Ask for a list of practices that use the system, and then ask other practitioners if they are happy with their systems.
- Seek equipment that can be repaired and maintained in your area. Ask for the name of the service provider and speak with them.
- Many veterinary radiologists offer a consultation service when purchasing equipment. Often, they are familiar with many brands and have seen the quality of images produced. Additionally, they may be familiar with terms of a sales contract that can otherwise seem confusing. Local radiologists can be found on the American College of Veterinary Radiology website at www.acvr.org.



MISCELLANEOUS

ABBREVIATIONS

CCD: Charge-coupled device
CR: Computed radiography
DICOM: Digital Imaging and Communications in Medicine
DR: Digital radiography
PACS: Picture archiving and communications system
RIS: Radiology information system

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N/A

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9.9. LABORATORY CONSIDERATIONS



BASICS

OVERVIEW

It is commonplace today for veterinary clinics to provide in-house laboratory testing. The extent of this testing varies as new and advanced equipment and tests periodically become available. In veterinary hospitals that make full use of these laboratory testing skills, the healthcare team will perform complete blood counts, differential counts, and morphologic examinations of blood. They perform urinalysis, including examination of urine sediment, and fecal analysis for evidence of parasites. Additionally, veterinary teams are trained in the use of enzyme-linked immunosorbent assay test kits, dextrometers, refractometers, and dry chemistry analyzers. Also performed in hospitals are common cytologic preparations, such as ear swabs and vaginal smears.

Hospitals that have the capability will oftentimes run everything in-house. Other hospitals find they use their laboratory primarily for emergency/critical care purposes. Essentially, all clinics find it necessary to utilize a blend of both their in-house laboratory and a reference laboratory to meet the needs of their clients.

The decision for a veterinary practice regarding which tests should be run in hospital and what is the appropriate mix of in-hospital versus reference laboratory is dependent on a variety of factors. Once these factors are understood and researched it becomes easier to make an appropriate decision on the mix. The decision should be made by the veterinary team as a whole and should be based upon practice philosophy, culture, practice setup and size, skill set of the team, and the results of researching the issue.

TERMS DEFINED

In-House Laboratory Services: All laboratory testing that can be readily completed at the hospital by the hospital team: chemistry profiles, complete blood cell counts, urinalysis, intestinal parasite testing, cytology, in-house testing kits, and so on.

Integrated Diagnostic Systems: Diagnostic tests that are linked to practice software; often entering the diagnostic code will both order the test (in-house or outside) and input the charge for the test. Results typically are downloaded into the medical record and manual entry is not required.

Real-Time Laboratory Testing: Laboratory testing performed at the hospital (in-house), by the hospital team, for immediate results.

Veterinary Reference Laboratory: A laboratory that performs comprehensive diagnostic testing for veterinary medicine.

Workflow Dynamics: How the flow of work is organized to occur at the business place/hospital. This may or may not be the most efficient; the status quo is often evaluated to come up with a process that might lead to better efficiencies or better customer service.



ISSUES AND OPTIONS

Deciding the correct mix of laboratory services for a particular practice involves the veterinary team. Careful and detailed consideration should be given to the following advantages and disadvantages.

IN-HOUSE LABORATORY SERVICES

Advantages

Significant advantages to in-clinic testing exist. One advantage is rapid turnaround time, consequently improving client satisfaction by eliminating the need to delay treatment or surgery until results are received from a reference laboratory.

Additional advantages include the following:

- potentially lessening preanalytical errors associated with the transportation of samples;
- providing an additional source of revenue for the clinic;
- increased integration of biochemical profiles into presurgical screens, geriatric screens, and routine health maintenance examinations;
- improved team morale, as they utilize their skills for which they were educated and trained to do.

Disadvantages

Disadvantages associated with in-hospital testing include the costs necessary to purchase the laboratory equipment and subsequently maintain adequate stock of reagents, the need to perform quality control (QC) testing, and the need for additional staff time to properly perform assays in the laboratory.

QUESTIONS TO CONSIDER

Accuracy

A majority of clinics rely on in-house testing for critical care/sick pet visits because they need quick answers. But are these results as accurate as they would be if they were sent to the reference laboratory? How do they compare? Can you expect an in-house laboratory station to get as good results as those performed by a reference laboratory? Does the QC of an in-house laboratory compare with that of a reference laboratory?

- There is not much dispute that blood chemistry results run in-house or at the outside laboratory yield comparable results. In-house, however, may have limitations on the scope of available tests and panels.
- Hemogram results from the reference laboratories likely yield more reliable results on a consistent basis.
- Regarding results for fecal and urine samples, preparation, handling, and experience of the reader have a big impact on the final result.
- The reference laboratory provides a degree of QC on these samples; in-house, this is more likely to be variable and also would be expected to vary depending on how reliably the equipment is calibrated.
- Overall biggest areas of discrepancy/reader error are hematology and tests that require use of the microscope.

Efficiency

Veterinary hospitals have to consider the issue of efficiency and any potential impact this will have on customer service. The question to consider is how performing laboratory services in-house impacts your clinic's efficiency versus sending out your samples to a reference laboratory.

The Argument for Sending to a Veterinary Reference Laboratory

Many clinics see the value (timewise) of sending out routine wellness tests: blood, urine, and stool. If the patient does not have a pressing medical concern, does it not make sense to send testing that is not time sensitive to a reference laboratory?

- The results from these tests are not crucial and not time sensitive, so sending them to the reference laboratory saves valuable staff time.
- Clinics that prefer using a veterinary reference laboratory believe it is efficient, and a good use of team and client time.

The Argument for In-House Testing

Based on the previous discussion and the touting of efficiency, why is there a growing body of practices that prefer real-time testing and immediate results? Although the majority of clinics outsource routine laboratory work, there is a small but growing percentage of clinics that prefer processing results immediately with clients present. These practices see major advantages to this:

- They find it efficient to run almost all laboratory work in-house because they can provide the client results right away, explain the results, and educate clients as needed.

• They feel there is much value in this approach, as the client can readily discuss results and better understand the purpose of the tests performed.
• When results are available right away the doctor does not need to reconnect with the owner to discuss them and does not need to leave messages the client may not understand or may misinterpret.
• For preanesthetic laboratory testing, the pet can be admitted and the laboratory work performed prior to anesthesia. This is convenient for the client and provides current results for the clinician.
• When practices have invested heavily on in-house laboratory equipment, they can only achieve cost efficiency by running as many samples as possible through that equipment.
• Advances in technology are making the real-time approach more feasible and realistic for many clinics. The new analyzers often use minimal amounts of blood, require minimal preparation, have faster turnaround time (5–10 minutes), and have the potential to run multiple samples at one time.
• Practices that fully embrace this approach may have all samples collected from pets before the doctor sees the pet, and results are ready before the pet leaves.
• Clinics that focus on workflow dynamics prefer the efficiency of this system; if a problem is detected, medication or treatment can be provided at the time, rather than inconveniencing the client to return and potentially letting a problem linger.
• It is also often much easier for the team or doctor to educate clients when they are there and can see the actual results.
• Another benefit and time saver is that if laboratory testing and reports occur on a real-time basis, then there are not inefficiencies associated with reviewing accumulated patient laboratory work, remembering the specifics of each case, and then telephoning the clients to discuss the results.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

BEST MIX FOR YOUR HOSPITAL

Many factors influence the proper mix of in-house and outside laboratory services for a practice.
• Many clinics believe sending out all laboratory tests except critical care cases makes sense, as this approach keeps the client flow running smoothly and allows the team to focus on the client rather than running tests. Furthermore, it is cost effective for the clinic and client, allows for expanded testing, and is very accurate. Laboratory results are typically downloaded directly into the client's medical record, if the system is fully integrated.

In contrast, clinics that prefer running testing in-house, likely charge a little more for what they consider a premium service.
• They feel that having results at the time of the clinic visit provides excellent service to clients and allows for prompt treatment of problems and saves the clinic time by not relegating additional work (file review, client call back) to the next day.
• Also, most in-house blood analyzers now integrate/download results right into practice management software, another time saver versus manually entering results.

The mix a practice ultimately chooses is influenced partially by practice philosophy that is based on *cost*, *accuracy*, and areas of *efficiency*, which they feel will work best for their clinic.
• Practices do change the mix occasionally as well; a clinic that upgrades equipment may be excited to switch to real-time results.
• The size of a clinic often influences what works best for the flow of that hospital: A multidoctor practice that is trying to improve workflow dynamics may find it easier to have results done in-house so that the next day if different doctors are at the hospital they do not need to interpret results on cases they did not see.

What is found is that the majority of veterinary hospitals tend to be hybrids. Some may send noncritical blood samples to the reference laboratory, while running fecal and urine samples in the clinic. Others send the majority of this work to the reference laboratory, but they may run preanesthetic blood work in-house the morning of the procedure. Other hospitals may hire a consultant to analyze their workflow to help determine the best approach for their clinic. There is not necessarily a right or wrong mix; a lot of the decision-making may be based on your particular team and practice philosophy.

ABBREVIATIONS

QC: Quality control

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N/A

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9.10. MEDICAL EQUIPMENT AND FIXTURES



BASICS

OVERVIEW

- Equipping a veterinary facility is influenced by the type, style, financial limits, and location of the practice.
- Prior to deciding on which equipment to purchase, a list needs to be generated outlining what you could expect to find in each area of a practice (i.e., exam room, surgery, front office).
- From this list, add equipment that could make the practice more efficient or improve the quality of medicine provided, or could enhance a particular skill you have acquired.
  - Prioritize the equipment into (a) absolutely essential, (b) need to improve the level of care or efficiency, (c) if money is available you can consider, and (d) wish-list items.
- Do a financial assessment of whether it will be better to purchase or lease new or used equipment (see 8.18 – Practice Reinvestment and 8.20 – Buying versus Leasing).
- Develop a logical plan based on the pro-forma budget, practice needs, and actual cash flows of when additional equipment will be considered for acquisition.
  - Most banks look at the three Cs:
    - Cash flow of the projected purchase.
    - Credit history of the business and/or the owners. Even though the business is the one borrowing the money, they will typically ask for the owners to guarantee (co-sign) the loan.
    - Collateral. Is the collateral worth the value and risk?
  - Professional presentation to the bank is essential.
    - If you are expecting a bank or any lending institution to loan you money, look professional. Come prepared with documentation, tax returns, equipment information, and dress appropriately (you are professional … a doctor).
    - Be honest with them. Bankers are approached by everyone for every type of purchase. They need to know you did your homework and that you are not trying to hide anything. Do not get caught up in a lie; bankers hold the purse strings for a lot of your future business needs.
- What does your financial picture look like?
  - Banks will typically look at your debt load and would prefer for it to be less than 35% of your gross income.
  - A lending institution may ask for at least a 20% down payment on your part. This puts some of your monies at risk in the acquisition, thus making it less risky for them.
  - If you have a home mortgage, a bank looks at the total of principal, interest payment, taxes, and insurance, and would like it below 28% of your income.
  - Plan on having a personal financial statement prepared along with your other documents for the lender.
  - Be prepared when visiting with a lender. You can only make a first impression once.
- Research leases for some equipment needs.
  - Leases are better for items of equipment that utilize high technologies and become outdated in several years (e.g., ultrasound).
  - Leases can be very expensive, even though the payment is completely deductible.
  - Seek advice from your accounting professional and/or attorney before signing any lease.
- Researching different equipment is essential. Exploring the exhibit hall at a national or regional conference is a great way to compare equipment and ask questions of the vendors.
- Develop strong relationships with trusted advisors:
  - a banker
  - an accountant familiar with veterinary medicine
  - a practice consultant
  - an attorney
  - drug or distributor representatives
  - insurance agent
  - building contractor.
- Each year a new budget needs to be developed.
  - Each department needs to submit their budget with requests for updating equipment or new purchases.
- Practices need to plan on reinvesting in their business. To accomplish this, approximately 1% of the gross revenues should be earmarked for replacing or acquiring new technology equipment yearly.
  - These monies can be placed in an interest-bearing account; for example, a money market account.
  - The funds may not be completely used in the year they were placed there, yet they will be available for future needs plus earning interest for you.

TERMS DEFINED

Capital Budgeting: Involves the analysis of all the financial plans associated with the acquisition of all capital assets for a business.
Debt Service Coverage Ratio: A capital structure ratio that measures the ability to pay both the principal and interest with available net cash flow (NCF).
Leasing: Method of acquiring equipment without using large amounts of cash to purchase, thus freeing up dollars for the practice.
Net Cash Flow (NCF): Reflects revenue less expenses plus noncash expenditures (e.g., depreciation and amortization expenses).
Present Value: Today's value for a series of NCFs over a period of time. The principle is to aid in determining if purchasing the equipment will give you a positive cash flow for the investment. This topic is covered more thoroughly in 8.18 – Practice Reinvestment.
Pro-Forma Budget: Budget that charts a course of future action for the practice by outlining and defining the plans of the practice in financial terms.



ISSUES AND OPTIONS

BUDGETING

Generalist

- A generalist (primary-care) type of practice may not require the expense of the high-technology equipment that a specialty practice will likely need. An example would be a wellness clinic where the services are limited to maintaining or improving the wellbeing of patients. A limited amount of equipment is required.
- Equipment and fixtures will be one of the largest budgeted items in a pro-forma budget, especially for a start-up practice.
- A general budgetary figure for a typical companion-animal start-up practice can be from $75,000 to $125,000.
- Develop your list of equipment and fixtures by visiting practices, attending hospital design seminars, visiting with vendors at trade shows, consulting an American Animal Hospital Association listing of practice management software companies, reviewing the floor plans and equipment lists of *Veterinary Economics* design winners, searching the Internet for different companies, and envisioning the equipment that best fits your practice style.
- Break your list down into medical equipment, office equipment, furniture, and ancillary equipment.
  - This can be done on an Excel spreadsheet with columns for New, Used, Suggested Retail price, Contract price, Cost savings (if any), Name of dealer and the representative generating the quote, and Contact information (see Table 9-10-1).
  - A spreadsheet allows you quick access to the information, is easy to tabulate, and can demonstrate cost savings to your lender.

Table 9-10-1. Sample equipment list.

Equipment list for Biltmore Veterinary Associates, P.A.						
Office equipment	Company	Contact person	Phone number	Price quote	MSRP	Savings
Telephone system						
Spaces for system						

MSRP: manufacturer's suggested retail price.

- Make a tentative list of which items will be new and which will be used.
  - In evaluating whether to purchase new or used, ask yourself questions about the importance of the item.
  - Certain items should be new purchases from the onset; for example, computers and software programs, surgical instruments.
  - Other items may be used items, such as file storage units, desks, or a certified rebuilt radiographic unit.
  - You may acquire items that start out as good, used items and replace them with newer models at a later date as money becomes available.
- To find medical equipment, enlist the services of a distribution representative that you trust and plan on using on a regular basis in your practice. Remember, loyalty and strong relationships with individuals will pay dividends for you and the practice now and in the future.
  - Challenge this individual to find the best prices on the equipment.
  - These individuals have a network of resources to find new, used, or discontinued models that will fit your needs.
- Once you have assembled the wish list of equipment, prices, and whether it is new, used, or a discontinued model, review your needs list.
  - The needs list will be broken down into three categories: Must have, Need if monies are available, and When business justifies the purchase.
- The Internal Revenue Service improved several benefits for small business owners in the Tax Act of 2003.
  - Section 179 increased the amount for eligible property that can be written off in the first year of up to $500,000 with a bonus first-year depreciation of 50% in 2017. Check with your accountant about current specifications relative to Section 179.
  - Eligible property is machinery, equipment, furniture, fixtures, off-the-shelf computer software, and certain other items.

Specialist

- Office equipment, computers, and software programs needed will be the same as the generalist.
- Equipment needs for a specialist practice will contain some similar equipment, yet will include other pieces of high-technology importance.
- Depending upon the type of specialty, the dollar amounts to anticipate spending will vary:
  - A surgical specialty practice can have start-up equipment costs of $150,000 or more.
  - A dermatology practice may have equipment and fixture costs of $50,000.
- A specialty practice is in the position of needing more technologically advanced equipment from the very beginning, versus the generalist who can add certain equipment after achieving more advanced training or when the need allows for the purchase. The equipment list will be driven more by the specialty (or subspecialty).
- In most cases, specialized equipment will be driven by the experience and familiarity of the equipment by the doctor.
  - Research equipment with former instructors, check with vendors at trade shows, and search the Internet for companies.
- Develop a needs list with price quotes and check it for completeness.
- There are specific referral practice management software programs available. Ask vendors if they support referral practices, and request references from existing users before purchasing.



EXAMPLES

ABC Veterinary Hospital purchases $550,000 of equipment. In the first year the practice could write off $145,600, calculated as follows:

Cost	$550,000
Section 179 Depreciation	$500,000
Remaining balance	$50,000
Section 168 K (50%)	$25,000
Depreciable basis	$25,000
Modified Accelerated Cost Recovery System depreciation	$5,000
Remaining balance	$20,000



CAUTIONS

- To utilize Section 179, the taxpayer must purchase, install, and use it between January 1 and December 31. It is not automatic. Check with your accountant.
- There are limitations to using Section 179. You cannot, for example, use it to create a loss in your business.
- Consult with your tax advisor on the specific use of Section 179 and/or Section 168 K for your particular business.



MISCELLANEOUS

ABBREVIATIONS

NCF: Net cash flow

References

N/A

Recommended Reading

N/A

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9.11. EFFECTIVE INVENTORY MANAGEMENT



BASICS

OVERVIEW

• Developing an inventory system is a process, not an event. Although the hospital team members may be experts at evaluating the efficacy of drugs, many have not looked closely enough at their inventory management processes. As a result, hospitals average relatively low inventory turns per year, lose compliance opportunities, and continue costly process inefficiencies.
• There is also the matter of internal control. Internal control is the means by which a hospital's resources are directed, monitored, and measured. Not only do you need internal controls to be sure your success factors are in place, but it also helps prevent fraud and loss. Many hospitals have internal controls in place for cash, and yet it is rare to see the same attention paid to inventory, which is just cash tied up in products used and dispensed. If you were to look at inventory as cash on the shelf until it is sold, then why are internal controls not put into place to monitor inventory in more practices? You do not have your entire bank account in your cash drawer, but yet your hospital's entire inventory supply is often out in the open.
• Taking control of inventory is much easier than it was a few years ago. Your inventory process redesign includes four components: buyer experience, technology, change management, and internal controls/testing the system.

TERMS DEFINED

ABC Analysis: An assessment of inventory items based on their economic value with usage, sales, and cost. An ABC analysis is an extension of the 80/20 rule and a method of grading products based on their usage and turnover.
Cycle Counting: An inventory management tool in which select products are counted on a periodic basis to detect inventory errors and for continuous quality improvement, so process problems can be detected before official inventory counts or audits.
Inventory Chart of Accounts: A directory of codes related to products that will be used to determine cost centers and profit centers to be monitored within the accounting and practice management software.
Inventory Turnover: Also known as inventory turns, merchandise turnover, stockturn, stock turns, turns, and stock turnover, this refers to the cost of goods sold divided by the average inventory. It is a measure of the number of times inventory is sold or used within a time period.
Key Performance Indicators (KPIs): Key drivers that give an "at a glance" view of the inventory expenses and cash flow. They also allow the hospital to identify hot spots/red flags to set goals to make inventory expenses low and the pharmacy more profitable.
Perpetual Inventory: System of inventory control in which the number and value of inventory items can be determined directly by stock records and are updated directly as transactions occur. By adhering to perpetual inventory principles, such as the cycle of ordering, receiving, selling, and cycle counting, practices can develop an accurate quantity on hand (QOH) within an automated inventory system, such as through your practice information management system (PIMS).
Shrinkage: Product reduction due to wastage, loss, or theft.
Stockout: A stockout, or out-of-stock event, is a situation in which the demand for an item cannot be met from the supply in inventory; the amount on hand is insufficient for the amount needed or wanted.



ISSUES AND OPTIONS

ABC ANALYSIS AND VITAL/ESSENTIAL/DESIRABLE MATRIX

An important measuring tool to manage your inventory is an ABC analysis. The ABC analysis is an extension of the 80/20 rule (see 6.15 – Practice Differentiation) and should be performed quarterly and yearly. It is key to an inventory strategy because of the following assistance it provides:
• assists with time management;
• combines economic value with usage;
• helps determine reorder levels and reorder quantities.

The "A" class items are the top 20% of total items that account for about 80% of sales, usage, and cost. The "B" class items are the next 30% of total items that account for 15% of sales, usage, and cost. The remaining 50% of items are the "C" class items, which account for only 5% of the sales, usage, and cost.

Software reports that measure sales and consumption (even if you do not currently utilize your software for tracking inventory) can easily be exported to a spreadsheet and manipulated into the ABC analysis. Develop an ordering template based on your "A" items. A common challenge for purchasers is having too many orders within a week because of stockouts. Inventory stockouts are a consequence of not identifying the "A" items of the hospital. When placing an order, be sure to verify that you have enough of all "A" items to get you through until your next order.

Take your ABC analysis to the next level with a vital/essential/desirable matrix. This matrix allows the hospital's veterinarians to identify first the vital products, which are items that you need at all times. This will allow the purchaser to verify that there are always enough of these items in stock. A product that is a "C" item may still be a vital product (emergency/critical drug). Always be proactive with vital products to have a plan if any ever are on backorder. Next, identify the essential products. These are items that are acceptable to receive in 24–48 hours. A purchaser may decide to have a lower reorder point and/or order quantity on these items. Finally, identify the desirable items. These are items that may not have prevalence to the hospital formulary and/or can be duplicates of a similar item – such as being a back up to preferred different nonsteroidal anti-inflammatory drug (NSAID) already in use. Begin to eliminate your desirable items and make them available through home-delivery programs or the hospital online store.

The 80/20 rule also relates the sales to your clients. You will find that the top 20% of your clients generate 80% of your sales. Periodically spot-check what products these clients purchase and mark those products as vitals.

KPIS

Identify the KPIs for inventory (see 7.8 – Key Performance Indicators). This will be the starting point for you to measure your success with your inventory program. A common and easy KPI is to know your cost of goods sold (COGS) as a percentage of your gross revenue. Depending upon your chart of accounts, this percentage may constitute all inventory within the hospital or you may have a percentage for drugs/supplies, diets, over-the-counter (OTC) medications, and so on. These percentages can be measured against veterinary industry benchmarks. This can help determine how much

improvement is needed. The average COGS for drugs/supplies is typically 9–15% of total revenue, depending upon the hospital's revenue and efficiencies. Additional examples of benchmarks include diets at 3.4% and laboratory around 3.6%.

Become familiar with the inventory chart of accounts (general ledgers) within the hospital's accounting software. Utilize resources such as American Animal Hospital Association's Chart of Accounts (https://www.aaha.org/professional/resources/chart_of_accounts.aspx) for suggestions on how to break down the accounting of inventory (e.g., drugs/supplies, diets, OTC medications, laboratory expenses).

Another KPI to consider is your vendor billing terms. Be familiar with the billing dates for your distributors and credit cards used to purchase inventory. For example, if your distributor's billing date is the 25th of the month, keep your inventory orders limited the week before that billing date (because if you buy too much at this time it will be due right away) and do your monthly purchases after the 25th. Ordering based on billing dates can give you 45 days to use your inventory up before the bill is due, limiting too many orders in a week/month, which would result in increased ordering costs.

To limit the number of orders created in a period, it is worth limiting the number of distributors and manufacturers from which the hospital makes purchases. In general, following the 80/20 rule: 80% of orders should be done through a primary distributor and 20% of orders using backup distributors. When determining a primary distributor, choose based on important criteria, such as online ordering and practice information management software integration for efficient ordering, not just price. The primary distributor should also offer services such as pharmacy and home delivery/online stores for your clients to expand the hospital formulary without having to bring products into the hospital. Limit frequent price checking by doing yearly and quarterly price comparisons based on your "A" product list.

BUDGETING

One of the single most important tools to incorporate in a successful inventory plan is a budget (see 8.21 – Controlling Cash Flow: Budgeting). Traditional budgets should have a projection of what to spend on a yearly, quarterly, and monthly basis based on the previous period and anticipated future growth. These projections become the pulse of your hospital. Inventory budgets can simply be done on a weekly and monthly basis. Having frequent inventory budgets not only allows you to purchase inventory based on the hospital's current cash flow but can trigger alerts that can be due to shrinkage (loss of inventory) or performance/revenue issues. By simply setting a COGS percentage goal, you can look at the previous week or month's gross revenue and calculate into that your goal percentage. For example, the purchaser has a goal of 10% to spend on their inventory once a week. They will look at what the hospital's gross revenue was from the previous week and take 10% of that revenue. This will give them their spending amount for the following week. Developing a simple spreadsheet is an easy way for the purchaser to type in revenue, see what they have to spend throughout the week and/or month, and then track invoice expenses on that spreadsheet.

INVENTORY TEAM

Having the right inventory leader and right inventory team can be the difference in making your inventory system work rather than flounder. Many hospitals make the mistake of putting the wrong person in charge of inventory and not having enough people involved in the process. When choosing your inventory leader, their qualifications should include:

- Ability to look creatively at the "big picture." The inventory vision of the hospital must be set and the leader needs to be able to work toward that. Being able to work by the "big picture" instead of the smaller details will help defy time-management challenges.
- Ability to differentiate between major and minor issues.
- Have a supportive and encouraging attitude toward the inventory team.
- Willingness to do what it takes to get the job done.
- Computer skills that include, but are not limited to, the inventory function of the PIMS, spreadsheet programs, and the Internet.

A common question that gets asked is, "How much time should be spent on inventory?" Recognizing that inventory is one of the largest expenses of a hospital with the most potential loss, inventory deserves critical time and attention. However, having efficiency and a team to support the system will make inventory more profitable. Having an inventory team gives more than just one-person ownership and creates a collaboration to emphasize the importance of inventory.

Having an inventory team provides internal control by having one person place an order, another person receive the order, and then a third person do the inventory bookkeeping (see 7.15 – Internal Accounting Controls). This will create a well-managed system of checks and balances. Although the inventory leader makes the final purchases and ensures inventory accuracy, having different team members responsible for different areas of the hospital (surgery, pharmacy, treatment, laboratory, etc.) helps minimize errors in the process. Team members should spot-check weekly for products/supplies needed, track accuracy of their area, and develop an overall organization system for that area. This team system works for any size of hospital.

Incorporate incentives and bonus programs for the inventory team (see 3.4 – Employee Bonus Criteria). Taking a percentage of the savings from the inventory budget and dividing that in the form of bonuses can easily be accomplished and benefit both hospital and staff. Nonmonetary incentives should also be considered when smaller achievements are made within the inventory vision.

Every staff member in the hospital who handles drugs and supplies needs to be aware that they are responsible for inventory. Not only have a job description for the inventory leader that outlines your expectations, but also be sure the responsibility for inventory is on every hospital employee's job description.

A hospital inventory makeover begins with overall organization. Begin with identifying the number of locations throughout the hospital that have drugs/supplies, which may be more areas than necessary.

ZONING AND CENTRAL SUPPLY

Two important inventory organization techniques include zoning and central supply.

Zoning your inventory throughout your hospital is like creating a map. If you have mobile vehicles, this technique should also be incorporated. Start by having each team member that is responsible for inventory in their area develop a list of all their supplies and on which cabinet, shelf, and/or drawer the supply could be found. This ensures that products/supplies do not constantly change locations, which would make it difficult to have an efficient inventory system. Also create a stocking list for each area that has reorder (minimum) levels

9.11. Effective Inventory Management

with the item. This way, anyone who goes through that area to spot-check what needs to be ordered can follow the stocking sheet, and if the product/supply is below the reorder level listed then they check off that it needs to be either restocked or ordered. Stocking sheets with restocking levels can be a great tool for managing mobile trucks also.

Central supply is an organizing technique to control the hospital's safety stock and "A" product overstock by limiting access. It also helps centralize bulk items such as syringes, needles, and other disposable items. You can easily track disposable items in your PIMS by having a central supply. Manage your QOH for disposable items by the full box or package. For example, track your syringes by full box in your PIMS. When a full box leaves central supply, that is when the transaction happens to deduct that box from your QOH. You can also track disposable items with a central supply technique called "double-bin system" or "two-bin system." This can help with limited space by designating one area (such as a set of cupboards) that stores the unopened boxes and then another area that stores the opened boxes for stocking drawers. When a box is opened and moved to the other set of cupboards, that is when your PIMS inventory transaction happens and you do inventory based on the cupboard of unopened boxes/packages. Do not forget to utilize your central supply to limit access to office supplies as well.

INVENTORY AUTOMATION

A common goal of most hospitals is to incorporate inventory automation within their PIMS. Your PIMS inventory is developed based on the perpetual inventory cycle. The flow of the perpetual inventory cycle includes having a system that determines when a product/supply needs to be ordered, how much and from whom an order is placed, a purchase order (PO) is verified, inventory is put away and priced, and then the inventory is used/sold. The challenges that hospitals face when using their PIMS for inventory automation are that they are not consistent within this perpetual inventory cycle. To utilize your software to the fullest, incorporate the following:

- Reduce double steps by incorporating the electronic want list/needs list within your PIMS instead of a written want book. Most PIMS have this as an option for both a team member to manually enter what needs to be ordered and the software notifying staff when a product needs to be reordered based on reorder levels within the system.
- After reviewing the want list/needs list within the PIMS, create a PO. Not only will creating a PO in your PIMS help receive inventory more efficiently, but it will also let you know the current QOH, which allows you to verify what is truly in stock and if any adjustments need to be made in the PIMS at that time.
- Once shipments arrive, utilize the PO that was created to receive the inventory. The cost of the inventory should be updated each time items are received. One of the most common reasons the QOH within the PIMS becomes inaccurate is because products are sold before they are ever received in the PIMS. For this reason, systems need to be in place that enforce that all items are received in the PIMS before they are sold.
- Some PIMS have a section of the inventory module where you can inventory items that are used in house. If your PIMS does not have this, develop a "house account" where you can deduct inventory used in house (internally).
- Have categories/classifications that are significant to the practice created within the PIMS. You may decide to have a limited number of categories/classifications based on your profit centers (surgery, dentistry, pharmacy, etc.) or you may have more detailed categories/classifications, which may include drug classifications (e.g., NSAIDs, antibiotics, injectables, flea prevention, heartworm prevention). Periodic audits to ensure products/supplies are within the proper category/classification should be done.

Common reasons for errors within the PIMS can be due to:

- lack of consistency when using units (by tablet or bottle);
- too many inventory/product codes;
- inventory not being set up to be deducted from QOH when sold;
- items not invoiced;
- routine counts not performed;
- wrong product invoiced to the wrong species of patient and products not received in the PIMS before selling.

Reduce the number of codes within PIMS by having one code for a product with price breaks based on quantity rather than different codes. For example, have one code for a specific NSAID and have a price break created when a quantity of 30 is entered and another price break if the quantity is 60, instead of having one code for per tablet, another code for bottle of 30, and another code for a bottle of 60.

Other alternatives to automation include an automation medication storage system. These are systems that provide inventory automation by incorporating charge capture within your PIMS. They are cabinets that require an employee identification (ID) or biosecurity (e.g., fingerprint) and a patient ID to enter the cabinet to remove a product. These systems are designed to incorporate the perpetual inventory cycle.

A form of inventory shrinkage is due to outdated products. PIMS have expiration date options for both tracking the dates and for generating reports. When utilizing expiration date reports within the PIMS, review the expiration date report monthly and generate the report for three months ahead. By generating the report for three months ahead, you can be compliant with manufacturer's return policies or use the items before the expiration date. A noncomputerized tool to track expiration dates is the use of color stickers. Have one color sticker on products that expire during the current year (you can write the month on the sticker), have another color on products that expire next year, and so forth.

Reorder tags can be a useful noncomputerized communication tool. Reorder tags can be rubber banded onto the last bottle or the bottle that meets the reorder point level. When that bottle is opened, the reorder tag is removed and put into an order basket. Have your "A" items as one color reorder tag and have your "B" and "C" products be another color.

9.11. EFFECTIVE INVENTORY MANAGEMENT

CYCLE COUNTING

Test your inventory system as well as track shrinkage with a cycle count system. A cycle count system ensures continual improvement by finding and researching errors. "A" products should be counted monthly by selecting a few "A" items to count each week. "B" products can be counted quarterly and "C" products counted as needed. Cycle counts can also be done by location of the hospital, as well as by selected categories to count each week. Blind counting should be done when there is a team of counters. This is done by giving a list of items to be counted to the team members, but they do not know how much product there should be. Offer incentives for accuracy and finds, such as the inventory team member with the most accurate area for the month gets the incentive reward. Be sure to measure your shrinkage and loss, as well as set a goal to reach. Although there are limited benchmarks for inventory shrinkage within veterinary hospitals, retail industries try to be within 1–2% shrinkage.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

COGS: Cost of goods sold
ID: Identification
KPI: Key performance indicator
NSAID: Nonsteroidal anti-inflammatory drug
OTC: Over-the-counter
PIMS: Practice information management system
PO: Purchase order
QOH: Quantity on hand

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N/A

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9.12. INVENTORY MANAGEMENT: NUTRITIONAL PRODUCTS



BASICS

OVERVIEW

• Many common diseases are managed with nutrition as their sole treatment or as a significant part of their treatment or prevention.
• Nutritional products intended for use to treat or prevent disease are considered unapproved drugs by some regulatory bodies such as the US Food and Drug Administration. This limits their sale to the public only through licensed veterinarians or through retail or Internet stores provided the individual purchasing the food is doing so under the direction of a veterinarian.
• These two factors result in therapeutic food sales being estimated at 6.3–7.1% of an average practice's gross income.
• Given the wide range of commercially prepared therapeutic pet foods and supplements, their perishability, and their importance to a practice's financial health, successful inventory management is a key aspect of practice management.
• Successful inventory management maximizes the available amount of needed and fresh nutritional products while concurrently minimizing demands on labor and physical space.

TERMS DEFINED

First In, First Out: Method whereby items first placed into inventory are the first taken out of inventory or sold.
Holding Cost of Inventory: The cost a business incurs over a certain period of time, to hold and store its inventory.
Shrinkage: The loss of product from inventory not resulting from sale, including product lost to employee theft, shoplifting, administrative and paperwork errors, and vendor errors/issues.



ISSUES AND OPTIONS

SELECTING WHAT TO CARRY

Commercial products considerations/criteria are as follows:
• Products that meet the practice type (e.g., a veterinary dermatologist might carry many, if not all, novel antigen and hydrolysated foods but likely does not need to carry severely sodium-restricted foods for the management of congestive heart failure, *or* a feline-exclusive practice likely will not carry dog food).
• Products that are veterinary exclusive or can only be used in a therapeutic way under the direction of a veterinarian. Competing with nonveterinary retailers with products generally available is likely to be unsuccessful, as being a retailer is typically not within a veterinary practice's core competencies.
• Products that have been proven to be successful for the conditions for which they are intended to manage, or products that use nutritional strategies that have been proven.
• Products from companies with the technical resources to support their clinical use. Most preferable are companies that have board-certified veterinary nutritionists on staff that can provide specialized technical assistance.
• Products from companies that have delivery practices that maximize product availability and minimize physical storage needs (e.g., no or small minimum order quantities, no- or low-cost delivery to the practice or client, frequent delivery schedules or availability).
• Practice-friendly ordering system(s) and return policies.
• Products with sufficient margin to justify the holding (carrying) cost of inventory.

DETERMINING HOW MUCH TO STOCK

• Once the products are selected, determining the amount, both product size and quantity, to carry is crucial to minimizing running out of stock, returns for unsold product, and storage space (see 8.8 – Ordering Inventory Economically).
• Generally, stocking the smallest product size is preferable, especially if delivery is readily available or frequent for larger versions. This approach enables more products to be carried for trial and use (as less space is needed and one can generally stack higher) and focuses larger product sizes on known patient use. Some practices rely on a separate special order process for all recurrent purchases to manage available trial products.
• Keeping and reviewing records for average sales volume by product over time can lead to fine-tuning of order quantities. Reviews should be conducted at least quarterly to identify and adjust to changes, or if out-of-stock products or returns of unsold expired product are becoming more frequent.
• Reorder reminder systems contacting the client can be useful. Similar to an appointment reminder system, one can create a simple spreadsheet to estimate how long a client's product purchase will last so that a reminder to reorder can be set up in time for a special order delivery. This process not only can increase compliance and sales, but also can help prevent out-of-stock products or the maintenance of larger unused inventory and all the associated carrying costs.

HANDLING RETURNS

• Many manufacturers will refund veterinarians for expired product. This should not mean that there is not a cost to the practice in having product that ultimately does not sell. There is a cost associated with ordering and handling products as well as dealing with returns to the vendor. In addition, the space taken up by unsold product may have been better used for another product or for a different type of product or service altogether that could generate revenue for the practice (i.e., opportunity cost).
• Not all products will be a match for a particular client or patient. To minimize returns from clients, handling product appropriately as well as using a "first in, first out" approach to inventory will increase the quality of the product that the client receives. It can also be helpful to have a client that, say, is ingredient-declaration concerned and has read a label before purchasing a product, and to offer smaller trial-sized bags to determine if the product will be accepted by the patient/pet. This will help reduce the volume of returns and often will improve overall compliance.
• Gathering reasons for returns can be useful to learn why a product was unsuccessful. This can guide how recommendations are made in the future, how client education is provided, the amount of follow-up or support provided, and to help refine product offerings to those that perform well.

STORAGE

• Products should be stocked in groups, with the oldest placed above or in front of newer product.
• Locating the optimal location for storing nutritional products may depend on many factors. Ideally, the products would be at a convenient location to enable easy retrieval for selling. This may mean a highly visible part of the practice or a room near the reception or checkout area.
• Securing the storage area to avoid "shrinkage" can be important to minimize monetary losses. Unfortunately, shrinkage can come from both employees and clients. Some of it may be unintentional, but one should also attempt to protect from intentional theft.
• If certain products are to be used for a hospitalized patient, one should work on a method to make sure that this use is properly accounted for. It also can be helpful if products for hospital use are physically removed from inventory for sale to avoid confusion and limit seemingly unaccounted-for losses.

POINT OF SALE PROCEDURES

• Owing to regulatory guidelines, many products have brief and easily confused nomenclature. Products that differ by one letter like "i" and

"l" exist, and their indications are quite different. Therefore, care should be taken to ensure that the food offered matches the intention of the recommending or prescribing veterinarian. Without care, it is potentially easy for a client to take home and feed the wrong product to a patient/pet.
• Besides checking that the correct product is being sold, care should be taken to ensure the product with the closest expiration date is sold first and that any such date is not past or too soon that the pet/patient will not use it in the remaining available time.
• Product packaging should be checked to be clean and undamaged.
• Although it is recommended that initially smaller-sized products are offered, later orders for established cases may come in large, more economical, and more important, heavy sizes. It is generally good practice to have a veterinary staff member assigned to carrying such products out to the client's vehicle or means of transportation. Review of business liability insurance and worker's compensation insurance, including employee classification, is advised when considering this issue (see 2.27 – Practice Insurance Needs).
• Clients may come up with questions at the time of sale that they had not previously thought of when with the veterinarian. It is best to have technical staff address these questions prior to the sale to ensure that the product will be the right fit and not result in what otherwise could have been an avoidable return or poor compliance.



EXAMPLES

N/A



CAUTIONS

HANDLING PERISHABLES AND PRODUCT RECALLS

• Temperature, moisture, and pest control are important to ensuring that food or supplements retain their quality and are safe.
• High heat can degrade vitamins faster than anticipated by manufacturers when establishing best by or expiration dates. This could potentially lead to a food or supplement not having the expected vitamin content and theoretically could lead to a deficiency. Similarly, high heat can cause fat oxidation to become more rapid and outstrip any antioxidant preservation system. This can lead to rancidity and, at the very least, off odors and reduced palatability.
• High moisture is of greater concern with dry products than with "wet" products. Typically, the packaging for wet products is impervious to exterior moisture. Dry-product packaging often does not provide complete moisture protection. This means that storing products at high humidity or where moisture can come into contact or form on packaging, represents a risk of fungal or mold growth on products.
• Pest control should be in place to avoid both rodent and insect access to food or supplements. If insect control with pesticides is used, there should be specific protocols to avoid contamination of products with possible toxins.
• Under no circumstances should an opened, returned product be resealed and/or resold.
• Although fortunately rare, pet food recalls do occur. One should make sure that one's contact information with all manufacturers and distributors of carried products is current and up to date. This enables companies to quickly notify you of any products that have been recalled, and thus enable their rapid removal from inventory and prevent their sale or feeding. One should also check that one's general business liability covers retail sales in the event that there is a product quality or safety issue resulting in litigation.

SUPPLEMENTS

• A vast number of supplements come to market on a regular basis, but care should be taken to look at the credentials of those marketing the product. Often, they have little or no specific expertise in the management of medical conditions. In addition, one should ask if there is any peer-reviewed evidence to support the ingredient(s) being used at the dose provided for the reason indicated in the species of interest.
• All supplements that are strong enough to do good are strong enough to do harm. Thus, one should select supplements to carry that are not only efficacious but also safe.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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9.13. MEDICATION DISPENSING, COMPOUNDING, AND PRESCRIBING PRACTICES



BASICS

OVERVIEW

Good pharmacy practices and medication therapy management are a winning combination. But having a pharmacy in your veterinary hospital is much more than just having inventory on the shelves. It is about having good practices in place when it comes to accountability (both from staff and pet owners), pharmacy environment, dispensing, and prescribing. Medication mistakes can potentially become more prevalent in veterinary practice as more pharmacies fill prescriptions written by veterinarians for clients who then give those medications to their animals.

TERMS DEFINED

Compounding: Customized manipulation of an approved drug(s) by a veterinarian or pharmacist to meet the needs of a particular patient.
Extra-Label Drug Use: The use of an approved drug in a manner that is not in accordance with the approved labeling (e.g., the use of the product for another species, different indication, or dose).
Generic Drugs: Generic drugs are US Food and Drug Administration (FDA) approved, which requires a demonstration of bioequivalence of safety and efficacy with the pioneer drug product.
Legend Drug: A drug that can be dispensed to a client only with an order from a properly authorized individual (such as a veterinarian). Legend drugs are often more commonly referred to as prescription drugs.



ISSUES AND OPTIONS

PHARMACY MANAGEMENT

Medication errors can be traced to the environment and organization of your pharmacy. Incorporate checklists to do self-audits of your pharmacy. The checklists may include:

- All legend drugs must be dispensed in child-resistant containers (CRCs). Have a good selection of vials including 60-dram vials for oral medications in syringes. A medication going home with the client in an appropriate container conveys a professional intent. An example of this is ophthalmic medications. If an ophthalmic medication is sent with the client in a vial rather than a box it can increase the medication adherence from the client. When you question what is considered child resistant, you may want to consider what a two-year-old child can get into. Manufacturers of drug products can be a good resource as to whether or not their product is acceptable to be dispensed in a non-CRC. If a client such as an elderly citizen requests the medication be dispensed in a non-CRC, a statement must be documented, signed by the client, and kept in your medical records.
- A system for tracking and removing stock that has exceeded its expiration date. Most practice information management systems (PIMSs) have a way to report expiration dates, often designated as an outdate report. It is recommended to generate an outdate report monthly for three months ahead. This allows you to work with the manufacturer in advance for the most economical way to return and get credit or to have the veterinarians in the practice use the medication up before the date is exceeded. A noncomputerized tool for tracking expiration dates is a color sticker system. Designate a color for each year you have products with dating. For example, a product that will outdate this year will have a red sticker (with the month written on the sticker), a product that will outdate next year will have a yellow sticker, and then a green sticker for the following year. This allows expiration dates to be easily visible for everyone in the hospital. Have a reverse distributor that you work with to destroy obsolete or outdated controlled substances.
- Be sure to have up-to-date reference material to help furnish veterinarians with drug information. Have the veterinarians trained on how to access the electronic FDA's Center for Veterinary Medicine *Green Book* (veterinary drugs)[1] and the FDA's *Orange Book* (human drugs).[2] The electronic books are typically updated daily and monthly.
- Audit prescription labels for required information, such as hospital name and address, veterinarian name, complete directions (the term "as directed" is prohibited), drug name and strength, date filled, expiration date as determined by the veterinarian (but should not be later than the manufacturer's expiration date), and a statement "For Veterinary Use Only" and "Keep out of reach from children." Also add any special precautions, such as refrigerate and/or shake well. Include not only the number of refills available to the client, but also the date by which any refills need to be filled. For accountability purposes, have the veterinarian and technician filling the prescription have their initials typed on the label.
- Procedures need to be in place for monitoring the refrigerators that store biological drug products and vaccines. A log should be available to document refrigerator temperature daily and/or weekly, as well as a good thermometer in the refrigerator. The most accurate time to measure the temperature in the refrigerator is on Monday mornings when the weekend had less traffic in and out of the refrigerator. The temperature of the refrigerator should be maintained between 35° and 45 °F (2–7 C). Not only should you not overstock your refrigerator, but also vaccines should not be stored in the door, against the walls or near the cold air inlet. The refrigerator must also be clean and defrosted, and food and drug items must be separated. Vaccines becoming too cold can contribute to adverse reactions.

The hospital pharmacy should be situated so the general public does not have access to the area where legend drugs, controlled substances, and other drugs are stored.

Counter space for filling medications needs to be kept clean and clear of all extraneous items. The minimum space that should be made available to fill medications is a space of three linear feet (90 cm) by 18 inches (45 cm) in depth.

PHARMACY TRAINING AND ACCOUNTABILITY

- Your hospital should have written policies and procedures for the pharmacy. This will assist in pharmacy training as well as accountability.
- The hospital team should have in-house pharmacy training yearly, if not more frequently. Training should be based on testing product knowledge as well as the "five rights" of medication administration: the right patient, the right drug, the right dose, the right route, and the right time.
- Within the written policies, there should be achievements and consequences to hold team members accountable in pharmacy. You can develop levels of training within the pharmacy that will dictate what an employee can fill. For instance, a technician level 1 may only be able to fill over-the-counter medications and a technician level 2 can fill any product drug except for controlled drugs. Have a list posted in the pharmacy of all employees and what role they have in the pharmacy. Employees should be held accountable for pharmacy mistakes, and consequences can be from anything such as pharmacy probation, limitations to what can be filled, and verbal or written warnings. These consequences and warnings need to be documented in the written policies.

QUALITY CONTROL

- Quality control procedures should be in place to prevent errors and to identify why/when an error happens.

9.13. Medication Dispensing, Compounding, and Prescribing Practices

• Latent errors are the most common reason for mistakes in the veterinary pharmacy. This can be due to incomplete patient information, unclear communication (e.g., medication changed after laboratory results but not changed in medical records), a lack of a double-check system, and the lack of using PIMS for warnings, storage issues, and look-alike/sound-alike medications.
• Illegible handwriting can lead to transcription errors for the technician trying to read the medical record or the prescription that was sent to a pharmacist. Utilize electronic medical records within your PIMS to eliminate errors due to illegible writing, or print prescription labels out first and then give the label to someone to fill the medication. Having a double-check system in which the medication is checked by multiple staff members will help eliminate errors.
• Look-alike drug names and/or containers can cause errors (such as prednisone and prednisolone). Steps that can be used to prevent look-alike errors can be to keep similar products separated, change appearance on the bottle, change the color on the computer screen for a drug, or simply have the shelf label be a different color from a like product. An automation medication storage system can assist in storing and the proper selection of drugs by indicating in which compartment the proper product resides.
• Ambiguous errors can happen because directions can be unclear or have a different meaning. Knowing when to use and not use zeros and decimals on written prescriptions is imperative. Never follow a whole number with a decimal and a zero because the decimal may not be noticed. Write a medication out as 1 mg instead of 1.0 mg (which could be mistakenly read as 10 mg). Always lead with a zero before using a decimal, such as 0.125 mg. You can use alternatives to clarify intent; instead of Digoxin 0.125 mg, it would be better to write 125 mcg instead. Avoid using a lowercase "l" before a number because if there is too much spacing in the word that has the lowercase "l" it can appear as the number "1". Use caution when using abbreviations. A common abbreviation is the letter "u" for units. This can be mistakenly read as a zero. For intervals between doses, it is better to specify the interval rather than the number of administrations. Accordingly, whereas BID indicates that the medication should be given twice daily, designating the administration as q12 hours more clearly indicates that the medication should be given every 12 hours rather than just twice a day. Abbreviation systems can be different in veterinary medicine than what a pharmacist might be used to for human patients, so be sure to communicate intent as clearly as possible.
• For products with sound-alike names, errors can happen when the medication name is communicated verbally and is misheard. Try to discourage verbal orders, especially with critical drugs. Have procedures in place that when a medication order is verbally communicated that the person on the receiving end of the communication not only writes down the medication but also reads back what was written.
• An error called confirmation bias is a phenomenon where people see what they are looking for but then immediately stop looking. They pick the product by a mental picture rather than thoroughly looking at the product item. The confirmation bias error can also happen to those who double-check the medication and label. When quickly scanning over a label you may read what you think you are expecting to see. To slow down the double-check system, read the prescription label from bottom to top and right to left, instead of the traditional reading style.
• Be sure there is a double-check system in place with filling and administering medications. There are a number of opportunities to check. You can have a system that checks against the label that was generated, which is then checked against the medical record for what was documented and then checked against the container that the medication was filled from. A medication should be initialed by both the person filling it and the person double-checking it.
• Many times when pharmacy errors are found, they are corrected but not documented. Keep a quality control log of pharmacy errors that occur so the reason the mistake happened can be identified and fixed, not to mention to keep track of who makes the error. Keeping a log will help you find gaps in your pharmacy-training program.
• Your software can be set up to have a weight pop-up to request the newest weight of a pet for weight-specific products. This will ensure the correct product by weight is selected. You can do the same for products that are species specific. For example, you can have your software set up to only be able to sell a feline diet to a feline patient.

MEDICATION ADHERENCE FROM CLIENTS

• Another challenge that is faced in our pharmacies is medication adherence or compliance from clients (see 4.11 – Compliance and Adherence). This can be from ensuring that a client picks up the medication (from the hospital or pharmacy), gets a medication refilled as needed for treatment, and gives the medication as directed by the veterinarian.
• A report published by the American Medical Association (AMA) ad hoc committee indicated that one-fourth of all Americans have illiteracy and read at or below fourth-grade level. Most medical information or labels are typically written at or above 10th-grade level. An example on a prescription of this level is terminology like "give orally" or "give by mouth." Some clients may not even know what give orally means; others might confuse orally and aurally. Be sure labels give easy-to-understand directions.
• The AMA also indicated that only half of all human patients take medications as directed.
• If you are working with a client that you suspect may not be compliant with giving medications to their animal, request they have a sponsor for their pet's health. This can be a friend or family member that you can educate and counsel along with the client to ensure compliance. For potentially noncompliant clients, also consider whether an injectable medication might be medically suitable.
• Ask the client questions to fully appreciate their concerns. They bring their pet to see a veterinarian because they are concerned about its health, but with further questioning you might determine that they are actually most concerned with some aspect of the appearance of their pet (e.g., hair loss) or the destruction to their home that happens due to the pet's behavior. This will help in the medication counseling process by ensuring that the medication not only will help the animal but will also manage the underlying concerns of the client.
• Have the client keep a list of drugs that their animal is taking, including over-the-counter products. This will be a reminder for the client and will be helpful for them to bring to hospital visits.
• Whether a medication is filled in the hospital or at a pharmacy, follow up with the client to make sure they understand the following: the name of the drug and what it is supposed to do; how much medication should be given and at what time; the interval at which it should be given; how many days they should give the medication; if it should be given with meals; how it should be stored; what happens if they forget a dose; it should all be finished; and anticipated and possible adverse reactions.
• For medications that require phases (e.g., corticosteroid taper doses), give a client a calendar or dosing schedule so they know each day how many tablets and how often it should be given.
• Utilize your reminder system to have reminder calls or cards generated to remind a client when a medication is due for a refill or when laboratory work is needed for monitoring purposes (see 4.16 – Client Reminder Systems).
• When medically prudent, use injectables to improve compliance and convenience. Clients may value convenience over savings to ensure compliance.

9.13. Medication Dispensing, Compounding, and Prescribing Practices

CONTROLLING YOUR PRESCRIPTION PAD

• Prescription requests to have medications filled by pharmacies are becoming more commonplace. Having good written prescription practices in place is best not only for the animal but also for your medical records. Most states now clearly state that a hospital must provide client prescriptions on request that can be filled elsewhere. However, if the medication is filled in the clinic, it is easier to track, as well as more directly guide and educate clients.
• Even though you should look at your local pharmacist as a partner, keep in mind that they might not be familiar with veterinary-labeled drugs and generic equivalents. This can cause errors if the pharmacist dispenses a human generic or similar product but not the product for which you wrote a prescription. If you want your client to pick up the drug you wrote on a prescription, be sure you write "dispense as written." Communicate regularly with pharmacists to support the professional partnership, and to educate them about concerns and potential areas where problems could occur. For instance, human pharmacists provided with a prescription for thyroxine might question the correctness of the dose with the owner (the weight-based dose being much higher for dogs than for humans), undermining your credibility with the client. This can be avoided by having a discussion prior to the client filling the prescription, and can be further reinforced by providing appropriate documentation for the pharmacist to keep on file.
• Another challenge with written prescriptions is that you lose control over monitoring what the client received and/or if they even picked up the medication. If a written prescription is filled out and given to a client, be sure to make a photocopy or scan it into your medical records. Follow up with the client to verify the medication was picked up and that they fully understand the instructions.
• Medication refills (for noncontrolled substances) can only be filled up to one year from the last veterinarian–client relationship visit.
• If a client requests a prescription for a retail online pharmacy, have clients review the FDA resources such as the handout *Buyer Beware* (www.fda.gov),[3] so they can appreciate some of the risks of buying medications online. You can even request that a client sign a consent form indicating that they have read and understood the FDA warnings. Some hospitals will incorporate a written prescription fee. Be sure to verify state requirements on written prescription fees, which may include that, if a written fee is incorporated, it must be used for all written prescriptions.
• Many states now require tamper-resistant prescription pads. This prevents a client from being able to fax a prescription to multiple online resources or add medications to a prescription.

GENERICS AND COMPOUNDED DRUGS

• The difference between generic and compounded drugs is that generic drug products are FDA approved, which requires a demonstration of bioequivalence of safety and efficacy to the legend drug of the same form and indications. A compounded drug is a medication that has been created by combining or altering ingredients for an individual patient and must be done by a licensed veterinarian or pharmacist. Compounding can be as simple as changing the dosage form of an approved drug or adding a flavoring agent for ease of administration. Compounded drugs are not FDA approved because safety, efficacy, stability, potency, and other securities may not be in place (see 9.14 – Medication Dispensing, Compounding, and Prescribing: Legal Considerations). Even if only a flavoring agent is used with a drug, it does not mean it is stable throughout the treatment period.
• When using a generic drug, be sure it is a prescription drug that is FDA approved for use in the species being treated, and not a compounded product.
• To determine if a product is a generic, visit the FDA and Center for Veterinary Medicine's homepage for the *Orange Book* (human drugs)[2] and the *Green Book* (veterinary drugs).[1]
• When working with generic drugs, be familiar with the Animal Medicinal Drug Use Clarification Act of 1994. This act sets the guidelines for when a human generic product drug can be used. In some cases, such as in food-producing animals, if a veterinary-approved or veterinary-generic drug is available it must be used over a human generic that is used as an extra-label-use product. For small animals, extra-label-use human generics can be used if they are in the best interest of the animal (in some cases economics can be considered), but generally there should be strong evidence to explain why a human-approved drug is used over a veterinary-approved drug, based on something other than cost. Veterinarians need to remember that the bioequivalence was established for people and it may not apply to another animal species. This needs to be part of your product education with clients, as well as your staff.
• When using a generic drug product, recordkeeping a prescription label should acknowledge just the chemical name not a trade name. For example, if you are using a generic metronidazole, that is all you would have as a description name. If you use a trade name product, you do want to give as much information as possible. So, for example, if you were using a trade name product of metronidazole, your description might read *metronidazole* and then *Flagyl* in parentheses. This way, you have the chemical name as well as the trade name. If you are dispensing a generic product, it is inappropriate to place the brand name of a similar product on the label just because you think the brand name has owner recognition; that is misrepresentation.
• Compounded drugs should be reserved for circumstances in which there is not an FDA-approved product to relieve the animal's suffering or if the approved drug cannot be administered due to poor palatability or patients' unwillingness to cooperate.
• Inappropriate compounding practices include:
  ◦ You cannot compound a drug that mimics an FDA-approved product. Compounded drugs that are similar to a current FDA product may be inappropriately marketed as a cheaper alternative.
  ◦ The FDA considers products compounded from bulk active ingredients to be unapproved new animal drugs.
  ◦ In general, FDA-registered products have no extra-label-use provision and cannot be compounded.
  ◦ Regarding wholesale distribution of compounded preparations, veterinarians cannot purchase compounded drugs from a pharmacy and then resell the drug product to the client. If a veterinarian compounds their own medication for a specific animal, they can sell that product to the client. Otherwise if a veterinarian is working with a compounding pharmacy, the medication will be compounded for that patient and sold to that client directly by the pharmacy.

PHARMACY CHALLENGES

• Managing drug product shortages is becoming a challenge for most veterinarians and pharmacies. According to the American Society of Health System Pharmacists, contributing factors for why drug products become backordered include raw and bulk material being unavailable, manufacturing difficulties and regulatory issues, voluntary recalls, change in product formulation or manufacturer, manufacturer's production decisions, economics, industry consolidations, restricted drug allocation, inventory practices, and unexpected increases in demand, such as during natural disasters.

9.13. MEDICATION DISPENSING, COMPOUNDING, AND PRESCRIBING PRACTICES

• Develop a plan for drug product shortages. Be proactive rather than reactive. Keep a list of all your vital drug products (these are products you cannot practice effectively without). Do a therapeutic assessment on your vital drugs to identify any alternatives. On your vital list of drugs, keep a usage history for how much is commonly used on a monthly or weekly basis. Always monitor your vital products for potential shortages and keep your distribution representatives aware of what your vital products are. Practices should refrain from stockpiling; this causes artificial shortages in the supply chain because of fear, and the increased inventory is costly and may not be absorbed by normal usage.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

AMA: American Medical Association
CRC: Child-resistant container
FDA: Food and Drug Administration
PIMS: Practice information management system

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9.14. MEDICATION DISPENSING, COMPOUNDING, AND PRESCRIBING: LEGAL CONSIDERATIONS



BASICS

OVERVIEW

Dispensing tends to be the largest profit center in veterinary hospitals, often accounting for 25–30% of earned revenue (see 9.15 – Pharmacy Management as a Profit Center). The sale of pharmaceuticals, either dispensed or administered, represents the largest proportion of this amount, with the sale of over-the-counter products and diets representing lesser amounts, and over-the-counter sales – mostly US Environmental Protection Agency (EPA)-registered parasiticides – diminishing with each passing year due to retail competition.

Despite the fact that there are many excellent products licensed and labeled specifically for veterinary use, many veterinarians continue to dispense and prescribe products that are not licensed for such use. Off-label or extralabel drug use (ELDU) occurs when a veterinarian uses a drug other than in accordance with US Food and Drug Administration (FDA) regulations, such as for an unapproved (i.e., not "on-label") species or disease indication, or at an unapproved (i.e., not "on-label") dose, frequency, or route of administration, but pursuant to conditions set forth in the Animal Medicinal Drug Use Clarification Act of 1994 (AMDUCA). AMDUCA made ELDU legal for non-food-producing animals and for certain drugs in food-producing animals, bestowing upon veterinarians the flexibility occasionally needed to treat nonhuman animals when the relatively few per-label medications on hand did not suffice. Compounding constitutes ELDU, but only when sourced from approved finished dosage form drugs.

Topical parasiticides, like imidacloprid, permethrin, fipronil, and amitraz, are not regulated by the FDA or its Center for Veterinary Medicine (CVM), the arm regulating ELDU and AMDUCA violations. Instead, the US EPA regulates them as pesticides under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). Vaccines are not regulated by the FDA either, but by the US Department of Agriculture (USDA) Center for Veterinary Biologics.

At every stage of the veterinary–client–patient relationship (VCPR), standards of care apply. Therefore, in the course of diagnosing a patient, prescribing and dispensing a medication, and compounding medications in-house, the veterinarian may face legal responsibility. At the outset, it is not advisable to write or fill a prescription without a VCPR. Some states, such as Alabama and California, prohibit such conduct without the established relationship, and Arizona requires a preliminary physical examination.

Recently, Congress considered but rejected HR 1406, the "Fairness to Pet Owners Act," legislation that would require veterinarians to provide a written prescription at no charge so clients could fill it at an off-site or Internet pharmacy more cheaply. It is unlikely this concept will disappear entirely, and it is probable that it will resurface at some point in the future.

Veterinarians do write several million prescriptions a year that are filled by retail and online pharmacies, and that is likely to continue. Provided the veterinarian has accurately and precisely prescribed a medication for the particular patient or herd, complied with AMDUCA for ELDU, and discussed administration instructions with the client, veterinarians will likely remain impervious to blowback from pharmacist malpractice, with one added proviso. Because pharmacists do not typically receive training in veterinary pharmacotherapy, with respect to compounded prescriptions filled by human-grade pharmacies, veterinarians should ensure that the pharmacy possesses satisfactory credentials and accreditation through the Pharmacy Compounding Accreditation Board (www.pcab.org). The American Veterinary Medical Association's Principles of Veterinary Medical Ethics urge honoring a client's request for a prescription in lieu of dispensing.

To avoid undesired consequences once the prescription or dispensed medication enters the client's hands, clearly identify the animal's name, species, sex, and age if room permits, the dosage in lay terminology, and any warnings that could avoid fatalities (e.g., imidacloprid and imidacloprid–permethrin can be confused, yet the latter can be lethal to cats).

TERMS DEFINED

Compounding: Customized manipulation of an approved drug(s) by a veterinarian or pharmacist to meet the needs of a particular patient.
Extralabel Drug Use (ELDU): Actual use or intended use of a drug in an animal in a manner that is not in accordance with the approved labeling. This includes, but is not limited to, use in species not listed in the labeling, use for indications (disease or other conditions) not listed in the labeling, use at dosage levels, frequencies, or routes of administration other than those stated in the labeling, and deviation from labeled withdrawal time based on these different uses (21 CFR 530.3(a)).



ISSUES AND OPTIONS

ELDU

The decision to engage in ELDU requires a valid VCPR, cannot be delegated to a veterinary technician or assistant, and is authorized only after examining, diagnosing, and evaluating the patient to confirm that his or her health is threatened, or that suffering or death will occur without treatment (see 13.13 – Extralabel Drug Use).

ELDU requires that (1) no approved drug for such species-condition exists; (2) no on-label drug with the same active ingredient in required dosage and concentration exists; or (3) an on-label drug exists for the species, condition, and in the required dose and concentration but will not prove clinically effective for the intended use. When implemented, ELDU requires that the identity of the treated animal be carefully maintained, along with strict compliance with record and label requirements.

ELDU recordkeeping obligations model those for on-label drug use with the added requirements that the active ingredient of the drug, and specified withdrawal, withholding, or discard times, if applicable, are charted, the records kept at least two years posttreatment and accessible by the FDA. ELDU labeling obligations resemble on-label drug use with the added requirements that cautionary statements restricting use to or on order of a licensed veterinarian, and any withdrawal, withholding, or discard times, if applicable, are listed.

When engaging in ELDU, your state veterinary practice act or regulations may require informed consent, prompting discussion with the client about the reasons for deviating from on-label use and potential risks involved.

PARASITICIDES

There are many FDA-registered parasiticides (e.g., selamectin, moxidectin, spinosad, pyrantel), and these are prescription products meant to be dispensed as other prescription medications. There are other parasiticides, notably those that have surface effects against parasites that are EPA registered and could be sold over the counter, without a prescription. As noted previously, prescribing topical EPA-registered parasiticides for an unapproved species, dose, frequency, or route of administration does not implicate ELDU because off-label use of pesticides is per se illegal (e.g., dispensing an EPA-registered once-monthly flea-control product to be used at a different interval). Of course, parasiticides need not be "prescribed" by a veterinarian at all, as they increasingly find their way onto pet supply retail shelves for over-the-counter sale. That said, the EPA gives some latitude to veterinarians repackaging and prescribing topical parasiticides, as discussed in 44 FR 62940 (Nov. 1, 1979) *Pesticide Use*

9.14. Medication Dispensing, Compounding, and Prescribing: Legal Considerations

and Production by Veterinarians; Statement of Policy on the Applicability of the Federal Insecticide, Fungicide, and Rodenticide Act to Veterinarians. Thus, a veterinarian may repackage a pesticide delivered in bulk, draw out a measured dose in syringes, and sell them to a client as a "producer" under FIFRA (i.e., one who repackages or otherwise changes the container of any pesticide). In so doing, however, generally the veterinarian would need to register the new product with the EPA, register the hospital, comply with all labeling and repackaging standards of the EPA, and keep all records required of producers under FIFRA and its implementing regulations, such as 40 CFR 167.5.

However, any such veterinarian who satisfies four conditions may bypass the registration, recordkeeping, and labeling requirements imposed by FIFRA. The conditions are: (1) ensuring the repackaged pesticide is registered by the EPA for a use consistent with the use for which the pesticide is prescribed, and the EPA registered use is nonrestricted; (2) complying with six labeling conditions (common or trade name and percentage of active ingredient, EPA product registration number, use directions for use prescribed, name and address of veterinarian, antidote statement, directions for disposal of pesticide and package dispensed to client, human safety precautionary statements, including but not limited to "For application to animals only," "Keep out of reach of children," and "In case of accident, contact local physician immediately"), which must be "physically attached" to the package or, if there is not enough room, to supply the antidote and disposal statements in a supplemental label, and the human precautionary statements physically attached to the container; (3) putting the pesticide in a child-resistant package unless the veterinarian finds no reasonable possibility a child will gain access; and (4) prescribe and dispense to the client for treatment of a specific pest problem, on a case-by-case basis, as part of the veterinarian's normal practice. The EPA urges veterinarians to discuss labeling instructions with the client at the time dispensed.

COMPOUNDING

Compounding of finished form animal drugs is ELDU, so the veterinarian should mind the AMDUCA and implementing regulations, as well as state pharmacy and veterinary practice acts. See also FDA Compliance Policy Guide § 608.400 *Compounding of Drugs for Use in Animals* (http://www.fda.gov/ICECI/ComplianceManuals/CompliancePolicyGuidanceManual/ucm074656.htm). Remember that cost savings to the client does not furnish a basis to engage in ELDU. Compounding includes flavoring, mixing injectables, and/or converting to a drug form administered through a different route (e.g., pill to injectable, oral suspension, or transdermal gel).

With respect to autogenous biologics, which are not regulated by the FDA but instead by the USDA Animal Plant Health Inspection Service Center for Veterinary Biologics, veterinarians may produce them when nonautogenous products are unavailable or ineffective, and then only under sterile and safe conditions in compliance with USDA regulation 9 CFR §§ 101.2 and 113.113, as well as VS Memos 800.69 and 800.103. See http://www.aphis.usda.gov/animal_health/vet_biologics/vb_cfr.shtml and http://www.aphis.usda.gov/animal_health/vet_biologics/vb_vs_memos.shtml.

THERAPEUTIC DIETS

Whether "prescription" or therapeutic diets are regulated by the FDA as food, drugs, or nutraceuticals remains unclear, although the intended marketing message that they cure, treat, or prevent animal disease certainly gives the FDA considerable regulatory leeway. On September 10, 2012, the FDA-CVM published a draft compliance policy guide titled *Labeling and Marketing of Nutritional Products Intended for Use to Diagnose, Cure, Mitigate, Treat, or Prevent Disease in Dogs and Cats*, § 690.150 (77 FR 55480), recommending a soft regulatory touch against therapeutic food producers provided they comply with nine enumerated factors (including, most notably, limiting distribution to veterinarians where disease indications are labeled, and stripping the label of disease indications if sold from outlets other than veterinary clinics) and clarifying its position that such diets constitute "drugs" as defined by 21 U.S.C. § 321(g)(1)(B) and "food" under 21 U.S.C. § 321(f), which may further be deemed "adulterated" under 21 U.S.C. § 351(a)(5) and 21 U.S.C. § 351(a)(2)(B).



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

AMDUCA: Animal Medicinal Drug Use Clarification Act
CVM: Center for Veterinary Medicine
ELDU: Extralabel drug use
EPA: Environmental Protection Agency
FDA: Food and Drug Administration
FIFRA: Federal Insecticide, Fungicide, and Rodenticide Act
USDA: United States Department of Agriculture
VCPR: Veterinarian–client–patient relationship

References

N/A

Recommended Reading

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AVMA. *Prescriptions and Pharmacies: For Veterinarians (FAQ).* https://www.avma.org/KB/Resources/FAQs/Pages/Prescriptions-and-Pharmacies-Veterinarian-FAQs.aspx (accessed April 27, 2019).

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9.15. PHARMACY MANAGEMENT AS A PROFIT CENTER



BASICS

OVERVIEW

• The role of the pharmacy continues to evolve in veterinary practices, especially in the United States.
• Dispensing still makes up 25–30% of revenue in many practices, but it seems to be trending downward as there is increased competition from alternate retail channels.
• In most veterinary practices, dispensing is divided into prescription, over-the-counter, and diet sales. As a subcategory, parasite-control products (both prescription and nonprescription) are the leaders in revenue generation, but these product sales are also most vulnerable to outside retail competition.
• Pharmacy management requires attention to inventory management, but also to strategic opportunities and challenges that can impact this important profit center.

TERMS DEFINED

Acquisition Cost: The unit cost at which a product or service can be purchased, including any delivery fees and/or taxes.
Inventory Turnover: Also known as inventory turns, merchandise turnover, stockturn, stock turns, turns, and stock turnover, this refers to the cost of goods sold divided by the average inventory. It is a measure of the number of times inventory is sold or used within a time period.
Production: A form of commission paid to veterinarians on the basis of their revenue generation.
Shrinkage: Product reduction due to wastage, loss, or theft.



ISSUES AND OPTIONS

• The pharmacy has become an extremely competitive revenue center for veterinary hospitals, as the marketplace has become crowded with retailers offering similar or even identical products.
• There was a time when many products sold by veterinary practices were available almost exclusively through veterinary channels, but that may just be a fond memory for many veterinarians as they are faced with a new reality in dispensing.

THE PHARMACY AS PROFIT CENTER

• The main marketplace changes that have occurred that have had the most impact on veterinary practices are the more mainstream sale of products through retailers, and the increased "share of voice" these retailers have with pet owners. It is now very easy for consumers to find their products of interest from various retailers, online and otherwise, and to shop for the best prices and delivery options as well.
• The other aspect of dispensing that cannot be ignored if veterinarians want to dispense profitably is that inventory is not typically managed efficiently and effectively, given its critical contribution to hospital income (see 9.11 – Effective Inventory Management). Thus, many practices carry too much inventory given their small retail footprint, and so the typical ordering and carrying costs are often excessive given turns associated with those products. Because of this, even if such inventory generates "revenue" for the practice, it may not generate sufficient "profit" given the costs involved.

PRICING

• Most veterinary practices use a combination of markup, margin, and community pricing for pharmacy items (see 7.12 – Pricing Strategies). Markup involves calculated additions to the acquisition price, margin involves calculating the profit margin on a fee after factoring in direct and indirect costs, and community pricing involves matching the price of value leaders for the same or similar products.
• Pet owners may not bother comparing costs on a one-time prescription (such as for treating a urinary tract infection), but comparison shopping should be anticipated for medications used chronically and those used for parasite control.
• This loss of business can be insidious, but it can also be devastating to the long-term success of the veterinary pharmacy. For instance, veterinarians may not be aware that parasite-control products typically represent the majority of their prescription dispensing revenue, and we have now reached a critical point in which over half of pet owners are buying their flea and tick control products through nonveterinary channels.
• In some practices, dispensing is not strictly a retail activity, and a commission (production) may be paid to veterinarians based on the products they recommend and dispense. There is nothing wrong with this in principle; but since retailers do not do this, it serves as one more impediment to competitive pricing, since the veterinary price to consumers must reflect both fair pricing for the product itself and the commission to be paid to the veterinarian, making the veterinary price often significantly higher than that of the retailer.
• Similarly, adding a dispensing fee is something that veterinarians have historically done, but it also inflates final product costs to the consumer when our competition does not do the same.

MANAGING INVENTORY COSTS

• The best ways for veterinarians to profitably provide dispensing is to limit the number of products stocked to those that make medical and financial sense, ensure that product recommendations are routinely made by the hospital team so that product turns are optimized, promote compliance so clients give the medications as directed and for the correct interval (including refills), and price fairly so that there are few or no obstacles to client acceptance and purchase.
• From a medical standpoint, the best way of limiting inventory is to create standards of care within the hospital, and primarily stock products that satisfy those standards of care (see 9.3 – Standards of Care and Care Pathways).

PARTNERING WITH AN ONLINE PHARMACY?

• Veterinarians do not need to stock everything in their own pharmacies in order to provide more complete retail options to their clients.
• If hospitals concentrate on stocking products for which they have good turnover, profitability, and compliance, then it makes sense to let someone else shoulder the inventory costs for other products that might be used infrequently, or for which there is not adequate profit margin, or that did not make it into the hospital's standards of care.
• The only other products to stock that do not meet those criteria are emergency drugs (which are not "shopped" and thus do not require competitive pricing) and "starter" packs to commence treatment and for which longer term therapy may eventually be outsourced (e.g., diets, parasite-control products, nonsteroidal anti-inflammatory drugs).
• Online pharmacies that work with veterinarians (such as VetSource, Covetrus, and others) allow veterinarians access to a wide range of products that can be provided for home delivery, but the inventory itself is held and managed by the online pharmacy.
• The online pharmacy has its base price on products for the veterinary hospital, to cover the product direct and indirect costs and a profit margin for the online pharmacy. The veterinary hospital can then establish the retail price for its clients and the difference between the base price and the retail price (less any merchant fees) is paid back to the practice as margin. In this way, practices can make profit on inventory that they never have to stock.
• Veterinarians can sometimes fool themselves into believing that they make more money selling the products from their in-house pharmacy because it is cheaper to buy the products directly from the manufacturer or distributor, but that often neglects the fact that there

are very real ordering and carrying costs for inventory (often 20–45% of the direct product costs), and for many products it is actually more profitable to dispense them from an online pharmacy than to stock them in the hospital.
• Online pharmacies not only allow veterinary hospitals to limit their in-house inventory expenses, but in many ways they may actually improve profitability of dispensing in general. They virtually eliminate shrinkage (product reduction due to wastage, loss, or theft) since those products are not available in the hospital to be diverted. Without having to contend with inventory costs, every online product sale can be profitable. The same cannot be said for in-hospital pharmacy sales.
• When it comes to online pharmacies, pricing can be competitive by design. There may be less profit margin for some products than others based on retail competition, but since there are no direct or indirect inventory costs it is possible to compete even with slim margins.
• Another benefit of online pharmacies is that compliance is often much improved, especially for chronic medications and parasite-control products. Once the medication has been prescribed and the number of refills documented, it is typically the online pharmacy that follows up with clients to ensure they are getting their refills in a timely manner. Not surprisingly, this feature alone has been responsible for increased pharmacy profitability and customer satisfaction in many instances.

HOSPITAL TEAM CONSIDERATIONS

• Paying production (commission) on products tends to inflate the costs of those products to the consumer and so is likely not sustainable in the long run as practices attempt to keep the price of products competitive for clients. Clients who purchase products outside of the veterinary channel, such as buying from a retailer or an unaffiliated internet pharmacy, do little to support veterinary hospitals directly or indirectly. That represents lost opportunities for everyone concerned.
• For hospitals that compensate their doctors based on "production," online pharmacies can cause some trepidation as veterinarians wonder if they are going to make less money when fewer products are being dispensed directly and for which they would otherwise receive a commission. It is certainly a concern, but there are ways of structuring things to minimize that angst.
• Interestingly, clients may pay the online pharmacy for products and characterize that spend as separate from the veterinary hospital, and still spend comparably at the hospital because that is their expectation. Thus, if clients are used to spending $*x* during a veterinary visit, many will still spend close to that amount (perhaps opting for additional diagnostics, dental care, etc., if offered), and consider the bill from the online pharmacy as a separate expenditure.
• If that does not happen, some hospitals have altered the percentage compensation on professional services, or even switched from revenue-sharing (production) to profit sharing based on the margins that the online pharmacy pays to the hospital. It is worthwhile to everyone to make this a win–win situation, since it lowers costs for the hospital, which in turn allows the hospital to lower costs to clients, which itself leads to greater compliance and client satisfaction.



EXAMPLES

N/A



CAUTIONS

• Veterinary hospitals need to evolve in their handling of dispensing, or they run the risk of ongoing erosion of this important revenue stream.
• Since pharmacy is still the largest revenue-generating category for most practices, veterinarians need to consider strategies to maintain a meaningful share of this dispensing revenue, or change the veterinary business model so that it is not quite so dependent on this source of income.



MISCELLANEOUS

Veterinarians are not retailers, and most hospitals do not adequately track their inventory and its profitability, so adding some rigor to the process can greatly improve the sustainability of this service.

ABBREVIATIONS

N/A

References

N/A

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9.16. RETAIL SALES: THE ART AND THE SCIENCE



BASICS

OVERVIEW

The American Pet Products Association's (APPA's) *2017–2018 APPA National Pet Owners Survey* (americanpetproducts.org) indicates that 68% of US households own a pet, which equates to 84.6 million homes. APPA also indicated that the estimated expenditure these households spent in the year 2018 was $72.13 billion.

The American Animal Hospital Association's *Financial & Productivity Pulsepoints*, 9th edition, indicates that product sales account for more than 25% of hospital income. Though these studies show that pet owners will spend record amounts on their pets, the marketing mix for veterinary hospitals is changing, especially with placement of products. The theme of "pet products sold here" is increasing through a variety of retail outlets. Veterinary hospitals need to look at the products they sell as a commodity and have the goal of satisfying a client's needs through providing sufficient information about products they sell as well as providing convenience by using other outlets, such as online stores and home delivery.

Retailing and merchandising is an area of practice where many veterinarians feel uncomfortable. Some hospitals feel offering retail is unprofessional and they should only provide veterinary services. The reality is that clients go to the veterinarian for advice on products, as well as services. If they do not buy product from their veterinarian, they will buy from somewhere else. The other misconception is that "retail" only consists of over-the-counter supplies (e.g., leashes, toys, collars, flea/tick products), when in fact most products within the hospital can be well marketed with proper retail placement techniques.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

SIGNS, TAGS, AND STICKERS

If you have any products on display in your hospital lobby or exam room, be sure to have a simple identifier that categorizes what type of product it is. For example, if you have shampoos, have a sign above it that says "Shampoos." When many products are on display without signs to help direct clientele, it can be difficult to get them engaged in the items because they do not know what the products are. You can also have on your sign a statement emphasizing the frequency the product needs to be used. For example, you may say, "to be used monthly" for flea/tick products and some heartworm preventives.

If you have products on display without a price tag, your sales could be decreased by as much as 60%. This is because without a price it can develop a fear within the client that they cannot afford the product.

If you are competitive on pricing, be sure that your price tag represents not only the cost to the client but also the savings that they are getting from not purchasing elsewhere. Price stickers should never cover the product name. Price stickers should be placed in the same place on each product. Prices ideally should be on the left side of the product at either the top or the bottom. To make a product more exclusive, place the price sticker on either the back or bottom of the product. This will engage the client by having them need to feel and touch the item.

All products that leave with a client need to have the hospital name and phone number on them. If it is a nonprescription product, this can be simply done with an address label. Some distributors and manufacturers offer private labeling for items such as shampoos, ear cleaners, and joint products. Private labeling looks very professional by branding the hospital logo and contact information on the bottle.

For any signs, stickers, and tags, be sure to:

- check spelling and grammar;
- avoid having signs handwritten, as it can appear sloppy and unprofessional;
- ensure text is not too long;
- use clear and simple typeface;
- remember price gun and label stickers will fade, so change stickers as needed.

REMERCHANDISING/PRODUCT PLACEMENT/DISPLAY

- By regularly changing displays, you can increase product sales by 100%. Displays with products that have special pricing can increase by as much as 300%.
- Designate a creative staff member to change displays at least monthly, because many of your clients come to your hospital monthly (for refills, puppy and kitten visits, diets, etc.). Utilize marketing pet observances (e.g., senior care month, diabetes month, animal safety month) to creatively market your lobby and exam rooms.
- Make sure every product is divided evenly (same space in between) and in a separate compartment or hook.
- Organize products by similarity, size, and color.
- On a daily basis, products should be "faced" forward and not be pushed backward on hooks or shelves. Facing products can make your shelves look full without having to clutter with a large quantity. Find the right balance of how much of each item to have on the shelf. Try to avoid having only one of each item on display, because it makes the product appear too exclusive; but avoid having too much, which will make your shelf appear messy or increase the risk of theft (or create the impression that the products have not sold well). A good quantity balance is to have three of every item on display.
- Keep all shelving and displays clean and dust free.
- Incorporate focal points and props when merchandising new products or seasonal items. Focal points and props are used to catch the eye of your clients. Manufacturers can be a good resource for getting props, or online resources such as www.stuffedanimals.com can allow you to purchase items like stuffed fleas, ticks, heartworms, and so on.
- Utilize display cases for your more expensive or exclusive products.
- Composition is a key to successful merchandising. You should compose your products into a pyramid shape to ensure all elements are visible. Plan the highest point of the composition in the center of the grouping and reduce the height of items toward the outer edges. There can be small pyramids within the larger pyramid composition.
- Use caution when products are placed close to the floor (e.g., food), as dogs can easily soil or otherwise damage these items.
- Follow the "rule of the right." When dealing with products that come in variable sizes or number of doses, it is recommended for these items that the larger sizes be placed to the right of the smaller sizes. Because the majority of people are right handed, it is thought that people have an increased tendency to purchase product on their right side regardless of size as long as it meets the needs of the client/patient. If you have any "slow-moving" retail items, place them to the right of popular or "fast-moving" items.
- Be sure to choose the correct retail fixtures for your hospital. Gondola (a type of display shelving) fixtures are the most common and easiest to use for a standup fixture. They are sturdy and can have accessories such as shelf dividers and peg hooks to hang small retail items such as toothbrushes. If you are limited on space, slat boards or slat walls can be a good option. Slat boards are a retail storage system that hangs on a wall. You can incorporate shelving and peg hooks without having to take up floor space.
- Because a client's comprehension rate is only 10% from reading, try to avoid having too many brochures in your lobby and exam room. Only use brochures for your "A" products or have a brochure next to a product you already have on display for the client to take as a reminder.

9.16. Retail Sales: The Art and the Science

POINT-OF-PURCHASE RETAIL

- Treats, toys, or seasonal items (e.g., first-aid kits, dental care packages) should be considered point-of-purchase items.
- Point-of-purchase items should be on display within 40 feet (12 m) of where clients check in and check out.
- Point-of-purchase items should be at eye level. Treats should be easily reachable for the elderly and identifiable to children.

ONLINE STORE PRODUCT PLACEMENT

At this point in time, it is safe to assume that most veterinary clients have Internet access of some kind, and many or most will be using smart devices. Online sales are even beating bricks-and-mortar store sales in many categories. A veterinary hospital needs to offer convenience to their working demographics (see 10.22 – Online Retail: Making it Work).

Internal Value of Hospital's Online Store

- A hospital online store and/or home delivery program allows you to expand your formulary without expanding your inventory.
- You can reduce redundancy of product lines.
- Shift expensive products to online stores so you pay only as you need them.
- Offer cans and small bags of diets for sale in the hospital to get a client started on the diet, but then have the client purchase large bags from the online store.
- Getting clients to purchase chronic-use products through the hospital's online store will reduce the staff time of in-house dispensing, as well as increase compliance.

Client's Value of Hospital's Online Store

- Convenience, by being able to order 24/7 and products delivered.
- Save money, as the hospital can offer more competitive pricing through their online store.
- Pet owner is in control of their purchases.
- Pet owner is able to maintain a relationship with a trusted source.

Keys to a Successful Online Store

- Have a project leader to monitor and set goals for the online store.
- Have training programs for the entire staff to ensure they are confident in recommending the online store to clients.
- Set goals to reach each month for sales made through the online store.
- Offer incentives to staff members that get a client to purchase from the online store.
- Review the current compensation program for veterinarians regarding medication refills. Associate veterinarians might be reluctant to recommend a client purchase from the hospital's online store because they may feel they will not be compensated for the sale. Some practices will offer compensation for the first time a prescription is filled only and build a higher compensation package with professional services rather than prescription refills.
- Incorporate a computer station in the hospital lobby. This computer station will be for clients to learn how to use the hospital's online store as well as how to navigate the website.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

APPA: American Pet Products Association

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N/A

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9.17. VETERINARY FEED DIRECTIVES



BASICS

OVERVIEW

The US Food and Drug Administration (FDA) created federal regulations that require veterinary oversight of commonly used antibiotics in food animal feedstuffs. The antibiotics affected by these rules are labeled as Veterinary Feed Directive (VFD) drugs and are classified as medically important antibiotics.

For a producer to purchase VFD drugs, they must have a written VFD order from a veterinarian. To write and issue the VFD order, a veterinarian–client–patient relationship (VCPR) must be established with the client and their animal(s). Prior to 2017, many VFD drugs were labeled for over-the-counter purchase, but now a veterinarian must oversee the usage of these drugs.

TERMS DEFINED

Category I Drugs: These drugs do not require a withdrawal period when used in a food-producing species.

Category II Drugs: These drugs require a withdrawal period when used in food-producing animals and are regulated on a "no-residue" basis.

Combination Veterinary Feed Directive (VFD) Drug: An approved animal drug that is intended for use in
or on animal feed in combination with at least another animal drug under the professional supervision of a licensed veterinarian. Animal feed containing a combination VFD drug must be authorized by a lawful VFD order.

Duration of Use: The length of time that an animal feed containing the VFD drug is allowed to be fed to the animal(s).

Expiration Date: The specified period of time for which the VFD is valid. After the expiration date of the VFD order the drug should not be fed. The expiration date cannot exceed 6 months after the issuance date of the VFD order.

Major Species: Cattle, horses, swine, chickens, turkeys, dogs, and cats.

Medically Important Antibiotics: Antibiotics that are used in both veterinary and human medicine and are characterized by the World Health Organization and the FDA as important for therapeutic use in humans. For example, macrolides and tetracyclines are "medically important" but ionophores are not, because they are not used therapeutically in humans.

Minor Species: Animals, other than humans, that are not considered major species (i.e., cattle, horses, swine, chickens, turkeys, dog, cats).

Production Label Claims: A label claim that was not for disease control, treatment, or prevention, but was for an enhancement to production, such as "increased rate of weight gain" or "improved feed efficiency." These label claims were voluntarily withdrawn by drug manufacturers in 2016, and the FDA will no longer approve a drug application with a production claim.

Refills: The VFD cannot allow refills unless the label specifically allows refills. If a label is silent to refills, then refills cannot be authorized.

Type A Medicated Article: This is a drug in its most concentrated form and is intended for creation of another type A article or mixture into a type B or C medicated feed.

Type B Medicated Feed: This feedstuff contains an animal drug that is mixed with vitamins, minerals, and/or other nutritional ingredients by weight.

Type C Medicated Feed: This is a complete feed that is mixed from a type A or type B feed and is ready to directly feed "free-choice" or "top dress" another feed.

Veterinarian–Client–Patient–Relationship (VCPR): Regarding veterinary feed directives, a relationship with the client and veterinarian that is required at the federal level and by most states. The veterinarian must have "sufficient knowledge" of the animal before issuing a VFD order. This relationship can only exist if (1) the veterinarian has personally examined or visited the premises where the animals are kept, (2) the veterinarian has assumed responsibility for the medical judgments regarding the animals, (3) the caretaker of the animals has agreed to follow the instructions of the veterinarian, and (4) the veterinarian is readily available for follow-up.

Veterinary Feed Directive (VFD) Drug: A drug intended for use in or on animal feed that is limited by an approved application to use under the supervision of a licensed veterinarian. Use of animal feed bearing or containing a VFD drug must be authorized by a lawful VFD order.

Veterinary Feed Directive (VFD) Order: A written (nonverbal) statement issued by a licensed veterinarian in the course of the veterinarian's practice that orders the use of a VFD drug or combination VFD drug in or on an animal feed. This written statement authorizes the client (owner or caretaker) to obtain and use animal feed bearing or containing a VFD drug or combination VFD drug to treat the client's animal(s) only in in accordance with the conditions for use approved by the FDA.



ISSUES AND OPTIONS

- A federal VCPR requirement exists for issuance of a VFD order, but many state veterinary practice acts also contain a VCPR. If the state VCPR requirement is more rigorous, then it controls. If the state either does not have a VCPR requirement or if it is less rigorous, then the veterinarian must follow the federal VCPR requirement. The FDA publishes a resource of which VCPR controls in each state.[1]
- The issuance of a VFD order requires the creation of at least a presumptive diagnosis by the veterinarian. This presumptive diagnosis must match a labeled indication for the VFD drug.
- A requirement of the VCPR is that the veterinarian must either examine or make timely visits to the premise where the animals are housed. Since a VFD cannot be issued for more than 6 months before it expires, then an examination or site visit must be made in the previous 6 months before issuing the VFD order. The regulations also require a "personal" visit by the veterinarian, not an assistant/technician, or video/teleconference.
- The medical record should reflect the issuance of a VFD, the indications for the VFD, and either a presumptive or definitive diagnosis that matches the labeled indication for the VFD drug used. The medical record should also state how the veterinarian gained the sufficient knowledge about the animals to issue the VFD order. This would be the examination findings or notes regarding the site visit to the premises where the animals are housed.
- The veterinarian issuing the VFD must be licensed in the state where the animals are being fed the medicated feed.
- Although a veterinarian can charge the client for writing a VFD order, it is unlikely to equal the revenue production of other areas of mixed animal or food animal practice. To provide value, use VFD site visits as consulting opportunities on vaccination protocols, nutritional advice, husbandry techniques, or other value-added veterinary advice. The VFD order could be an opportunity to educate and consult with a client to prove the value of veterinary expertise and advice. Also, from an efficiency standpoint, combining trips with other close-by facilities, or other site visits for veterinary work, and good recordkeeping could reduce the number of trips and costs associated with issuing a VFD order.
- The FDA has issued guidance for completing VFD orders. The client is the caretaker of the animals, who may be the owner or a person that is responsible for the care of the animals. The address is the physical address of where the animals are housed, which may not be the mailing address of the owner or caretaker. If a mailing or physical address does not exist, Global Positioning System coordinates may be used to identify the location of the animals. If the animals are to be moved

during the feeding of the VFD, the best practice would be to issue two VFDs, one for each location.

- When writing a VFD, follow the label for the drug and indication that you are using. Extralabel use of VFD drugs is never allowed. Use caution when writing VFDs for trade name legend drugs and generic equivalents that may have different labels and for drugs used in combination therapy, which may have different labels for combinations with other drugs. Other fields on the VFD that must match the label include the duration of use and the indication.
- The VFD rules require that the "approximate number of animals" being fed the VFD drug must be recorded.
- The VFD rules require that the veterinarian takes responsibility for transmitting the VFD to the feed mill for mixing of the VFD feed. This allows for the paper production of the signed VFDs and scanned electronic transmission via e-mail or fax. The VFD order could also be hand delivered or mailed. Programs exist for fully electronic transmission of VFD orders, but they must be compliant with other FDA electronic transmission rules.
- The VFD rules require that the veterinarian store the VFD order for two years after issuance. State veterinary practice acts may require storage of medical records longer than two years.
- Antibiotics that are not fed to food-producing species, in their feed or water, are not affected by the VFD rules. Oral boluses or other oral administration, injectable, and topical antibiotics are not affected. Antibiotics fed to non-food-producing animals that are members of a food-producing species are affected. For example, backyard or pet chickens receiving water-based tylosin and pot-bellied pigs receiving chlortetracycline mixed in feed would be subject to the VFD rules.



EXAMPLES

Specific classes of drugs that are affected include aminoglycosides, lincosamides, macrolides, penicillins, sulfas, and tetracyclines.



CAUTIONS

OVERSIGHT AND ENFORCEMENT

The FDA has jurisdiction over veterinarians that write, issue VFD orders, and use VFD drugs negligently. Currently, there are no plans to collect or gather VFD orders from veterinarians, feed mills, or producers. The state veterinary boards and the veterinary licensing agency have jurisdiction over licensed veterinarians in the state. If a complaint is received regarding the issuance of a VFD, then the state board will investigate the standard of care gaining the sufficient knowledge in the VCPR, forming the presumptive diagnosis and the usage of the VFD drug.

The extralabel use of VFD drugs in minor species is technically illegal, but the FDA has indicated that it will use enforcement discretion when a veterinarian is faced with no other viable options for treatment.[2]



MISCELLANEOUS

ABBREVIATIONS

FDA: Food and Drug Administration
VCPR: Veterinarian–client–patient relationship
VFD: Veterinary Feed Directive

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9.18. ADDING EMERGENCY SERVICES



BASICS

OVERVIEW

Primary care practices and specialty practices (see 1.25 – Specialty and Emergency Centers) often consider "going 24/7" through the addition of after-hours emergency services as a growth strategy. There are important strategic and operational issues to be evaluated in planning for adding after-hours emergency services. Planning tools such as feasibility studies and strengths, weaknesses, opportunities and threats (SWOT) analysis can help to evaluate the likely success of adding emergency services. Review of the practice's readiness by areas of key business function and mitigation of key risk factors can lead to successful implementation.

TERMS DEFINED

Feasibility Study: Feasibility studies aim to objectively and rationally uncover the strengths and weaknesses of an existing business or proposed venture, opportunities, and threats as presented by the environment, the resources required to carry out the venture, and ultimately the prospects for success.[1]

Intensive Care Unit (ICU) Flow Sheets: These are records of treatments, observations, and nursing notes that are often kept with the patient while in the hospital. Also known as treatment sheets.

Pros/Cons Analysis: A decision-making tool that weighs advantages (pros) and disadvantages (cons) of a contemplated change. Weighting may be assigned to various pros and cons.

Talent Acquisition: The process of finding and acquiring skilled human labor for organizational needs and to meet any labor requirement.

SWOT Analysis: A strategic planning method used to evaluate the strengths, weaknesses/limitations, opportunities, and threats involved in a project or in a business venture.



ISSUES AND OPTIONS

FEASIBILITY STUDY

The feasibility study for adding emergency services should weigh the strategic factors in terms of fit with the practice's mission and vision. It should also consider strategic and operational issues regarding the practice's readiness and the resources that will be required for implementation. Use of a SWOT or pros/cons analysis can be very useful as part of the feasibility study (see 6.7 – Basic Tools of Marketing). Useful questions to consider include:

- Will providing these services change our position in the local or regional marketplace?
- What value will these services provide to our clients?
- How could it augment or diminish the quality or reputation/brand of our practice?
- Can the emergency services and 24/7 operations be successful based only on caseload from the current practice or will referrals from or alliances with other providers be needed? If referrals are needed, what are the current relationships with key sources of referrals?
- How do you ensure successful talent acquisition for qualified experienced clinical staff, notably clinicians and technicians/nurses? This is a critical risk factor for any new or expanding emergency service, and much more importance should be placed on this than in years past.
- Are these services currently being provided in the community and, if so, by which providers?
- How can the feasibility analysis be supported by data rather than by intuition? Consider demographic analysis (see 1.4 – Veterinary Trade Areas) of the community, evaluating the number of supporting veterinary clinics, the number and types of similar services that exist currently, and the trends in community economics, such as unemployment rate, per capita and household income, and rates of pet ownership. Evaluate the number of existing emergency cases from the practice that are currently being treated by other providers.
- What are the risks if the service does not succeed as planned, and how might these risks be mitigated? Typical risks would include fewer referrals or lower revenue, profit, and cash flow than anticipated.
- Are there resources available to support the project, such as management capacity, facility space, money, and smoothly running existing operations?
- How will the performance of the new operations be monitored, in terms of data, profitability, and milestones?

SWOT ASSESSMENT

The SWOT assessment is essential because subsequent steps in the process of planning for achievement of the selected objective may be derived from this analysis (see 6.7 – Basic Tools of Marketing).

- Strengths: characteristics of the business or project team that give it an advantage over others.
- Weaknesses: characteristics that place the team at a disadvantage relative to others.
- Opportunities: external chances to improve performance (e.g., make greater profits) in the environment.

• Threats: external elements in the environment that could cause trouble for the business or project.

OPERATIONAL ISSUES

The operational issues for starting emergency services within an existing practice are complex and require a considerable amount of planning. A good approach is to review the impact on key dimensions of the practice, as shown in the following examples. Policies or protocols may be needed in some or all of the areas listed.



EXAMPLES

CLIENT SERVICE

• **Client communication.** These include progress updates, visitation and discharge policies, call routing, and handouts for common conditions. Develop scripting to ensure extensive medical advice is not being provided without a valid VCPR and that clients are encouraged to bring their pets in for examination.
• **Referral communications.** These include protocols for accepting referrals, progress reporting, involvement in case management, transfers internally and back to referring hospitals, patient death notifications, referral forms, and transmission of medical records.
• **Grief support:** Identify useful bereavement resources for clients.

CLINICAL OPERATIONS

• **Case transfer.** How to involve referring veterinarians in patient care and transfer decisions.
• **Clinical workflow.** Consider impact of emergency services on workflow of current operations, notably at transition times between services. Rounds protocol to facilitate case management quality and continuity.
• **Critical care.** Treatment of critically ill patients often requires advanced knowledge in triage, nursing care, and pain management. Advanced training in these areas may be needed for support staff.
• **Euthanasia.** Frequency of euthanasia is often increased relative to other types of practice. Consider systems and training regarding euthanasia processes, including supporting materials for clients, condolence cards, and memorial items. Consider training in bereavement (see 5.23 – Dealing with a Grieving Client), compassion fatigue (see 2.8 – Compassion Fatigue and Burnout), and compromise fatigue (see 2.10 – Compromise Fatigue).
• **Equipment usage policies.** Regarding usage of specialized equipment, such as surgical, ultrasound, or endoscopy equipment.
• **Hours of operation.** Identify hours of emergency service operations, giving special attention to weekends and holidays.
• **Medical records policies.** Format, timeliness, and review processes (see 9.1 – Medical Records and Patient Documentation). Internal documents such as ICU flow sheets may need review and modification.
• **On-call.** Review needs for staff and veterinarian on-call availability to cope with high volumes of caseload, sudden absences, or the need for advanced medical expertise.
• **Operating room policies.** Use, cleaning, and readiness of the operating room, and cleaning and prep of surgical instruments and packs.
• **Surgery.** Many of today's emergency veterinarians are not trained to perform the typical major (mostly abdominal) surgical procedures that were often performed by their counterparts in the past. Developing surgical capacity in the emergency service is essential, whether it is achieved through selective hiring of emergency veterinarians for this increasingly uncommon skillset, by training to develop surgical skills, or through coverage by veterinarians experienced in emergency surgery (possibly including board-certified veterinary surgeons).

EQUIPMENT/INVENTORY

• **Equipment.** Identify service agreements, training, or repair vendors for any new equipment.
• **Inventory management protocols.** New inventory items, including medical, janitorial, and office supplies. Modified stocking levels may be needed for certain items.

FACILITY

• **Hospital cleaning.** Prepare for markedly increased wear and tear on all parts of the hospital. May need to adjust timing or scope of cleaning and repair services.
• **Staff security.** Plans may include locking the facility at certain hours, alarms, panic buttons, webcams/video security, and handling of cash. Secure any high-value items in lobby.
• **Vendors.** May need to adjust frequency of services such as cremation pickup, oxygen delivery, and cleaning.

FINANCIAL

• **Compensation systems.** Increasingly, emergency departments are paying their staff doctors on pooled production methods. Other common variations include pure production, shift pay, ProSal (see Glossary), and pure salary (see 3.1 – Compensation).
• **Discounting.** Policies for referring veterinarians and their staff, and allied organizations such as animal shelters, law enforcement, etc. (see 8.17 – Discounting).
• **Invoicing and payment.** Training for invoicing, charge capture, invoice auditing, deposit policies, and payment and credit options.

9.18. Adding Emergency Services

• **Financial reporting.** New revenue or expense categories for reporting on financial statements may be needed. Prepare three-year projections for the new operations and develop processes for reporting results and annual budgeting.
• **Veterinarian production tracking.** Track total department production, individual doctor production, average client transaction, and caseload.

HUMAN RESOURCES

• **Communications.** Communicating with staff working on a 24/7 basis can be challenging. Planning should consider team meetings; many 24/7 practices use split, duplicate, and recorded meetings. Consider ancillary methods of communication, including video, e-mail, newsletter, and intranet.
• **Compensation plans.** Include method of compensation for veterinarians and any differential shift pay for hourly staff.
• **Development and training.** Evaluate training needs for current or new staff regarding new processes, equipment, and software (see 3.10 – Staff Training).
• **Organizational culture.** Plan for integration of new staff and what will be the effects of change on current staff, including scheduling of practice social activities.
• **Regulatory and compliance.** If staffing changes lead to increased headcount, evaluate ramifications for legal and regulatory such as Consolidated Omnibus Budget Reconciliation Act, Family and Medical Leave Act, overtime, and other reporting and compliance issues.
• **Scheduling.** Develop staff schedules, and plan for holiday coverage and holiday pay rates. Develop on-call provisions, if needed (see 3.18 – Staff Scheduling Options).
• **Talent acquisition.** Evaluating and implementing overall staffing for a 24/7 environment is typically quite complex, and often requires transformation to a more strategic approach. Finding and retaining key clinical staff is increasingly a pivotal issue for successful long-term operation of an emergency service. The practice will need to systematically focus on all aspects of the talent acquisition cycle, including:
  ◦ **Staffing needs.** Carefully analyze the clinical staffing needs, which should include an intentional design of clinical workflow (see Clinical Operations section).
  ◦ **Recruitment.** Develop an awareness about best recruiting channels and practices, and understand the highly competitive environment that currently exists in most markets (see 3.7 – Effective Staff Recruitment).
  ◦ **Hiring.** Refine current hiring practices to accommodate current competitive nature for emergency veterinarians and technicians/nurses.
  ◦ **Retention.** Develop a formal plan for retention of key clinical personnel (see 3.20 – Staff Turnover and Retention). This becomes more important given the competitive recruiting and hiring environment, since recruiting and hiring will be wasted efforts if hired clinical staff cannot be retained. Retention plans should include various elements of communications, compensation development and training, and organizational culture plans.

INFORMATION TECHNOLOGY

• **Data.** Evaluate backup and disaster recovery, especially if backup typically occurs after hours (see 10.7 – Information Security: Backing Up and Archiving Your System).
• **Applications.** Evaluate licensing, usage, and capacity of applications (such as Microsoft Office) and e-mail.
• **On-call information technology (IT) vendor.** Make provisions for IT vendor availability after-hours in the event of network or equipment malfunction.
• **Practice information management software (PIMS).** Evaluate licensing (number of users), support, and upgrade status. New templates and new codes may be needed.
• **Ancillary software/applications.** Evaluate related software and applications interconnected with PIMS, including but not limited to clinical treatments, referral relationships, and pet owner engagement.
• **Workstations and printers.** Evaluate numbers, condition, and location of current equipment.

MANAGEMENT

• **Advisory.** Identify key sources of advice to avoid making common mistakes. Review plans with the outside advisory team, such as legal counsel, accounting firm, marketing firm, practice consultant, and so on.
• **Expertise.** Evaluate internal expertise in managing after-hours emergency services and plan to mitigate any shortfall. Hiring an experienced emergency veterinarian or criticalist can add a great deal of value to planning and implementation.

MARKETING

• **Community outreach planning.** May include law enforcement, animal control, breed groups, rescue organizations, and pet stores.
• **Promotional materials.** Evaluate the need for new or modified promotional materials, according to target groups of referring veterinarians and pet owners.

• **Publicity.** Methods of publicity for launch of the new services, including press releases, open house, newsletters to existing clients, website announcements, Internet listings, and direct mailing to referring veterinarians.
• **Referral outreach.** Plan outreach to referring veterinarians and practices. Methods may include open house, visits to referring veterinarians by management and/or clinical staff, continuing education offerings, and loyalty programs. Develop plans for conversion of answering services to ensure clients of referring practices know your services are recommended by their veterinarian. Conversion of answering services is often reported as one of the most challenging hurdles faced by new emergency services.

REGULATORY

• Evaluate compliance needs regarding controlled substances, hospital licensing, recordkeeping, and Occupational Safety and Health Administration.
• Verify planned operations are a permitted use according to zoning codes.



CAUTIONS

When adding emergency services, no single person or practice will be able to plan for every possible issue, but a good planning process will go a long way toward ensuring a successful implementation. Be sure to involve the practice staff and key advisors in the planning processes.

It is truly critical for practices to understand the current competitive landscape in recruiting clinical emergency staff, notably veterinarians and technicians/nurses. Failure to understand and plan for these dynamics is the most common reason for new emergency services to fail, or fail to thrive.



MISCELLANEOUS

ABBREVIATIONS

ICU: Intensive care unit
IT: Information technology
PIMS: Practice information management system
SWOT: Strengths, weaknesses, opportunities, threats
VCPR: Veterinarian–client–patient relationship

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9.19. Integration of Hospice and Palliative Care into Practice



BASICS

OVERVIEW

• The number of geriatric pets has increased significantly, and this upward trend is expected to continue.
• In the United States, the percentage of pet cats over six years of age has increased from 24% in 1995 to approximately 47% in 2017; and in Europe, between 1983 and 1995, the number of geriatric cats more than doubled, and the number of geriatric dogs increased by 50%.[1]
• Pet owners are now seeking more specialized and personalized care during this senior life stage, and there is a rapidly growing, consumer-driven demand for veterinary hospice and palliative care (HPC) services.
• To better meet these client needs, primary care practices should consider implementing HPC services for patients who are geriatric or nearing end of life (EOL).
• A veterinary practice that gains a reputation for providing elevated, skilled, and compassionate HPC and EOL services will not only retain clients but will gain referrals as a result.

TERMS DEFINED

Compassion Fatigue (CF): A phenomenon defined as the emotional, social, and spiritual cost of caregiving leading to a decline in the desire, ability, and energy needed to empathize with and care for others that ultimately results in the loss of satisfaction in both the professional and personal life of the caregiver.
Hospice: A philosophy or program of care that addresses the physical, emotional, and social needs of animals in the advanced stages of a progressive, life-limiting illness or disability. Provided to the patient from the time of a terminal diagnosis through death, inclusive of death by euthanasia or by hospice-supported natural death. Addresses the emotional, social, and spiritual needs of the human caregivers in preparation for the death of the animal and the grief experience. Animal hospice care is enhanced when provided by an interdisciplinary team approach.
Palliative Care: Treatment that supports or improves the quality of life (QOL) for patients and caregivers by relieving suffering; this applies to treating curable or chronic conditions as well as EOL care.



ISSUES AND OPTIONS

ADDING HPC TO YOUR PRACTICE

HPC is appropriate for any pet that is facing EOL, regardless of life stage (see 1.24 – Hospice and Palliative Care). An HPC service is best delivered utilizing a dedicated and interdisciplinary team and involves a collaborative approach between the entire veterinary staff and client.

PRACTICAL CONSIDERATIONS WHEN IMPLEMENTING AN HPC SERVICE

Seeking Advanced Education and Training in HPC

The International Association for Animal Hospice and Palliative Care (iaahpc.org) offers a 125-hour RACE® -approved advanced education program, certifying licensed veterinarians and technicians in HPC.

Individual Responsibilities

• The practice will need to determine who will provide the various aspects of care.
• Utilize and invest in your veterinary nurses! The vast majority of hospice and EOL care centers around education and communication, which are often the most time-consuming aspects of the appointment.
• Educate and train nurses in areas of pain management, quality of life, and EOL decision-making to help streamline appointment processes and time.

Consider Extending Appointment Times

• There is a great deal of information and education that needs to be discussed with clients regarding EOL, and offering extended appointment times for HPC patients will greatly benefit your staff and your clients.
• Consider adding 15 minutes to HPC appointments, and track metrics such as average client transaction, owner compliance (willingness to perform diagnostics, administer medications), overall client satisfaction, and improved QOL for patients.
• Charge accordingly. Many people will willingly pay more to have more time with you, and it is important to meet these client needs. If you do not, someone else will.
• If longer appointment times for HPC are a concern to the practice, consider starting with one or two of these appointments per day and assess metrics. These appointments should be considered a longer term practice investment and a barrier to competition.
• Consider offering "split" appointments or a virtual patient intake utilizing telehealth. Nurses trained in HPC can obtain a thorough history and begin to educate and prepare clients for the medical portion of the appointment. Nurses can skillfully screen patient history and client concerns using various assessment tools (behavior assessments, geriatric intake forms, Subjective Nighttime Restlessness Evaluation, Feline Musculoskeletal Pain Index, Colorado State University pain scale). The doctor can then spend 20–30 minutes discussing medical recommendations, already having a focused plan based on information gathered by the nurse, thereby increasing efficiency while decreasing cost of care to the practice.
• This approach to appointments will not only allow for sharing the burden of client care between the doctors and nurses but will also increase the nurse's autonomy and improve job satisfaction, as well as decrease the risk of CF and burnout for both staff members.

Treatment Locations

• The veterinary staff and client will need to determine the frequency of recheck exams and where care will be delivered; options can include in the hospital, in the home, or a combination of both locations.
• Emphasis should always be placed on maximizing care in the home whenever possible.
• Consider offering in-home appointments, even if just one day a week. Appointments can be done by a veterinarian, by a technician/nurse, or a combination of staff.
• If veterinary staff cannot provide in-home care, telehealth is an excellent assessment and communication tool, and this option should be utilized whenever possible to reduce return visits to the clinic. A real client concern is subjecting their debilitated pet to a car ride or exposing them to a stressful hospital setting, and you can address these pain points by offering alternative options for patient evaluation and client communication.

Client Education

• Always ensure the client is willing and able to provide the recommended home care interventions.
• All clients should be provided with detailed education regarding the HPC plan in a language they can understand.
• Education should include various forms of delivery, including verbal, written (using both words and illustrations), and video whenever possible.
• When giving instruction to various care tasks, such as subcutaneous fluid administration, take a "see one, do one, teach one" approach to client education.

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Environmental Modifications

If a staff member is unable to visit a client's home, have families provide video of their pet's environment to assist with home modification interventions to ensure patient safety.

Safety and Hygiene Education

- Discuss considerations for safe handling of patient medications.
- Discuss considerations for safe and humane handling of pets with pain, including bite injury prevention.
- Discuss considerations for safe handling of body fluids, such as urine or secretions from nonhealing wounds.

Periodic Plan Assessments

- Ensure frequent assessment of plan efficacy, and implement changes to the treatment plan based on patient response.
- Ensure frequent evaluations of the client's compliance and their impressions of plan efficacy.
- Ensure frequent assessment and revision of personal treatment and QOL goals based on current patient and client status.
- Ensure frequent reassessment of patient prognosis based on response to interventions.
- Revisit discussion of euthanasia if patient suffering or diminished QOL is present (due to lack of compliance, failure to respond to therapies, progression of disease, etc.).

ELEVATING PERCEPTION OF VALUE BY IMPROVING THE IN-CLINIC EXPERIENCE FOR YOUR HPC PATIENTS

Show You Care with a Focus on Comfort

- Take senior pets directly to the exam room to avoid unnecessary "getting up and downs," *and* be sure to let clients know in conversation that this is what you are doing; they will appreciate the thoughtfulness.
- If pets do need to stay in the waiting room, provide cushioned seats for additional comfort.
- Bring clients a blanket that has been warmed in the dryer (or invest in a towel warmer); this extra touch goes a long way. Share with owners that warmth feels good for pets with arthritis and that some older pets are more affected by the cold due to loss of muscle and fat as they age.
- Always employ gentle holding and "fear-free" techniques (see 4.14 – Developing a Fear-Free Hospital). Senior pets can be fragile and more prone to injury.
- Place yoga mats or interlocking foam mats in waiting room and exam room areas for improved traction.
- Ensure you have thick blankets or bedding already waiting in exam rooms.
- Use appropriate padding and support when obtaining diagnostics; share this with your clients to build trust when diagnostics are performed.
- Promote a calming environment, such as lighting, pheromones, using an exam room that is in a quieter part of the hospital if possible, being mindful of body language and tone of voice.
- Always examine medium and larger patients on the floor, not on tables.
- Use harnesses instead of leashes when indicated.
- Perform as many tasks and sample collection in the exam room as possible. When obtaining blood, utilize local anesthetic cream (lidocaine, prilocaine, etc.) for pain-free venipuncture; clients will appreciate this additional caring step and concern for patient wellbeing.
- Consider reserving a dedicated parking spot near the front entrance for elder pets.

DEVELOPING AN HPC TREATMENT PLAN

The following four-step process will help the veterinary team implement an effective HPC plan and provide consistency of care.

Step 1: Educate the Client about the Pet's Disease

- The more a client understands about general disease progress and progression, the better they will be able to execute their caregiving role.
- Education regarding the expected disease trajectory is vital and should include discussion of diagnostic and treatment options, therapies, prognosis, and anticipated cost associated with care.
- Detailed descriptions of each diagnostic, *especially how results will influence a patient's care and plan*, are a vital part of communication and will allow the client to make informed decisions.
- The care team should communicate information in a language that the client can easily understand (see 5.5 – Translating Medicalese: Client-Centered Communication).

Step 2: Evaluate the Pet Owner's Needs, Beliefs, and Goals for the Pet

- It is vital for the veterinary team to explore the client's needs, beliefs, and goals for their pet's EOL care.
- Treatment goals should be as specific and as measurable as possible, as well as recorded in the patient's medical record.
- It is helpful to have a checklist of questions to discuss with the client; this can serve as a guideline for developing a personalized HPC plan (see online resource, *Hospice Intake Form*).

Step 3: Develop a Personalized HPC/EOL Treatment Plan

- All HPC plans begin with a thorough assessment of the patient's physical, social, and emotional needs (see "Address the patient's physical, social, and emotional needs" section).
- It is essential for the veterinary team to understand the client's ability and willingness to provide the increased level of care that is often needed for a pet with a terminal status; this is an important consideration when developing an HPC plan, since the majority of care will rely on the client's active involvement and will help determine the best treatment course.
- Of equal importance is the assessment of the *patient's* willingness and capacity to receive care, such as willingness to take medications or receive subcutaneous fluids.
- The HPC plan should be entered into the patient's medical record.
- The HPC plan should include, at minimum, the following:
  - Disease sheets with information about the illness, anticipated disease trajectory, and signs to monitor for that may indicate a change in condition or clinical decline.
- Client-directed pain scales that are appropriate for use in the home setting (see online resource, *BEAP Pain Scale for Dogs* and *BEAP Pain Scale for Cats*; refer clients to the "Recognizing Pain in Pets" learning module at pethospice.com).
  - Euthanasia-specific information, including how and when to plan for this time, discussion of aftercare options, options of in-home euthanasia versus in-clinic euthanasia, and options for memorialization or ceremony if wished for.
  - Information regarding what to do in an emergency or after-hours situation, including address and phone number of nearest emergency clinic.
  - It is the author's opinion that every client with a pet in an HPC program be dispensed a "comfort kit." A comfort kit consists of several preloaded syringes containing a sedation and opioid to be administered subcutaneously to the pet at home in the event of an acute crisis. This allows the client to provide mild sedation and pain relief for their pet pending euthanasia, offering comfort in those last hours, and it is perceived by clients to be one of the most valuable aspects of the HPC relationship.
  - Information on what to expect with a natural death, should this occur before euthanasia intervention can take place.
  - Resources such as QOL assessment tools.
  - Grief and pet loss resources (both in person and virtual).

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- ◦ Referrals to adjunct mobile services, if available (in-home euthanasia if a practice does not offer this service, acupuncture, grooming, in-home pet sitting and respite care).
- ◦ An estimate of costs for medications, supplies, and diagnostic procedures such as blood work or blood pressure monitoring.

Step 4: Implement the HPC Plan

- As soon as a pet enters a hospice program, flag the medical record so that the entire staff is aware. In this way, a family can elect euthanasia at any time without having to repeat history, which can be especially helpful if the attending staff have not previously been involved with that patient's care.
- Whenever possible, care should be administered at home; if in-home options are not feasible for the practice, telehealth should be utilized whenever possible.
- Education is a cornerstone of implementation, and caregivers should be taught therapeutic techniques, how to assess their pet's response to therapies, and symptom recognition.
- Encourage clients to record daily activities and monitor for changes in their pet's clinical status. Include such parameters as the level of pain present, appetite, activity, overall happiness and engagement, respiratory rate and effort, mucus membrane color, and abdominal girth. This information will help assess response to therapies and allow for early intervention should a clinical decline occur.
- Include a plan for follow-up care and monitoring. Based on the stage of disease and current QOL, the veterinary team can implement general guidelines for frequency of communications:
  - ◦ For patients who are in stable and in the early stages of hospice care, monthly updates via phone, e-mail, or telehealth may be adequate.
  - ◦ For patients in advanced stages of disease, or if clinical decline is occurring, weekly or daily updates are often needed.
  - ◦ Determine which form of assessment is in the patient's best interest, such as a telehealth consult (video conferencing), home visit, or an in-clinic visit.
  - ◦ Telehealth can be instrumental in assessing changes in the patient's status with the least amount of stress. It is appropriate to charge for these consultations.
- It is important to share that hospice remains appropriate as long as pain and other symptoms of disease are controlled, and it is vital to discuss and determine clear stopping points, or "lines in the sand," which would indicate an inadequate QOL and need for euthanasia.

ADDRESS THE PATIENT'S PHYSICAL, SOCIAL, AND EMOTIONAL NEEDS

The physical, social, and emotional health of veterinary patients are strongly intertwined, and it is difficult to achieve optimal QOL when any one of the components is missing.

Physical Needs

- Implement a multimodal pain management plan that includes anticipating, controlling, and preventing pain.
- Ensure adequate symptom management of organ system disease or failure, such as gastrointestinal signs (nausea, vomiting, diarrhea, anorexia), anxiety, and dyspnea.
- Meeting hygiene needs.
- Ensure adequate nutrition and hydration.
- Provide mobility assistance when indicated, such as nonskid flooring, assistance devices, and accessible litterbox location and height.
- Ensure environmental safety and offer protection from environmental hazards (use baby gates on stairs, prevention of accidental drowning in pools).

Social Needs

- Involve the pet in family activities and maintain normal interactions.
- Minimize periods of isolation.
- Monitor for the development of pet-to-pet hierarchal changes, such as the potential for aggression toward the compromised pet.
- Offer environmental enrichment and engagement with surroundings.
- Offer mental enrichment, especially when mobility is compromised.

Emotional Needs

- Ensure preservation of dignity by minimizing house soiling and helping to maintain hygiene and grooming.
- Minimize exposure to stress and changes in routine.
- Respect a pet's willingness to receive treatments such as subcutaneous fluids or oral medications.
- Be aware of a pet's will to live by monitoring behaviors and observing for signs of withdrawal or depression.
- How to achieve a balance between QOL and duration of life should always be a primary focus of care.

FINANCIAL CONSIDERATIONS

- HPC may not become the practice's largest profit center, but services will offer a return on investment and the long-term benefits will be immeasurable.
- In one study, 14% of clients changed their veterinarian following the euthanasia event due to overall EOL experiences.[2]
- It costs 10 times more to acquire a new client than to retain one, and how a practice handles a pet's EOL event will greatly influence a client's loyalty and their willingness to return to the practice.
- Well-delivered HPC services will not only lead to client retention following the loss of a pet but will provide positive word-of-mouth referrals.



EXAMPLES

SUPPORTING CLIENTS' DECISIONS

If a client wishes to decline diagnostics or treatment, avoid making them feel guilty and instead support them in this difficult decision (see 5.22 – Discussing Quality of Life and End of Life Issues). For example, if a client decides against monitoring blood work every six months to assess nonsteroidal anti-inflammatory drug administration, do not cease medical treatment, such as no longer dispensing the medication to the client. Take measures to ensure the family feels supported and comforted in the decisions they make.



CAUTIONS

AVOIDING COMMUNICATION PITFALLS

- The veterinary team should be aware of the range of emotions that can occur when delivering a terminal diagnosis; it is important to recognize that communication and education are often ineffective following the delivery of a "gut shot" diagnosis (see 5.22 – Discussing Quality of Life and End of Life Issues).
- A more effective communication approach is to briefly identify the need for an HPC plan, and schedule a dedicated follow-up appointment for exploration and discussion of care options. This allows the client time to come to terms with the diagnosis and be more readily able to receive information being shared.
- Follow-up appointments are best scheduled as the last appointment of the day, or as the last appointment before lunch, allowing adequate time to listen to the client's questions and concerns.
- When having conversations with clients, the veterinary team should employ core communication skills, including active listening (nonverbal cues such as nodding or repeating in your own words what the client has just shared), maintaining eye contact, using empathetic body language and tone of voice (see 5.1 – Effective Client Communication).

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• Check yourself. Avoid a biased presentation of information designed to steer a client's HPC/EOL choices in the direction of the veterinary team's preference. It is helpful to continually ask yourself, "What would I do *for my own pet*?"
• Regardless of decisions that are made, clients should always feel supported, never judged, and the veterinary team should remember that their values and beliefs may be different from their clients.
• Clients should be informed that some diagnostic procedures or treatments can be painful for their pet, and a thorough description of each test, including how the results will influence patient care, will allow the client to make an informed choice about whether or not to pursue further.

COMPASSION FATIGUE

• Veterinary team members who work with EOL patients and their owners can be at higher risk of developing CF, especially those staff members who are particularly empathetic and motivated to provide patient or client support (see 2.8 – Compassion Fatigue and Burnout). It is important for the veterinary team to recognize the signs of CF.
• CF can manifest itself in a variety of ways. Signs can include anger, frustration, depression, crying, insensitivity, a negative attitude, anxiety, and irritability. Physical symptoms can occur and may include changes in sleeping behavior, somatic illness, lethargy, and impaired immune response. Psychological indicators include a loss of hope, increased skepticism, and excessive guilt.
• These changes can result in avoidance of certain clients, patients, or procedures, loss of enjoyment in work, and fear or guilt about letting clients or patients down.
• CF can affect the morale of the team, individually or collectively.
• The risk of CF is reduced when practices actively support staff self-care, including promoting good nutrition (healthy snacks in the break room), enforcing periodic breaks and "time outs," allowing time for debriefing sessions at the end of each day, being receptive and open to listening to staff concerns, and not overscheduling.
• Awareness is key, and staff education on the realities of emotional exhaustion and overload that can accompany EOL cases is the best approach to avoiding, recognizing, and controlling CF.



MISCELLANEOUS

ABBREVIATIONS

CF: Compassion fatigue
EOL: End of life
HPC: Hospice and palliative care
QOL: Quality of life

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9.20. KENNEL MANAGEMENT AS A PROFIT CENTER



BASICS

OVERVIEW

In the environment of one-stop shopping, today's consumer/pet owner is mindful that engaging a veterinarian for their pet's care is most likely to be a substantial long-term commitment that, if initiated, will probably last a lifetime. Those providers of veterinary medical care who also provide ancillary services such as boarding kennel and day-care services may be termed the efficient provider in the area over other providers. There is a high demand among pet owners for high-quality boarding facilities with a caring, attentive staff. Pet owners also realize that their comfort level increases by knowing that qualified veterinary care is available should their pet require treatment in their absence.

What is important, though, is for the veterinary practice owner to remember that the involvement of a kennel in the overall operations of the practice requires planning. A seemingly mundane operation such as kennel management is actually quite a complex undertaking. Kennel operations must run efficiently and profitably to ensure continued long-term viability, ability to fund structural upgrades and improve facility scope of services, and to retain kennel staff. In addition, the kennel may be a potential client's introduction to your combined veterinary practice and kennel facility. Problems in the operation of the kennel may reflect poorly on the veterinary practice.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

A comprehensive set of operational standards was developed by the now defunct American Boarding Kennels Association, but many operators of commercial boarding kennels still adhere to them. The standards reflect the views of kennel operators, veterinarians, pet owners, and humane organizations, and thus represent an acceptable standard of care for animal housing and management.

In deciding to offer or upgrade the provision of kennel services, there are many issues to consider.

- **Noise:** Noise is a tremendous issue in kennel ownership, depending upon the particular geographic area in which the kennel is located (rural, suburban, or urban). Noise creates stress for animals, employees, neighbors, and owners alike (see 11.15 – Noise and Odor Control). To facilitate noise reduction, having fewer dogs in a single kennel area is one of the best ways to reduce noise, as the more dogs there are in any particular building the more the noise levels compound. Utilizing a smaller kennel facility means the dogs can focus more on the staff member looking after them rather than being disturbed by other dogs and high noise levels. Smaller buildings, with a higher staff-to-pet ratio per enclosed building, will tell customers a lot about the standards of care they can expect from a kennel. Once a pet owner has left their pet in a noisy kennel environment, they may seek better standards for future stays elsewhere, thus destroying a potential long-term relationship (and revenue stream) with a pet owner.
- **Cleaning and odor control:** Eliminating all areas where caulking could be used and using maintenance-free materials on the floors, walls, and drain system that do not absorb odors are key factors in ease of cleaning and odor control. Frame buildings may be used, but they can present problems. Dogs will usually chew on wood unless it is specially protected, and this not only creates an unfavorable appearance, but also provides hiding places for bacteria and parasites. Wood absorbs more urine and urine odors than concrete does, and wet wood deteriorates rapidly. The higher initial cost of a concrete or concrete block building is usually offset by lower maintenance costs, ease of cleaning, and reduced insurance premiums.
- **Construction:** Concrete and concrete block construction is generally recommended for kennel building materials (see 11.20 – Pet Boarding and Luxury Accommodations). Walls of this type, with concrete floors and kennel runs, make for a durable and economical commercial kennel structure. For example, concrete block walls may be used throughout, with exterior walls comprised of eight-inch blocks in any two-story section, and six-inch blocks in any one-story section. Local building codes should be checked to determine what size blocks are acceptable. For added strength, reinforcing mesh may be used at every third row during the construction of exterior walls. Four-inch concrete blocks are used for interior walls and partitions, and volatile organic compounds-free epoxy paint is utilized to seal new surfaces to provide easy cleaning, which helps protect against disease and parasite infestation.



EXAMPLES

In designing rules of engagement for kennel clients, the "warm body" theory of client acceptance should be discouraged to boost occupancy rates and thereby increase cash flows. Instead, target the educated, although demanding, client who may be a much better referral source for the kennel when a positive experience is obtained for both the pet and owner.

The following dog acceptance guidelines should be instituted as a recognized standard of care in your kennel:

- All pet owners must complete a comprehensive application.
- All dogs must be four months or older.
- All dogs must be spayed or neutered by seven months of age.
- All dogs must have up-to-date vaccinations. Owners must submit written proof that their dog(s) have received regionally appropriate vaccines, such as rabies, distemper, adenovirus-2, leptospirosis, parvovirus, parainfluenza, influenza, and *Bordetella* (canine cough) vaccinations.
- Pet owners need to certify that their dog(s) are in good health and have not been ill with a communicable condition in the last 30 days. On admission, all dogs must be free from any condition that could potentially jeopardize other dogs. Dogs who have been ill with a communicable condition in the last 30 days will require veterinarian certification of health to be admitted or readmitted.
- All dogs must be nonaggressive toward people or other dogs. Clients must certify that their dog(s) have not harmed or shown any aggressive or threatening behavior toward any person or any other dogs.
- A trial day of daycare is required for all dogs.
- No dogs may be able to jump a six-foot (1.8 m) privacy fence.
- All dogs must have a soft collar.

Cat acceptance guidelines to the cat boarding facility should be instituted as follows:

- All cats must be at least four months old.
- Cats must have all sets of regionally appropriate vaccinations, such as feline viral rhinotracheitis, calicivirus, panleukopenia, feline leukemia, and rabies, and they must be current.
- Negative feline immunodeficiency and feline leukemia test.

In the desire to maintain a "niche" kennel service to distinguish itself from other kennels, some veterinarian-run kennels are offering the following services to appeal to a higher-end (and higher-paying) clientele (see 11.20 – Pet Boarding and Luxury Accommodations):

- webcam access for pet owners to watch their pets;
- aquariums, waterfalls, and fountains;
- soothing music, animated movies, and television;
- kitchens for preparation of special diets, and refrigeration for raw diets;

9.20. KENNEL MANAGEMENT AS A PROFIT CENTER

Table 9-20-1. Annual gross revenues for boarding/kennel facilities (based on sliding-scale fees assuming 365-day coverage).

Animal occupancy	*Daily rate $20*	*Daily rate $25*	*Daily rate $30*
10	$ 73,000	$ 91,250	$109,500
15	$109,500	$136,875	$164,250
20	$146,000	$182,500	$219,000
25	$182,500	$228,125	$273,750
30	$219,000	$273,750	$328,500
35	$255,500	$319,375	$383,250

- quiet areas designed to meet the needs of pets who may be shy, timid, or older and who require a very calm environment;
- individually decorated suites furnished with beds, blankets, and baskets;
- personal attendants;
- grooming salon and day spa treatments.



CAUTIONS

Today's pet owner has a much higher degree of awareness of pet care issues. Dog and cat owners, either through education programs or through the Internet, are much more educated regarding the standards and care levels they require, and demand, for their pet(s). It is better to cover all bases of pet care needs than to be deficient in one aspect and held accountable for that deficiency.

Demographic studies and surveys of current pet owner clients must be generated before engaging in the development of a new kennel or expansion of current facilities (see 1.4 – Veterinary Trade Areas and 6.8 – Demographic Assessment). Even though pet owner demand may be high from the outset, veterinarians can learn from operating guidelines taught in the hotel and travel industry. To run kennels profitably, it is recommended to maintain very high facility occupancy rates than operate a kennel facility that is partially full in anticipation of gaining market share and, ultimately, sufficient pets to fill empty kennel spaces. Building a smaller facility that can obtain a short-term filled capacity will generate cost savings over the associated operation and construction costs of a larger kennel that would take time to fill with an emerging client base.



MISCELLANEOUS

As noted in Table 9-20-1, the rate charged of $20 to $30 per animal per day leads to a significant variation in the amount of gross revenue recognized by the kennel over the course of a one-year time period. Charging an additional $5 per animal, at the same time providing $5 or more of perceived value to the pet and pet owner, yields an additional $36,500 when the shelter is occupied by 20 animals.

It is highly recommended that a similar spreadsheet be developed for kennels to evaluate boarding rate development, annual budgeting for personnel and operating costs, and capital additions (should there be sufficient demand). There should also be development of "worst-case models" using the aforementioned principles at typical one-third and one-half occupancy rates, to see if those annual gross revenues are sufficient to fully fund the kennel project.

Projecting kennel-building costs is a difficult task, as different regions in a particular state may have disparate construction costs for land, design fees, permit fees, materials, labor, landscaping, and particular environmental concerns.

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

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9.21. WASTE MANAGEMENT

BASICS

OVERVIEW

The management of solid waste materials generated by a veterinary hospital is a complicated topic involving:

- knowledge of federal, state, and local regulations regarding waste disposal;
- protocols for the proper handling, sorting, and collection of waste;
- facility design to facilitate best practices for waste staging and disposal;
- reduction of waste materials for environmental reasons.

Every veterinary practice should develop a solid waste management plan. A plan can assist in removing the guesswork from handling waste, thereby increasing efficiency, ensuring compliance with laws, and protecting the health and safety of staff. A waste management plan can also identify waste materials that can be recategorized, reduced, or eliminated to limit damage to the environment.

TERMS DEFINED

Clinical Sink: A wall- or floor-mounted flushing fixture that is used to dispose of large quantities of feces.
EPA Regulation 40 CFR 261: The regulation that lists the categories of hazardous waste.
Hazardous Waste: Waste products harmful or toxic to humans, animals, or the environment. Chemotherapy drugs fall under this category.
Radioisotopes: Versions of an element that have a greater atomic weight due to additional neutrons. Unstable isotopes that emit ionizing radiation are known as radioisotopes.
Regulated Medical Waste (RMW): A subcategory of solid waste covering biohazardous or infectious waste produced by the diagnosis, treatment, or vaccination of animals.
Solid Waste: A term defined by the US Environmental Protection Agency (EPA) that covers a broad range of solid and liquid waste products. Most of the waste that is produced by a veterinary hospital is solid waste. Solid waste is then broken down into many different categories and subcategories.
Universal Waste: A subcategory of hazardous waste that includes, but is not limited to, pesticides, mercury-containing equipment, fluorescent bulbs, and batteries. Most veterinary hospitals fall under the federal designation for small-quantity handlers of this material.

ISSUES AND OPTIONS

The first step in developing a waste management plan is to understand the federal, state, and local regulations that apply to the disposal of waste and to develop standard operating procedures for handling various waste materials (see Figure 9-21-1). The following summarizes the categories that will be of greatest concern.

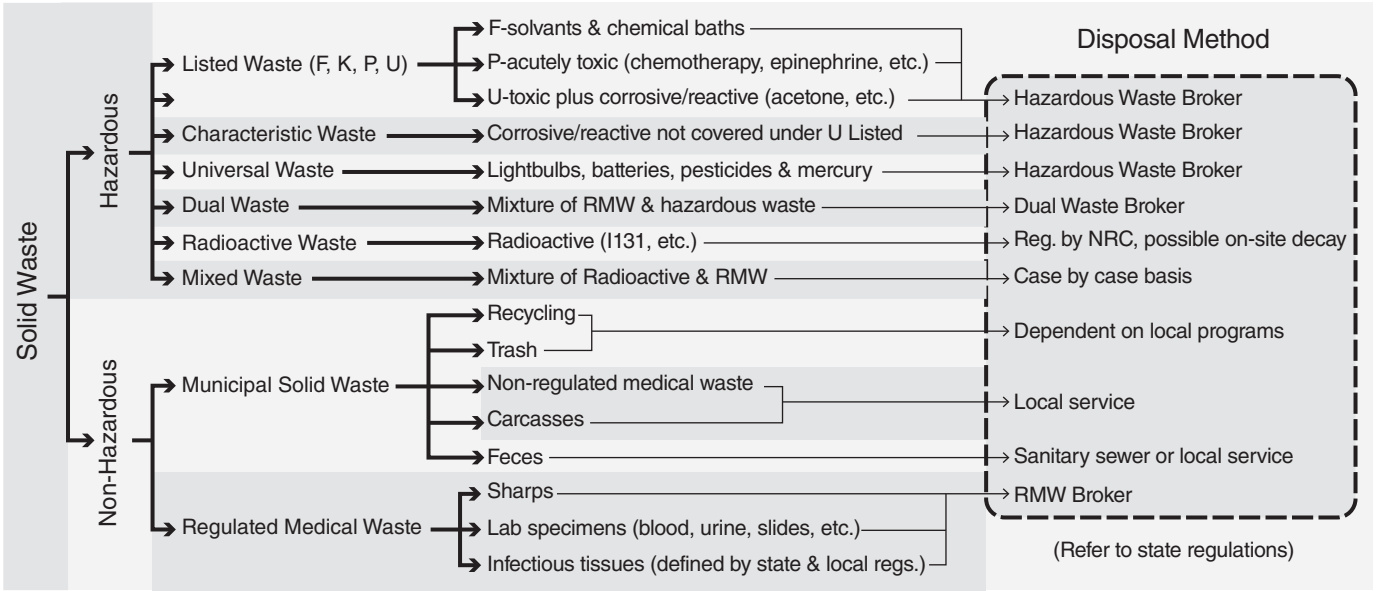


Figure 9-21-1.

Waste management flowchart.

9.21. WASTE MANAGEMENT

HAZARDOUS WASTE

- All veterinary practices generate materials that are classified as hazardous waste, including some chemicals and pharmaceuticals, particularly cytotoxic drugs used in chemotherapy, sterilants and disinfectants, and radiological materials.
- Hazardous waste is regulated primarily at the federal level, with state and local overlays. The federal Resource Conservation and Recovery Act (RCRA) designates categories for hazardous waste.
- Regulatory burden for the handling and disposing of hazardous waste is dependent on the quantities that are generated in a facility. There are three categories that define the amount of waste that is generated:
  - conditionally exempt small-quantity generators;
  - small-quantity generators;
  - large-quantity generators.
- Most veterinary practices will be small-quantity generators. Veterinary practices generating hazardous wastes above the regulation threshold are required to obtain an EPA identification number.
- Tracking, storing, and disposing of hazardous waste should be taken seriously. Small-quantity generators are prohibited from sending waste to the municipal landfill. These wastes must be handled by an RCRA treatment storage and disposal or recycling facility.
- The handling and storage of chemotherapy drugs is regulated at the federal level. In 2016, regulations were revised, and new standards were published by United States Pharmacopeia (USP) under the title "<800> Hazardous Drugs – Handling in Healthcare Settings," implementing many more regulations to the handling, storage, use, and disposal of cytotoxic drugs. The following design considerations may apply:
  - Access to hazardous drug handling areas must be restricted to authorized personnel.
  - Unpacking of hazardous drugs must be done in an externally vented room with negative pressure.
  - Group 1 hazardous drugs must be refrigerated in a designated refrigerator in a room with negative pressure.
  - Vented biological safety cabinets, with type designated based on drugs mixed, must be used. Refer to the Occupational, Safety, and Health Administration (OSHA) and USP <797> for information on the type of cabinet that is needed based on drugs handled.
  - Hazardous waste from chemotherapy drugs must be separated from other waste streams.

REGULATED MEDICAL WASTE

- The handling of RMW is regulated primarily at the state level and sometimes by more than one agency.
- Despite these complexities, the management of RMW in most veterinary medical practices is limited to sharps and a small amount of biohazardous waste that is collected at the laboratory (slides, blood products, etc.). These items can be collected in marked containers and retrieved by or mailed to an RMW broker for disposal.

RADIOACTIVE WASTE

- A variety of local, state, and federal agencies govern the handling and disposal of radioactive waste. Practices handling radioactive materials must follow the requirements of the US Nuclear Regulatory Commission (NRC), as well as the state and local laws as they apply to veterinary hospitals, to maintain a license to handle radioactive materials and waste.
- Most of the radioisotopes utilized in veterinary practice have short half-lives. It is often possible to provide a location for waste by-products containing radioisotopes to safely decay over the course of a few hours or days until they can be disposed of in the regular waste stream. This includes the urine and feces of cats receiving iodine-131 treatment and horses after scintigraphy.
- Note that mixed waste, which is a combination of hazardous waste and radioactive waste, is regulated by both the NRC and the EPA.

ROUTINE WASTE CONSIDERATIONS IN FACILITIES

- It is important to consider the disposal of feces in the design of veterinary facilities. Numerous infection-control guidelines recognize the importance of removing organic material prior to disinfecting surfaces, because organic materials deactivate disinfectants.
- The most effective method for the disposal of feces depends on the amount that is collected.
  - Forcibly hosing feces to a drain is not a good method because of the risk of aerosolizing pathogens.
  - Many veterinary practices manually remove feces prior to hosing runs. Disposal in the trash is the simplest method, but this may be undesirable because of odors and sanitation.
  - Another option is to use a clinical sink to collect and flush the material into the sanitary sewer system. Clinical sinks should be placed in a durable, washable janitor's closet that is equipped with an exhaust fan to reduce odors.
- The movement of supplies throughout a veterinary hospital can be a complicated matter. Materials are delivered, sorted, stored in bulk, and then transferred to point-of-use locations. Inventory must be controlled throughout all this movement.
- For movement of waste, the design must consider collection strategies, handling protocols, storage, and disposal. The following is a summary of some of the design considerations specific to RMW and hazardous waste:
  - Design for the placement of *approved receptacles* at all places where waste is generated. For example, red sharps containers, although appropriate in some areas, are inappropriate for needles containing chemotherapy drugs.
  - Design the space to support the tasks that are needed for safe handling of hazardous materials. For example, chemotherapy rooms need to be designed with the OSHA-approved biological safety cabinets, places for storage of gowns, gloves, and goggles, and an eye-wash station.
  - Store hazardous materials in designated, clearly marked locations away from other stored materials. If a facility is storing larger than typical amounts of hazardous materials, additional building and fire code requirements may apply.
  - Consider the methods for collection of hazardous materials. If materials are picked up by an outside contractor, the storage location should be near a back entrance.

ENVIRONMENTAL CONCERNS

Limiting Hazardous Waste

There are two reasons to limit the production of hazardous waste in a veterinary facility. The first is to reduce the regulatory burden and expense of dealing with large quantities of hazardous waste. The second is to reduce the negative effects on the environment. For both reasons, the best practice is to reduce the use of hazardous materials. Veterinary and healthcare facilities have employed the following strategies:

- Eliminate mercury from medical procedures and devices. Several initiatives are ongoing in the human medical field to go mercury free.
- Be cautious about the use of sterilants, such as ethylene oxide, which are heavily regulated.
- Do not use pesticides within the facility or to maintain the grounds.
- Find less-toxic alternatives to hazardous chemicals and procedures.
- Fine-tune the inventory procedures to limit the quantities of hazardous materials that are purchased, eliminate duplication of similar materials, and ensure that materials are used by the expiration dates.

Reducing Trash

A certain amount of trash is necessarily generated by the practice of veterinary medicine. However, some states and local jurisdictions already require recycling in commercial facilities, and there is a general trend toward businesses implementing recycling and composting programs depending on availability of local services.

9.21. Waste Management

The key to the success of recycling programs is to consider convenience. Place bins in the locations where waste is generated. For example, employees are more likely to use recycling bins for paper if they are placed directly under copy machines.



EXAMPLES

N/A



CAUTIONS

Hazardous waste misclassifications are common in veterinary facilities. There are many reasons for taking the time to fully understand how to handle hazardous waste, from creating a safer environment for employees to avoiding citations and fines.



MISCELLANEOUS

ABBREVIATIONS

EPA: Environmental Protection Agency
NRC: Nuclear Regulatory Commission
OSHA: Occupational Safety and Health Administration
RCRA: Resource Conservation and Recovery Act
RMW: Regulated medical waste
USP: United States Pharmacopeia

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N/A

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Section 10

Information Technology

10.1. INFORMATION TECHNOLOGY IN VETERINARY MEDICINE



BASICS

OVERVIEW

• The digital age has quickly reached the veterinary industry. Information technology (IT) offers avenues for greater work and cost efficiencies, improved diagnostic capabilities, more effective client communication, and a more direct way to reach local pet owners.
• Advances in diagnostic and laboratory technology have necessitated a change in the way a veterinary practice utilizes software. Once disparate systems have become deeply integrated, allowing decentralized access to critical information. This creates diverse and significant benefits.

TERMS DEFINED

Cloud-Based Storage: The ability to access files through the Internet, as opposed to local storage.
Data Architecture: Models, policies, rules, or standards that govern which data are collected and how it is stored, arranged, integrated, and put to use in data systems and in organizations.
Democratization: The process of making something accessible to everyone.
Electronic Medical Records: The systematized collection of patient health information in a digital format.
Telemedicine: The remote diagnosis and treatment of patients by means of telecommunications technology.
Workflow: The consistent series of steps by which processes are completed within the organization.



ISSUES AND OPTIONS

DATA ARCHITECTURE

There is a continued trend toward the democratization of data in a veterinary practice. Even smaller veterinary practices are now able to easily integrate scheduling, charting, testing, bloodwork, and ongoing logistical tasks into a single platform.
• Data architecture has undergone a paradigm shift toward cloud-based storage (see 10.5 – Cloud-Based Solutions). The practice's data can be accessed anywhere and at any time by members of the veterinary team or by other veterinary professionals who are granted access.
• New software tools support the integration of automatic data inputs, such as patient records, inventory management, logistics, payment collections, and more. This creates greater work efficiencies and reduces labor needs related to data entry.
• The shift away from local storage to cloud storage reduces financial burdens, as practices are no longer required to invest in local servers and maintenance, which can have substantial initial and ongoing costs.
• The integration of business logistics into a central platform allows for a more metrics-driven approach to business health. Practices can more effectively measure and monitor business efficiency and profitability and can run reports and review analytics on key performance indicator (KPIs) such as new client growth, customer loyalty, revenue growth, and retention.
• Innovations in diagnostic and laboratory technology can be integrated into the practice's data architecture. This information can be remotely shared with outside professionals and specialists for diagnostic and collaborative purposes, elevating standards in patient care.
• In large-animal practices, data architecture can be used to track herd data. Veterinarians can better predict the spread of disease and can practice medicine for the herd more efficiently.

CLIENT COMMUNICATIONS

Closing the gap between visits is a valuable avenue to address for veterinary practices. With new digital tools, veterinary practices can improve compliance, appointment show rates, boost awareness about essential services and wellness options, and more.
• Reminder systems offer an automated way to boost show rates for appointments (see 4.16 – Client Reminder Systems). These are commonly done via postcard, e-mail, text, or push notifications via a smartphone app. These systems can also automate reminders when a pet is due for a checkup, vaccination, dental cleaning, or other essential visits. The automation of this task not only improves profitability, but it also reduces manual labor needs in contacting pet owners for upcoming appointments.
• Software companies have created systems (often referred to as "portals") that allow the pet owner remote access to healthcare information for their pet (see 10.18 – Patient Portals). Pet owners can log in to see their pet's medical history and interface with the practice's appointment scheduling. This removes barriers to essential information and can reduce phone volume burden on front desk staff.
• Compliance issues often stem from gaps in client education. Digital tools allow for text or video resources to be sent to clients between visits or stored in a central and accessible location, such as a website. This can be a useful way to address longstanding compliance opportunities such as dental health, feline physical exams, and more.

DIGITAL MARKETING

Digital marketing can offer a more cost effective and precise way to acquire clients (see 10.12 – Digital Marketing Strategies). These digital mediums can be heavily automated and continuously refined based on performance data.
• The underlying psychology of relationships is unlikely to change, even though we now use digital channels to investigate local businesses (see 4.7 – The Client's Buying Journey). The biological imperative that a veterinary practice faces is to communicate a feeling of trust and safety for the pet owner. Elevated cortisol levels create resistance to action in a relationship.
• The maturation and sophistication of the web design field offers transformative possibilities for a veterinary practice in the way they engage and communicate with local pet owners (see 10.13 – Websites). A practice can more clearly and effectively communicate why a client can and should trust the practice with their pet's healthcare. A practice can also articulate their differentiators, brand messaging, and unique story.
• Social media has ushered a paradigm shift in the way that people communicate (see 10.16 – Social Media). A veterinary practice is now able to market its brand in a much more targeted and controlled way. This can be accomplished through multiple avenues, such as advertisements targeted by demographics and geographics, review solicitation and response, media production, immersive storytelling, and other forms of community outreach on Facebook, Yelp, Instagram, Pinterest, Twitter, and other social platforms.
• The advent of search engines has created a new form of advertising: search marketing. There is a stark difference between search marketing and old media advertising; in old media advertising (such as television, radio, and print marketing), a veterinary practice would broadcast a message to a wide range of potential recipients. With search marketing, a veterinary practice can choose to exclusively market to people who are actively searching for veterinary providers (see 10.14 – Search Engine Optimization). The veterinary practice can also tailor its message based on the nuance of the search, or different services being searched for. This can significantly lower client acquisition costs in marketing efforts.

TELEMEDICINE

• Telemedicine can be instrumental in solving very old challenges. In cases where speed or distance is an imperative, the use of file sharing or video can help a veterinarian quickly assess a case and instruct the pet owner on next steps. For example, a client can send a video of a pet's limp, and the veterinarian can determine how to localize the problem

and where radiographs should be taken to diagnose the source of the injury.

- Telemedicine can offer fast and efficient access to specialists who can review diagnostic data such as radiology or pathology slides. This can be especially useful in rural settings where pet owners do not have proximal access to veterinary care.
- Telemedicine start-ups are offering pet owners the ability to consult remotely with veterinary professionals. This can be useful in offering sound advice in how and when to seek treatment for their pet, along with answering basic questions about pet health and clinical signs.



EXAMPLES

INTEGRATING IT INTO YOUR PRACTICE

Analysis

It is important to first have a clear understanding of the challenges that you want IT to address in your practice. Are your client retention rates uncomfortably low? Does your staff need to spend significant time doing remedial tasks such as data entry? Are your new client numbers stagnant? Do you have a poor feel for your practice's KPIs and how they are changing? Adopting new IT can be a complex and laborious venture, and it is important that you have clear goals in mind.

Investigation

Assess the vendors in the market that have products related to the needs you are looking to address. Create a framework of the needs and features that you are looking to gain. Make sure that you refer back to this document during each stage of the investigation to limit risk of making an emotional decision instead of a logical one. Conduct thorough demonstrations with multiple vendors in the space and choose one that you feel best fits the criteria you had previously laid out. If a vendor makes an insightful point about adding a list to your criteria, it can be wise to adopt it to the document.

Decision

Once you have isolated the best fit for your practice, it is important to make sure that the staff is fully trained on its integration into your workflows. If you do not do this, you risk underutilization of the product, as staff members will be tempted to gravitate back to workflows they are more familiar with.

Refinement

Every three months, revisit the initial document that you created and the supporting analytics provided by the new IT. Are you on track to accomplish your goals? Why or why not? Are there bottlenecks in the implementation of the technology? Are there unintended consequences? Do you need to refine how you integrate the technology into your workflows?



CAUTIONS

- Decentralized access to veterinary medicine via telemedicine could blur the line between service and commodity in consumer attitudes. Pressures to provide fast, remote access to veterinary care could create incentives that are not totally aligned with providing the highest quality care.
- IT encourages practitioners to measure practice success through metrics. Though there are many positive benefits to this, the additional layer of abstraction can erode compassionate perspectives.



MISCELLANEOUS

ABBREVIATIONS

IT: Information technology
KPI: Key performance indicator

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N/A

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N/A

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digitalempathyvet.com.

10.2. SELECTING COMPUTER HARDWARE



BASICS

OVERVIEW

Computer hardware is a collection of physical components that comprise a computer system (i.e., workstation, tablet computer, server, mouse, keyboard, flash drive, external hard drive, printer, and camera).

TERMS DEFINED

Backup: The process of backing up refers to the copying and archiving of computer data so it may be used to restore the original files after a data loss event.

Cloud: A communications network that often refers to the Internet, and more precisely to a datacenter full of services that is connected to the Internet.

External Hard Drive: External removable hard drive that typically connects via Universal Service Bus. Plug-and-play drive functionality offers system compatibility and features large storage options and portability.

Flash Drive: Data storage device that includes flash memory with an integrated Universal Serial Bus (USB) interface. USB flash drives are typically removable and rewritable, and physically much smaller than an external hard drive.

Gigabyte: Unit of computer memory or data storage capacity equal to 1,024 megabytes.

Laser Printer: Digital printing process that rapidly produces high-quality text and graphics on plain paper.

Memory: The term memory is used for the information in physical systems which functions at high speed (i.e., random access memory).

Network: A collection of computers and other hardware components interconnected by communication channels that allow sharing of resources and information.

Operating System: A collection of software that manages computer hardware resources and provides common services for computer programs. The operating system is a vital component of the system software in a computer system. Application programs require an operating system to function.

Processor: Processes the critical information and instructions that make your computer perform.

Server: Physical computer (a computer hardware system) dedicated to run one or more services (as a host), to serve the needs of the users of other computers on the network.

Stylus: Computer accessory that is used to assist in navigating or providing more precision when using touchscreens.

Tablet Personal Computer (PC): A tablet PC is a kind of mobile computer, usually having a touchscreen or pen-enabled interface.

Terabyte (TB): Unit of computer memory or data storage capacity equal to 1,024 gigabytes.

Thin Client: Computer or a computer program that depends heavily on some other computer (its server) to fulfill its traditional computational roles.

Workstation: A high-end microcomputer designed for technical or scientific applications. Intended primarily to be used by one person at a time, they are commonly connected to a local area network and run multiuser operating systems.



ISSUES AND OPTIONS

PURCHASING A SERVER

Choosing Operating Software

- The most common servers used in businesses are servers that operate the Windows Server operating software.
- It is important to follow the recommendation of your practice management software provider to ensure compatibility (see 10.3 – Selecting Computer Software).

Choosing a Processor

- The processor plays an important role in your network's ability to support internal applications.
- Processors are constantly changing, making it difficult to determine which is right at the time of purchase.
- Small practices are recommended to start with a mid-grade processor.
- Large practices or practices that intend to grow their network over time are suggested to make the investment for the higher grade processor.
- Processors can be upgraded at a later time but typically require additional hardware upgrades, making it costlier to do so.

Choosing Memory

- Memory is another key component to look at when thinking about the overall speed of the network.
- Memory is not to be confused with the size of space the computer has available on the hard drive to install applications.
- The size of your network will ultimately determine the amount of memory that is recommended.
- The greater the memory the faster the server will perform.
- Additional memory can be added at a later point with minimal investment and downtime.

Choosing a Hard Drive

- Choosing a hard drive will depend upon the amount of data and applications you plan to install on the server.
- It is best to consult with your IT company and software vendor to best determine the appropriate size hard drive for your practice.

PURCHASING WORKSTATIONS AND TABLET PCS

Workstation Types

There are two types of workstations, a desktop PC and a thin client:

- A desktop PC is typically costlier but will allow you to do more because it is designed to install and navigate through various applications at the same time with a faster processor.
- A thin client is designed to have minimum hardware installed to access the network. Thin clients are less expensive and are only used to access the practice management software and operate select applications already installed on the server.

Choosing Operating Software

- The most common workstations operate Windows operating software.
- Choose the operating software version that is optimized for network use (i.e., Windows Professional)
- It is important to follow the recommendation of your practice management software provider to ensure compatibility with the software and the network.

Choosing a Processor

- Most laptops and tablets come with mobile optimized processors (e.g., Intel Mobile)
- Computer processors should be fast enough to handle speedy network connections and the practice management software application.

Choosing Memory

- Memory for mobile devices is pretty standard and does not require any specific suggestions. Let the vendor know the mobile device will be used on a network.
- Memory for workstations should meet, and in most cases exceed, the recommendation of the practice management software vendor. Exceeding recommendations will prolong the life of the computer.

10.2. SELECTING COMPUTER HARDWARE

Choosing a Hard Drive

• Most tablets and workstations should not require large amounts of hard drive space.
• Computers and tablets come standard with plenty of hard drive space for their recommended use.

Workflow

Look at the workflow in your practice and think about where each team member would benefit having a workstation (i.e., exam room, hall, pharmacy, surgery, ward, doctor's office, management office, etc.).
• Purchase the number of workstations based on the need of accessing information in the various locations. Consider client value when purchasing workstations. Having a workstation in an exam room allows you to view digital radiographs and laboratory work with the client to show value for the services.
• In places where a workstation cannot be wired or to save cost on the number of workstations purchased, think about tablet PCs. Tablet PCs allow you to take the practice management software mobile within the practice while still being connected to the network.
• To save on cost, you can purchase one tablet PC that can flow between multiple exam rooms as needed. When the tablet PC is not being used in an exam room it can be placed in another location where it could be used.

ADDITIONAL HARDWARE

• **External hard drive:** Most commonly used in a veterinary practice as a form of backup for the practice management software and/or digital radiology images.
• **Flash drive:** Used for sharing information from one source to another (e.g., copying a group of files from one computer to another computer).
• **Signature capture device:** Allow clients to sign electronic forms through the practice management software. Most tablet PCs allow you to electronically capture a signature by using a stylus.
• **Laser printer:** These printers allow for rapid printing speed without slowing down the workflow in the reception area. Purchase a black-and-white laser printer for most parts of the practice. Purchase a color laser printer if you print color images for clients (e.g., before and after dental images).

THE CLOUD AND HARDWARE

• The cloud is a form of remote data storage, which is rapidly gaining popularity across the World Wide Web as a whole, and within thriving veterinary communities (see 10.5 – Cloud-Based Solutions).
• The cloud transitions our data away from local devices (think bulky servers and clunky external hard drives) and instead moves them to secure offsite servers, allowing you to access the files from anywhere with a simple login.
• While such a transition might not seem entirely drastic, it is actually reshaping the way that we look at data and changing the way that we set up our veterinary practices for maximum security and efficiency.
• Early adopters toward cloud-centered technology are reaping huge benefits already; from saving thousands of dollars annually, to preventing potential data loss from floods, fires, or other unpredictable occurrences.
• Cloud computing is simply the nature of an industry that continuously seeks to make things lighter, faster, and easier.
  ◦ For example, if you have 10 TB of veterinary data, would you rather stack 10 external hard drives behind your veterinary practice's central computer to hold it all, or send that information at lightning speeds to a remote server for a low monthly fee?
• Sending information to the cloud happens remotely, and files securely saved onto the cloud can then be accessed from any location.
• Many veterinary practices are already considering the transition toward the cloud when it comes to veterinary practice information management software.
• The software itself is very affordable (increasingly so) and eliminates the need for IT support that comes with updating and replacing expensive servers.
  ◦ Since it is web-based, there is no need to update software, as this instead occurs automatically upon login.
  ◦ This brings the added benefit of not requiring you to shut down your veterinary clinic and install software on a server and multiple workstations, which is a cumbersome process at best.
  ◦ If your Internet fails (from a local outage or otherwise), your information is still safe and secure since it is independently stored on the cloud.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

PC: Personal computer
TB: Terabyte
USB: Universal Serial Bus

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N/A

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10.3. SELECTING COMPUTER SOFTWARE



BASICS

OVERVIEW

• Software affects all areas of practice operations.
• When ranking factors that determine a practice's overall success and profitability, only staff selection outranks the significance of software selection.
• In the majority of veterinary practices, the veterinarians are in charge of strategic planning and capital investment for the practice. Because veterinarians are highly trained in medicine, they are most comfortable selecting medical instrumentation. Therefore, most practices are equipped with state-of-the art diagnostic and treatment instrumentation and severely outdated computer software. Operating outdated software on outdated hardware only compounds the problem.
• Contemporary software coupled with state-of-the-art hardware will positively impact virtually every component of practice operations. As a result, software and hardware investments often have a return on investment that far exceeds any other capital investment in the practice.

Any quote from a vendor should include an itemized list detailing exactly what is being provided, especially if the software is sold by individual modules and has a fee associated with each license. Operating system licenses and other fees should also be detailed, including data conversions and training fees. If interfaces with other products and or specific claims of scalability, and so on were made, they should also be supported by written detail. Given the price and potential impact of some software selections, it may be best to have all agreements reviewed by the practice accountant and attorney before executing them.

TERMS DEFINED

Customization/Flexibility: Regarding software, these terms describe the ability of software to adapt from general usage to the needs of your specific practice. There are two major types of customization. The first type includes those features that your staff members can modify with little or no assistance from the vendor. The second type requires the vendor to modify the features for you. This latter practice frequently results in extra costs and could negatively impact operations if valuable time is wasted waiting for the vendor. It is wise to avoid a purchase that relies on future changes to meet the practice's current needs.
Hardware: The physical equipment used in computer systems. If you can touch it with your hands, it is hardware.
Peripheral: Generic term for all pieces of hardware excepting, of course, the computer itself. Accessory pieces such as printers and scanners, however, are considered hardware peripherals.
Software: Programs that run on computers. The simplest working description of software is that if you can read it on a display screen, it is software.
Support: Regarding software, this is technical assistance offered by the software vendor that helps you properly use the software product (i.e., technical support helps users troubleshoot and resolve problems). The two most important factors in evaluating the quality of support offered by a vendor are hours of availability and responsiveness to a user's inquiry (i.e., how quickly technical support contacts you to help you resolve your software problem).
Training: Regarding software, this describes the vendor's responsibility for training you how to use its software. Education options can range from an expert educator being placed onsite to train your staff, to a trainer guiding your staff via telephone or interactive webinar, to a vendor supplying your staff with a printed manual and telling them to "read the book."



ISSUES AND OPTIONS

Most contemporary veterinary practices require multiple software products to meet all their operational needs. Medical records and practice management software generally account for the most significant purchase and have the greatest impact on practice operations. Accounting and spreadsheet software often handle a variety of functions, such as budget maintenance or management of accounts payable, and so on. Many practices are now using advanced diagnostic technology such as ultrasonography and digital radiology (see 9.8 – Digital Imaging Systems in Practice). The images that these modalities create can be stored in special software programs called PAC systems (picture archival and compression software). Additional office functions may be handled by specialized software applications such as time/clock software, scheduling software, and human resources information systems software, including but not limited to applicant tracking software and performance management software. Staff communications can be improved by utilizing electronic mail and other software products such as SLACK (slack.com). Some practices also use very specialized software to meet specific practice needs, such as boarding kennel management and the publication of client education materials (e.g., brochures and handouts).



EXAMPLES

The following is one example of the methodology that can be used by a practice to select software. In this example we may use practice management software for illustration purposes, but the steps involved apply to selection of any type of software.

• Develop a thorough needs list. It is best to gather input from all of the staff members that you expect will need to interact with the specific type of software. For example, practice management software may impact the entire staff, whereas accounting software may only impact the bookkeeper and practice manager. Involving the stakeholders in the selection process dramatically improves the odds in favor of a successful software selection.
• Conduct an extensive search to identify all of the vendors offering products best suited to your practice. You can learn about prospective vendors from a variety of sources, including, but not limited to, Internet searches, software reviews from trade journals, consultants, and other professionals. Attending a conference that has software vendors is a way not only to learn about their product, but also a way to gain access to users of the product that may not be on the vendors' reference lists, allowing you to obtain additional feedback regarding the product and important company elements such as the quality of their technical support, frequency of program enhancements, and so on. When researching accounting software, you should seek input from your accountant. It is important to evaluate the business practices and stability of each potential vendor. In so doing, you can distinguish fly-by-night operations from vendors with true staying power. If you do the proper homework, the vendor you ultimately select should remain in business for many years. Thousands of veterinary practices have purchased software only to have their supplier declare bankruptcy or cease operations within days, months, or years of the purchase date. Software vendors earn revenue from two primary sources. The first source is new product sales. The second, and generally the more important source (at least for the software vendor), is composed of support and development fees that maintain the operations of the organization. Depending upon the specific type of software, a vendor may need hundreds or thousands of users to support its ongoing operations. New entrants into the marketplace may offer exciting products, but they bring with them tremendous risk until they have established a sufficient client base to support their operations. Until that balance is achieved, a vendor's future remains questionable.
• Once you have identified a list of stable, reputable vendors, demonstrations of their software product(s) should be scheduled. Demonstrations are typically handled in person, via a web-based demonstration, or by loading a demonstration version of the software onto your computer.
• Building upon the knowledge you gain from the demonstration process, you should continue to revise and expand your needs list. Vendors are often familiar with the weaknesses of their competitor's products and, therefore, can educate you on how to select a full-featured product that meets all of your practice's needs. You should also consider security features and features that limit access to important parts of the software; namely, areas that allow the user to change the structure of something (e.g., pricing), access confidential information, and delete information. It is important to safeguard these areas so that the software cannot be modified either by accident or on purpose by a disgruntled employee.
• Even if at the beginning of your search a single product stands out as the product best able to fit your needs, you can gain leverage in pricing negotiations by leading vendors to believe that you are still considering alternative software products.
• In most cases, you should opt for the maximum amount of education offered. Optimizing educational opportunities ensures that the staff will be well trained on your new product, which, in turn, will decrease the implementation timeline, decrease staff errors, improve the client experience, and improve staff morale and productivity.
• Many software products are so full-featured that you may need to create a phasing plan. By phasing in the software, you can implement the most important features first at a rate that the staff can manage without undue stress.



CAUTIONS

• There is no such thing as the "perfect" piece of software. There always will be some features that you do not need to use (but will nonetheless pay for), and there will be some features you want that the software does not offer. Regardless of the software you select, you will inevitably have to develop some alternative solutions to meet your needs.
• Sales representatives from reputable companies rarely lie. Instead, they frequently deliver half-truths, omitting valuable information. For example, one company stated that their management software exports financial data to accounting programs. What they "forgot" to tell you was that their software only exports income data and does not export expense data. In another instance, one company demonstrated how

10.3. Selecting Computer Software

their medical records system could list treatments the patient needed in order to facilitate nursing care. The vendor failed to mention that this feature was limited to a maximum of five treatments per day and that the software had no way of coping with pets that required a more extensive treatment plan.

- Never assume that a software product can perform a function until you have witnessed it yourself. Sometimes, software products will have very advanced features yet lack simple features that you would expect them to have.
- Never purchase any software based upon promises of future development or future releases. A company may represent that a specific enhancement to the software is on their "to-do" list but fail to tell you that it is item #847 scheduled for five years from now. If you need this function today, you will be in trouble.
- Always require vendors to verify any claims they make regarding their software's ability to interact with other software products or to function with specific pieces of hardware. Requiring vendors to prove these claims is referred to in the industry as "proof of concept." You should verify these claims prior to signing any purchase agreement or making any nonrefundable deposits with a vendor.
- A "proof of concept" is a critical step in confirming that your software will communicate with other products your practice may utilize, such as in-house laboratory equipment, outside reference laboratories, and diagnostic imaging equipment. It is important to determine if the software supports "one-way" or "two-way" data communication. For example, your software may import data from your lab instrument but is not able to send client patient information to the lab instrument. Without data transfer in both directions, your staff will spend a lot of time typing basic information.
- More and more practices are utilizing specific, single-function add-on software in conjunction with their practice information management system, such as digital treatment sheet software. Knowing that a vendor is open to working with other companies to build and support the proper interfaces is another critical component of the selection process.
- Because most veterinary practices are currently using one or more software products, the purchase of new products may require you to convert information from your existing software and to preload it into your new software. This process is referred to as "data conversion." Depending upon the software involved and the amount of information to be converted, this process may require significant time and expense. Always have the vendor perform a test conversion on sample data to ensure that your practice's data can be converted. This exercise will allow the vendor to provide you with a more accurate estimate of the costs associated with the data conversion.
- Make sure prospective software can interface with all of the potential types of hardware your practice desires to utilize. This includes tablets, digital scanners, credit card machines, bar code scanners, and digital signature capture pads. Computers with built-in redundancies, such as hard drives and power supplies, are also highly desirable, because they reduce the risk of data loss and/or downtime.
- During the early part of your software search, never eliminate a vendor solely on the basis of price. As with most things, you get what you pay for. A more expensive product may offer many more features that will provide you with a greater level of office automation and capabilities. Consequently, a higher priced product may actually provide you with a greater and faster return on investment. In some cases, software can be so powerful it can allow the practice to deliver better service with fewer staff members. Under such circumstances, a practice may be able to pay for the more expensive software faster than it could pay for less expensive software offering less functionality. Always request written proposals from vendors and have multiple individuals review the proposal for completeness. Have the vendor identify any additional charges that would be related to future system expansion.
- The safety and security of your computer system is a key priority. You should make sure that individuals responsible for system design include antivirus software, firewall, power backup, and other features that will help prevent problems with daily operations.



MISCELLANEOUS

- Many vendors can support software from a distance, but hardware must be supported locally. Finding a local company that can support hardware as well as the network (the means by which multiple computers work collectively) can be a critical factor in the

10.3. SELECTING COMPUTER SOFTWARE

performance of your system (see 10.2 – Selecting Computer Hardware). It may be a wise investment to pay a few dollars more for local hardware if it guarantees you great service. Software is of virtually no value if you are attempting to run it on broken hardware. Veterinary medicine is a business and should always be run as such. Many hospitals experience poor performing networks and increased system down time by not paying professionals to maintain their system. A highly trained information technology professional is always a better choice than having the practice system maintained by a friend or relative.

- Many practices need to develop procedure manuals for how information technology should be utilized in the workplace. Such manuals may address security issues, privacy issues, standard operating procedures, Internet use, and personal use of company resources.
- A backup is an additional copy of the information that is on your computer system (see 10.5 – Information Security: Backing Up and Archiving Your System). In order to protect this valuable data, a mechanism should be in place that establishes additional backups offsite. The ability of the software to support and automate this process can be another factor in the purchasing decision.

ABBREVIATIONS

N/A

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N/A

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10.4. SELECTING FINANCIAL/ACCOUNTING SOFTWARE



BASICS

OVERVIEW

The financial module in veterinary practice information management software (PIMS) is not designed to provide the detailed financial information needed to run a veterinary practice. Though PIMS collects important data about client transactions, patient medical histories, and inventory, it is not intended to collect and track critical information related to payroll, payments to vendors, cash flow, or overall practice profitability. For these, veterinary hospitals rely on standalone financial/accounting software.

TERMS DEFINED

Cloud-Based Software: Software available online, usually through a paid subscription.

Practice Information Management Software (PIMS): The software that tracks client and patient data and interactions in a veterinary hospital.

Up Time: A metric that represents the percentage of time a system is operational and available to users.



ISSUES AND OPTIONS

Choosing financial/accounting software can be challenging, particularly when features are described in vernacular more applicable to accountants than to veterinary hospital owners and managers. In addition, there are many software packages available, and the choices continually expand. The good news is that accounting software is much easier to use than it once was, and many are designed for people with little or no experience with bookkeeping.

Before shopping for financial/accounting software, it is important to determine the role this software will play in the hospital. For example, a complete financial/accounting software package should be able to track income and expenses, import transactions with one or more of the hospital's banks, include a budgeting feature, and allow multiple users with different permissions. In addition, integrated payroll programs are available within a number of software packages.

Not surprisingly, the more features the software includes, the greater the price to use it. Sometimes, that higher price comes with time-saving features; so, before defaulting to the lowest price option, consider whether freeing up staff time is more advantageous. For example, if the ability to download bank transactions will cost an additional $20 per month, consider whether the time saved from not needing to key in every check, debit card, or credit card transaction is worth that same $20.

USEFUL FEATURES FOR VETERINARY HOSPITALS

- Ease of use is important, particularly when the users have little or no experience with accounting tasks. Clear navigation and menus with common terms make learning the software easier.
- The ability to accommodate the industry-specific charts of accounts, specifically the American Animal Hospital Association (AAHA)/Veterinary Management Group Companion Animal Chart of Accounts or the American Association of Equine Practitioners Chart of Accounts. The 2017 updated released by AAHA includes over 250 accounts, which exceeds the limits of some software (https://www.aaha.org/professional/resources/chart_of_accounts.aspx).
- Number of concurrent users. In small practices, a single user may be sufficient. In larger practices, it is advantageous to have more than one concurrent user. A hospital owner may wish to review reports while the manager is recording payroll and the head client service representative (CSR) is entering deposits.
- Limits on access for some users. To safeguard data, limit what users can access. For example, if the head CSR only enters deposits, this person does not need the ability to run reports or add new users.
- Preformatted reports. The primary reason to use financial software is to retrieve consolidated information from it and to use that information to manage the hospital. Common reports, such as a balance sheet or profit and loss statement, should come preformatted and be easy to run. Some accounting software offers a limited choice of prepared reports and no ability to modify the selections. While having a variety of report options is seldom the best way to evaluate software, limited reporting makes managing the financial side of the business more difficult. Exporting reports to Excel and emailing reports from within the software are other important features.
- Payroll module. Several financial/accounting packages include integrated payroll modules. Generally, the practice can choose how hands-on it wishes to be in the process. For example, the practice owners may choose to make payroll tax deposits themselves, rather than paying more to have the software vendor initiate those payments.
- Integration with PIMS. Veterinary accountants are split as to whether the hospital's financial/accounting software should integrate directly with the practice management software used in the practice. What these accountants agree on is that breaking out revenue by category and matching the costs associated with generating that revenue is critical. By doing so, practices can calculate the ratios of income to expense to determine if those ratios are increasing, decreasing, or remaining the same. Particularly when a practice wishes to reduce overall costs of goods, tracking these costs by category is imperative. If the practice cannot or chooses not to integrate the PIMS and the financial software, the information can be summarized in the PIMS and entered by hand into the accounting software on a regular schedule (e.g., once a month).

FEATURES VETERINARY HOSPITALS DO NOT REQUIRE

Veterinary PIMS are, themselves, feature rich and designed to manage many of the hospital's vital functions. Therefore, some features common among accounting software packages will not be utilized by the hospital. Examples include client invoicing, accounts receivable, inventory, and employee time tracking. Although these functions should not be duplicated in the accounting software, the values in each system should tie. For example, an accounts receivable report from a PIMS system will list client names, contact information, and dates of charges and payments. The same detail should not be tracked in the accounting software, but the total dollars in accounts receivable should be the same. Let us use inventory as another example. Do not track quantities of inventory in the accounting software. However, the total dollar value on hand according to the accounting software reports should match the value in the PIMS.

DESKTOP OR CLOUD BASED?

Though desktop software has long been the standard, more and more businesses choose to use cloud software. When choosing between desktop and cloud-based software, consider the following advantages and disadvantages of each.

Advantages of Desktop Software

- In the short run, desktop software is usually less expensive than cloud software, because once the desktop software is installed it is up to the user to decide how frequently to upgrade to a newer version. Although most financial/accounting software is upgraded annually, there is not always a compelling reason to buy the software this often.
- Desktop software is feature rich. Cloud software does not have the same lengthy history as desktop software, and generally does not include all of the same features.
- Desktop software is available when/where there is no Internet service.

10.4. SELECTING FINANCIAL/ACCOUNTING SOFTWARE

Disadvantages of Desktop Software

- New features are not available without upgrading to a newer version of the software for an additional charge.
- Hospital employees must make an effort to install routine software updates, patches, and bug fixes, all of which take time and create the inconvenience of rebooting each computer where the software is installed.
- If the financial/accounting software is installed on a laptop and the laptop is lost or stolen, the practice's financial records are also lost. It is imperative to regularly backup desktop software to a separate device or cloud storage service to prevent the loss of critical data.

Advantages of Cloud Software

- Availability 24/7/365.
- The software can be accessed from any Internet connection. Some packages also have mobile apps.
- Data are continually and redundantly backed up, greatly reducing the chance of a costly loss.
- The software is always up to date with new features.
- Independent platform that is compatible with multiple browsers.
- Software vendors spend most of their development dollars on cloud-based software.

Disadvantages of Cloud Software

- In areas where Internet service is unreliable, there will be periods when the hospital's data cannot be accessed.
- Because cloud software is continually updated, there will be periods when the software is unavailable. Request "up time" statistics to ensure the software is available when it is needed. Up times of >98% are reasonable and desirable.
- Unlike desktop software that is installed and used until upgraded, cloud software subscriptions must be kept current or access to the hospital's file may be denied.
- Users who switch to online software and then elect to revert to desktop software may lose all of the new data input into the cloud software. Utilize free trial periods to ensure the software meets all the practice's needs before switching.



EXAMPLES

N/A



CAUTIONS

- No financial/accounting software will ever replace the expertise of a good accountant. Always consult the hospital's accountant on matters of taxation, before entering into new loans, when establishing retirement accounts, making hiring decisions, and changing payroll providers.
- Do not use price as the primary determiner. It is more important to have robust software that will support the hospital and its owners than it is to save a small amount of money. Consider staff time as a limited resource when evaluating potential savings.
- For both desktop and cloud financial/accounting software, the hospital's information is only as secure as the passwords to access it. Though it may be annoying to change passwords often, the effort may prevent criminals from gaining access to sensitive data.



MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
CSR: Client service representative
PIMS: Practice information management software

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N/A

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10.5. Cloud-Based Solutions



BASICS

OVERVIEW

Cloud-based computing refers to utilizing software that is accessed remotely through the Internet. Cloud-based software is typically paid for by a monthly subscription fee. This monthly subscription fee includes an unlimited number of updates to the software. The advantages of cloud-based software are:

- You do not have to keep reinvesting in software for each upgrade.
- Upgrades are completed for you by the software vendor.
- You can access the software anywhere there is Internet access.
- Reduced cost, allowing you to not have to purchase expensive software all up front.
- Hardware requirements generally do not change because the software is not being stored on the computer (i.e., if you are using more space within the software it does not take up more space on the computer because all the data are stored via secured server).
- Information technology needs lessen because all software updates and server updates are completed remotely.

TERMS DEFINED

Archive: A collection of historical records, or the physical place they are located.

Cloud Computing: The use of computing resources (hardware and software) that are delivered as a service over a network (typically the Internet).

Computed Radiography (CR): Uses very similar equipment to conventional radiography except that in place of a film to create the image an imaging plate made of photostimulable phosphor is used. The imaging plate is housed in a special cassette and placed under the body part or object to be examined and the x-ray exposure is made. Instead of taking an exposed film into a darkroom for developing in chemical tanks or an automatic film processor, the imaging plate is run through a special laser scanner, or CR reader, that reads and digitizes the image.

Digital Imaging and Communications in Medicine (DICOM): A standard for handling, storing, printing, and transmitting information in medical imaging. It includes a file format definition and a network communications protocol. The communication protocol is an application protocol that uses Transmission Control Protocol/Internet Protocol (TCP/IP) to communicate between systems. DICOM files can be exchanged between two entities that are capable of receiving image and patient data in DICOM format.

Digital Radiology (DR): Form of x-ray imaging where digital x-ray sensors are used instead of traditional photographic film.

Hardware: The collection of physical elements that comprise a computer system. Computer hardware refers to the physical parts or components of the computer, such as monitor, keyboard, hard disk, mouse, and so on.

Information Technology: Concerned with the development, management, and use of computer-based information systems.

Picture Archiving and Communication System (PACS): A medical imaging technology that provides economical storage of, and convenient access to, images from multiple modalities (source machine types). Electronic images and reports are transmitted digitally via PACS; this eliminates the need to manually file, retrieve, or transport film jackets.

Remotely: From a distance or without physical contact.

Software: A collection of computer programs and related data that provide the instructions for telling a computer what to do and how to do it. Software refers to one or more computer programs and data held in the storage of the computer.

Subscription: A purchase made by signed order, as for a periodical for a specified period of time or for a series of performances.

TCP/IP: TCP handles host-to-host communication. IP connects local networks, thus establishing internetworking.



ISSUES AND OPTIONS

TYPES OF CLOUD-BASED SOFTWARE

Within the veterinary field there is a variety of cloud-based software:

- Reference laboratories that allow the practice to access laboratory results remotely (see 9.9 – Laboratory Considerations).
- PACS servers that allow practices to store and share digital diagnostic images (DR, CR, computed tomography, ultrasound, etc.; see 9.8 – Digital Imaging Systems in Practice).
- Remote desktop applications allow you to access your practice management software remotely. The software is still stored on your server, therefore requiring manual updates and hardware upgrades. This type of cloud-based software reduces savings that are typically offered with true cloud-based software that is hosting outside of the practice's network.
- Backup software provided by an online backup service company (e.g., Carbonite).
- Patient portals, which allow clients to access their pet's information online. The information transmitted to the portal is provided directly by the practice management software and hosted through the cloud-based pet portal software (see 10.18 – Patient Portals).
- Web design management software that is hosted through a web provider's servers.
- E-mail management and design software. This software is managed by the e-mail software provider (e.g., Constant Contact, MailChimp), which allows you to easily design professional e-mail newsletters, store e-mail addresses, send out e-mail newsletters, and archive previously sent e-mail newsletters.
- Webmail management software that allows users to easily send and receive emails. Users can easily archive received messages to reference again at a later time.

WHEN TO CHOOSE CLOUD-BASED SOFTWARE OVER PHYSICAL SOFTWARE

- When the software is rather expensive to purchase all at one time.
- If you plan on utilizing the software over a period of a couple of years or the lifetime of the business.
- When you expect the software's abilities to change over a period of time, which coincides with the changes in technology and business needs.
- If you work in multiple places at any given time that require you to access the software from wherever you are located. For example, if you have a home office, work office, and if you work while on the road and/or while traveling to different locations.
- When the software plans on storing data with high file sizes that could end up requiring a hardware upgrade soon after it is installed.



EXAMPLES

- Small practices with minimum hardware that are seeking to make an upgrade to DR or CR should consider purchasing a PACS subscription to allow images to be stored and shared remotely. In most cases, this will help save initial investment costs by not having to invest in a new server with increased storage size.
- Practices that currently utilize practice management software that does not integrate with laboratory equipment or connect with reference laboratories should consider utilizing a veterinary laboratory that will allow the veterinarians the ability to easily access patient

laboratory results via the cloud-based software. With the software you should have the ability to access patient laboratory results, trend results, share the results with consulting veterinarians, and e-mail to clients and/or upload to a patient portal.

- Remote desktop applications allow you to access the practice's practice management software remotely through an application installed on your server. Although this is considered a "private cloud" it still allows you the ability to access information from anywhere there is Internet access. The practice management software is still installed on your server and updates are still for the most part completed manually. Therefore, this reduces your cost savings from true cloud-based software applications.
- Practices that do not have the money to invest in custom websites nor the ability to design a website from scratch should consider veterinary cloud-based web design management software. Rather than spending thousands of dollars purchasing an expensive web design software, you can pay a monthly subscription fee to access cloud-based design software that will easily allow you to create a website, make changes, manage content, add new pages, create contact forms, and so on. This type of cloud-based software typically requires no Hypertext Markup Language coding or web design experience.
- E-mail management software through cloud-based programs allows you the ability to design professional e-mail newsletters to send to your clients. The advantages of utilizing a cloud-based software over software installed on your computer, such as Outlook or iMail, include: the ability to easily design professional-looking e-mail, easily store client e-mail address in a secure place that allows you to categorize them in different groups (e.g., cat owners, dog owners, mixed pet households), send e-mail messages without having to expose all of your clients' e-mails in each message sent (similar to using the blind carbon copy feature, also known as BCC), the ability to scan e-mails before they are sent to prevent them from being flagged as spam, and easily give your clients the ability to unsubscribe with the click of a link. This type of software would cost a significant amount of money to purchase and constantly keep up to date unless you are subscribed to a cloud-based software subscription.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

CR: Computed radiography
DICOM: Digital Imaging and Communications in Medicine
DR: Digital radiography
PACS: Picture archiving and communication system
TCP/IP: Transmission Control Protocol/Internet Protocol

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10.6. KEEPING TECHNOLOGY IN PERSPECTIVE



BASICS

OVERVIEW

• Emerging technologies from human medicine are quickly being adopted in the veterinary field. These technological advances can be harnessed to solve old and important problems. Diagnostics have significantly improved across the field in the last 20 years, leading to important advances in patient care. Exciting advances in treatment hold great promise, and it is likely that biotechnology and genomics will fundamentally alter the field in the future. Moreover, the emerging tools in which we can integrate our data and interact with clients and prospective clients provides wide-ranging performance improvements.
• While it is important to explore and embrace these positive ramifications, it is equally important to keep technology in perspective. There may be associated negative consequences with the continued integration of technology in our daily lives. It is ironic that, at a time where the world is better connected than ever before, the population feels lonelier than ever. We must sincerely explore what is happening here, ask how this can affect wellness in the veterinary industry, and take steps to address this phenomenon.

TERMS DEFINED

Client Lifetime Value: A prediction of the net profit attributed to the entire future relationship with a customer.
Cloud Computing: The practice of using a network of remote servers hosted on the Internet to store, manage, and process data, rather than a local server or a personal computer.
Customer Acquisition Cost: This is the total cost of acquiring a client.



ISSUES AND OPTIONS

There has been an incredible amount of innovation and advancements in the veterinary field since the dawn of the digital age. We are better able to collect data, interpret it, treat patients, and communicate with clients. Burgeoning fields hold exciting promise, and the future of the field seems incredibly bright.

DIAGNOSTICS

• Digital radiology is reaching mass adoption. The image quality is substantially superior to film and does not have the same per-shot constraints as film radiology. It also affords the ability to access the radiographs virtually, and to quickly send the information to others, such as board-certified veterinary radiologists. This improves collaboration, efficiency, and patient care.
• Ultrasound technology being adopted on a wide scale. An ultrasound allows the clinician to look at the entire structure of an organ. It is commonly used together with radiographs to be a central component of diagnostics in veterinary medicine. It is noninvasive and safe and has the potential for universal adoption owing to its relatively low costs.
• Magnetic resonance imaging (MRI) technology reshaped neuroscience in human medicine and is now being harnessed in veterinary medicine. MRI technology also offers powerful diagnostic advancements in orthopedic and soft-tissue structures. This improves surgical ability and efficacy. Though MRI is a powerful tool, the machines are still relatively expensive and require the use of general anesthesia, limiting its potential routine use.
• Microfracture technology is saving the lives of horses. A large threat to the health of thoroughbred racehorses is bone failure. These horses are at risk of developing small bone fissures during training. These can quickly turn into fractures that prove fatal to the horse. Using sonic waves, diagnosticians can detect these microfissures and treat them before fractures develop.

TREATMENTS

• Laparoscopy and laser surgery techniques are quickly making their way into veterinary medicine. For many types of surgical procedures, minimally invasive techniques offer a safer, more effective surgery, with fewer postsurgical complications and a better long-term prognosis.
• Stem cells have begun to be used in therapeutic applications to treat musculoskeletal injuries. Though they are primarily used to treat tissue injury and wound healing, the technique may have transformative potential. Wider human and animal studies are being conducted to evaluate the use of stem cells to treat heart disease, immune disorders, blindness, and more.
• The field of genomics is still in its infancy, though is beginning to bear fruit, such as the use of recombinant DNA to create vaccines. Genetic tools hold great promise in treating a range of illnesses and creating a next generation of pharmaceuticals.

THE DIGITAL AGE

• The digital age has quickly allowed even the smallest veterinary practices to easily integrate scheduling, charting, testing, bloodwork, and ongoing logistical tasks into a single platform. These platforms are quickly moving to the cloud, where they can be accessed anywhere and at any time by the veterinary team (see 10.5 – Cloud-Based Solutions). This creates greater efficiency and productivity and can improve patient care.
• With burgeoning diagnostic capabilities, software tools have quickly evolved to integrate with laboratory and diagnostic equipment, which can be automatically integrated to a patient's medical record. This can be shared with other professionals and specialists for diagnostic purposes and can be helpful as an educational tool.
• Software companies are beginning to address opportunities in the industry, such as inventory management, staff training, data security, payment and collections, and logistics.
• Automated digital communications can improve compliance with existing clients, which improves patient care and increases a client's lifetime value to the veterinary practice.
• In large-animal practices, digital tools can be used to track herd data. This can allow for more efficient healthcare visits and can better predict the spread of disease.
• Social media has fundamentally changed the way people communicate. A veterinary practice is now able to market its brand in a much more targeted and controlled way through the use of targeted advertisements, solicitation of reviews, video, storytelling, and other forms of community outreach on Facebook, Yelp, Instagram, Pinterest, Twitter, and other social platforms (see 10.16 – Social Media).
• The rise of search engines has created a new form of advertising: search marketing. In old media advertising, a veterinary practice would broadcast a message to a wide range of potential recipients. With search engine advertising, a veterinary practice can choose to market only to people who search for veterinary services. This can significantly lower customer acquisition cost in advertising efforts.
• The maturation of the web design field allows for a veterinary practice to address deeper human needs when a prospective client is searching for a veterinarian. A practice can more clearly and effectively communicate why a client can and should trust the practice with their pet's healthcare.



EXAMPLES

N/A

10.6. KEEPING TECHNOLOGY IN PERSPECTIVE



CAUTIONS

HIDDEN COSTS

Our world is becoming vastly more technological. With that, our comfort with technology grows, and our dependency on technology increases. This likely has unintended consequences for a wide segment of the population, much of which affects the veterinary industry. It is important to understand how technology affects both the mental health of our clients and ourselves.

- Sustained happiness largely originates from our ability to connect and form meaningful relationships with our social group, community, and wider environment. The capacity to do this may be weakened by an overreliance on technology.
- The rise of social media and mobile computing has led to an extraordinarily quick change in behavior amongst the general population. If you walk into a coffee shop, it will immediately become apparent. Where before people may be looking around, talking, or otherwise enjoying the scenery, eyes are typically now glued to their phones.
- A hypothesis for this behavior is that these devices are tapping into our brain's rewards systems, namely the release of dopamine. We feel compelled to look at our phones because every time we do so our brain releases a dose of dopamine. It makes us feel like we have accomplished something, even though we really have not. It can make smartphone and social media usage effectively addictive. This can at least partially explain why US consumers now spend nearly five hours per day on mobile devices.[1]
- A recent study found an increase in depressive symptoms and suicide rates among young adults that was strongly linked to new media screen time. It is possible that these new media technologies are, for many of us, causing harmful feedback loops and creating global impacts on mental health.[2]
- The continued journey into a technological society may be making us lonelier, less able to form meaningful relationships with others, and less able to enjoy the world around us.
- There are clear benefits to getting away from glowing screens and spending time in nature. There are a range of studies that show clear boosts in mental health and ability after time spent in nature: improved short-term memory, restored mental energy, stress relief, reduced inflammation, better vision, and improved concentration. Among office workers, even the view of nature through a window can reduce cortisol levels and is correlated with higher job satisfaction.
- We must ask: why? Could it be that we were designed for an environment that we are slowly losing? Humans evolved at a time where we could create meaningful bonds with our social groups, explore that natural landscape, and enjoy long uninterrupted periods in thought or conversation. This is quickly giving way to a society where conversations are byte sized and impersonal, our preferred environment is a glowing screen, and we consequently feel increasingly isolated and lonely.
- Keep technology in perspective. It can never replace the bonds we form with others, the way we interact with the world, or the way we fulfill our deepest human needs.



MISCELLANEOUS

ABBREVIATIONS

MRI: Magnetic resonance imaging

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Recommended Reading

N/A

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10.7. INFORMATION SECURITY: BACKING UP AND ARCHIVING YOUR SYSTEM



BASICS

OVERVIEW

• Backing up and archiving system data is a vital part of information management.
• Disaster can strike at any moment, and it is important to have a system in place to prevent data loss (see 14.20 – Business Contingency Planning).
• Backing up data refers to the copying of computer data so it may be used to restore the original system files in the event of data loss.
• Archiving data refers to primary source system files that have accumulated over the course of an organization's lifetime.
• It is easy to set up a backup system within your practice to prevent data loss.
• The use of your network and the amount of data being backed up will determine the backup and archiving solution best suited for your practice.
• The cloud is a form of remote data storage, which is rapidly gaining popularity across the World Wide Web as a whole, and within thriving veterinary communities.
• The cloud transitions our data away from local devices (think bulky servers and clunky external hard drives) and instead moves them to secure offsite servers, allowing you to access the files from anywhere with a simple login.

TERMS DEFINED

Archive: A collection of historical records, or the physical place they are located. Archives contain primary source documents that have accumulated over the course of an organization's lifetime.
Backup: In information technology (IT), a backup, or the process of backing up, refers to the copying and archiving of computer data so it may be used to restore the original after a data loss event.
Bandwidth: The average rate of successful data transfer through a communication path.
Broadband: An Internet connection with a much larger capacity than dial-up (e.g., cable, digital subscriber line, or fiber optics).
Cloud: A communications network that often refers to the Internet, and more precisely to a datacenter full of services that is connected to the Internet.
External Hard Drive: Typically connect via Universal Serial Bus (USB). Plug-and-play drive functionality offers system compatibility, and features large storage options and portable design.
Flash Drive: A data storage device that includes flash memory with an integrated USB interface. USB flash drives are typically removable and rewritable, and physically much smaller.
Gigabyte: Unit of computer memory or data storage capacity equal to 1,024 megabytes.
Operating System: A collection of software that manages computer hardware resources and provides common services for computer programs. The operating system is a vital component of the system software in a computer system. Application programs require an operating system to function.
Remote or Cloud Backup: Cloud based backup systems are typically built around a software program that runs on a schedule, typically once a day, and usually at night while computers are not in use. This program typically collects, compresses, encrypts, and transfers the data to the remote backup service provider's servers or offsite hardware.
Server: Physical computer (a computer hardware system) dedicated to run one or more services (as a host), to serve the needs of the users of other computers on the network.
Thin Client: Computer or a computer program that depends heavily upon some other computer (its server) to fulfill its traditional computational roles.
Universal Serial Bus (USB): A connect standard for attaching peripheral devices to a computer, allowing fast data exchange.
Workstations: A high-end microcomputer designed for technical or scientific applications. They are commonly connected to a local area network and run multiuser operating systems.



ISSUES AND OPTIONS

AUTOMATION

• Certain types of software, such as virus and spyware scanners, figure their own automatic processes and schedule them. Backup software is no different and can be scheduled to automatically occur based on the time and frequency you choose.
• The software can schedule the backup task during times where the network will be used less frequently.
• You can create multiple schedules and notifications and even back up data to remote servers.

LOCAL BACKUP

• Local backup is defined as a backup that occurs on a local device such as flash drives or external hard drives.
  ◦ Local and cloud backups are great for quick recovery when your internal hard drive crashes.
  ◦ Local and cloud backups can typically store larger amounts of data such as a larger practice management software database, diagnostic images (e.g., digital radiology images, ultrasound images, digital pictures).
• Local devices for backups completed on-site include flash drives or external hard drives.
• Local backups completed on a compact disk are no longer recommended due to the limited storage size, therefore narrowing down the amount of data that can be backed up at any given time.

CLOUD BACKUP

• Cloud backup is defined as a backup that is transmitted through the Internet to a remote server, and therefore stored offsite.
• Remote backups are great in the event your practice gets burglarized, catches on fire, or if other natural disasters occur.
• Broadband Internet access is highly recommended for backups completed over the Internet.
• Cloud backups can store large amounts of information, but the time it takes to transmit large amounts of data over the Internet can vary based on the Internet bandwidth (speed) in your practice. For example, if you were transmitting 10 gigabytes of data to your online backup system, it may take up to 12 hours to complete your backup based on your Internet bandwidth.

BACKUP TYPES

• Full backups should include files such as network settings and configurations, data stored on all practice thin clients, practice management software data, and diagnostic images.
• Partial backups should include files such as network settings and configurations and practice management software data.
• Mirror image backups are an identical copy of your hard drive. Mirror image backs up your operating system and programs stored within the hard drive.

LOCAL DEVICES

• Local devices for backups completed on-site typically include flash drives and external hard drives.
• In most instances, backups completed on a compact disk, tape drives, and memory cards are no longer recommended due to reliability and the limited storage size.

10.7. INFORMATION SECURITY: BACKING UP AND ARCHIVING YOUR SYSTEM

BACKUP SOFTWARE

- There are a variety of options for backup software, including options that are free.
- When choosing a backup software look for these key features:
  - ability to work on your operating system;
  - ease of restoring data;
  - ease of creating backups;
  - automation capabilities;
  - ability to create local backup;
  - ability to create remote backup;
  - mirror image backup;
  - 24/7 technical support options.
- Check with your practice management software vendor and/or your IT company for their suggestions. They often provide software at an additional cost, but they will set it up for you and support your backup needs. This makes managing backups and potential restoration much easier.

ARCHIVING DATA BACKUPS

- In many cases, archived backups can be stored on one device. For example, if you are backing data up to an external hard drive or to the cloud, you will be able to store weeks' worth of backup data on a single device or cloud-based server.
- In the event you are archiving backups to a single device, make sure to plan to have an additional device to allow you to take the recently stored backup offsite while leaving the additional device on property to back up the current day's data.
- Save each device once it becomes full and store them in a safe and secure location offsite.



EXAMPLES

LOCAL OR CLOUD BACKUP

Both types of backups can occur for any practice type:

- You can create a full backup to your local devices.
- You can create a partial backup to your remote online backup system.

SAMPLE BACKUP PLAN

Full local or remote daily backups should be scheduled through the backup software to be completed at the end of each practice day. In the event the practice operates 24/7, the backup should be completed during the time when the network is least used to ensure optimal network performance. Each morning, a team member will be responsible for verifying the completion of the scheduled backup. In the event of a backup error, the team member should restart the backup immediately and contact their IT company or software vendor to make sure it is an isolated incident. If the backup is completed locally, the backup device should be ejected and taken offsite at the close of each day by an owner or designated manager of the practice. An alternative device must be put in its place to allow the next scheduled backup to be completed.

All archived backups completed should be stored in a safe location offsite. If the archived backups are all completed on one local device, make sure to keep the device secure at all times.

In the event where data recovery is needed, immediately contact your practice management software vendor and/or IT company to assist you with providing new hardware required to quickly restore your data. Do not attempt to restore any data without consulting with your practice management software vendor and/or IT company.

SAMPLE BACKUP PROCEDURES

All network resources are backed up nightly, and devices (if applicable) rotated on a schedule and stored offsite. Data stored on the local personal computer drives of practice owners, management team members, associate veterinarians, and marketing personnel should be routinely backed up (locally or in the cloud). Computer users will be responsible for ensuring that the data stored on their local machines are backed up as required by the IT company and/or software vendor.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

IT: Information technology
USB: Universal Serial Bus

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N/A

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10.8. CYBERSECURITY AND NETWORK SECURITY



BASICS

OVERVIEW

Information management is a major component of information technology (IT). Information management, as it relates to IT, is the practice of properly storing information on your computer systems. This includes, but is not limited to, recordkeeping and document management. Information management is an important part of your veterinary practice. The way we managed this information in the dawn of the computer age was more of a hassle than it was a help. However, with the rapid advancement of technology, you are now able to be more organized and efficient throughout the practice.

One of the biggest mistakes in information management and computer networking is the failure to set up proper policies and procedures of confidential access and security. Regulating the use of your system is essential to keeping your data secure. Most systems today are connected to the Internet to research, send e-mails, transmit laboratory results, send digital radiographs, and more. Having your server connected to the Internet is important for every practice to properly utilize their practice management software and integration capabilities. However, if your system is not protected properly, you may encounter major problems that can ruin your system. Proper policies and procedures must be taken to keep the system secure, reliable, and functional.

Internet Awareness

- The Internet can be a very useful resource, but it can also become a nightmare if you are not properly secured from the potential dangers.
- It is *extremely* important to set proper protocols in your practice for the use of the Internet.
- Each workstation that does not need the Internet should be blocked from Internet access.
- Workstations that require Internet access should contain site blocks to avoid websites that should not be visited during business hours from being accessed.
- Certain websites and e-mails download information onto your computer known as spyware or malware and will slow down your computer and ultimately pose a great risk to the information stored on your network.
- Spyware and/or malware eventually cause the computer to function so slow it becomes unreliable.
- Most important, if your computer/server becomes vulnerable to viruses or hackers, there will be a great possibility that your information and your clients' information may be stolen, exposed, or destroyed.

TERMS DEFINED

Antivirus Software: Used to prevent, detect, and remove malware (of all descriptions), such as computer viruses, adware, backdoors, malicious browser helper objects, dialers, fraudtools, hijackers, keyloggers, malicious layered service providers, rootkits, spyware, Trojan horses, and worms.
Cybersecurity: The protection against the unauthorized or unlawful use of electronic data.
Firewall: Software-based or hardware-based tool used to help keep a network secure. Its primary objective is to control the incoming and outgoing network traffic by analyzing the data packets and determining whether it should be allowed through or not, based on a predetermined rule set. A network's firewall builds a bridge between an internal network that is assumed to be secure and trusted, and another network, usually an external (inter)network, such as the Internet, that is not assumed to be secure and trusted.
Hacker: Someone who accesses a computer system by circumventing its security system.
Information Technology (IT): Concerned with the development, management, and use of computer-based information systems.
Malware: Short for malicious software. Software used or created to disrupt computer operation, gather sensitive information, or gain access to private computer systems. It can appear in the form of code, scripts, active content, and other software. *Malware* is a general term used to refer to a variety of forms of hostile or intrusive software.
Modem: A device or program that enables a computer to transmit data over, for example, telephone, fiber optic, or cable lines.
Network: A collection of computers and other hardware components interconnected by communication channels that allows sharing of resources and information.
Robust Password: Meaning "tough" or "complex" password. It must contain at least eight characters, including at least one upper-case letter, at least one lower-case letter, at least one symbol, and at least one number. It may not contain words in the dictionary or proper names.
Router: A device that forwards data packets between computer networks, creating an overlay internetwork. A router is connected to two or more data lines from different networks. When a data packet comes in one of the lines, the router reads the address information in the packet to determine its ultimate destination.
Spyware: A type of malware (malicious software) installed on computers that collects information about users without their knowledge. The presence of spyware is typically hidden from the user and can be difficult to detect.
Virus (Computer Virus): A computer program that can replicate itself and spread from one computer to another. The term "virus" is also commonly, but erroneously, used to refer to other types of malware, including, but not limited to, adware and spyware programs that do not have a reproductive ability.
Virus Protection: See *Antivirus Software* entry.
Wi-Fi: A system allowing devices to access or connect to an Internet network without needing to use wires.



ISSUES AND OPTIONS

INTERNET AND NETWORK SECURITY

- One of the most important things any computer/server should have is good virus protection software.
- Virus protection software comes in many different varieties. Virus protection for your server can vary based on your server's operating system.
- It is best to consult with your IT administrator or IT company to better help you choose the best software.
- Your full-access computers that are connected to a network and connected to the Internet (or directly connected to the Internet) should have Internet security that is firewalled, protected against viruses, and protected against spyware.
- There is a variety of software to choose from, and you want to stick with a brand (Norton, McAfee, etc.) that is known for its protection and has the ability to download daily updates.
- After the installation of the software, you will want to set the virus protection software to run automatically at a time that your computer is not being used (i.e., in the evening when the clinic is closed or in the morning before the clinic opens).
- Always remember that having Internet security does not mean you cannot have any harm done to your system.
- Viruses are created every day in different forms, so it is important to have protocols for Internet use in your hospital.

WIRELESS INTERNET ACCESS

- There are many kinds of modems, routers, and modem–router combos.
- Some are direct connect and require only minimal skill to install. However, some routers require more elaborate installations but possess more features. These routers can be simple to install but are often installed incorrectly.
- It is highly recommended than an IT professional install *all* router types for you.
- Some laptops, printers, and even computers in your practice access the Internet using your own Wi-Fi connection.
- Protect the router from being hacked by using a robust password and enabling the firewall.
- This allows only users with the correct login information to access your Wi-Fi.

ACCEPTABLE USE POLICY

Your network and practice management software should have an acceptable use policy. This policy explains the acceptable uses for the network, hardware, and practice management software. The goal of the policy is to help team members understand how they can and cannot use the network, hardware, and practice management software (see 10.24 – Internet Use Policy). This policy will help keep your network safe and promote proper use. A list of some acceptable uses is as follows:

- The use of practice management software.
- Educational or medical-related research.
- Viewing instructional videos.
- The use of pharmaceutical software.
- Strictly business-related e-mail.
- Uploading approved photographs and videos to place in patient medical files.
- Connecting only equipment that has been approved by your network administrator. Some examples of approved devices are:
  - signature pads;
  - clinic camera;
  - clinic laptops;
  - diagnostic medical equipment;
  - USB flash drives;
  - external hard drives.

Some unacceptable uses are as follows:

- Do not access areas within the computer and network with which you are not familiar.
- Do not access the server unless granted permission or under the direction of your IT company and/or practice management software vendor.
- Do not use any computer to access music, games, or nonbusiness-related videos.

Involve key team members, such as the practice owner, practice administrator, and an IT administrator, to form this policy.

EXAMPLES

SAMPLE INTERNET-USE POLICY

Internet use, on company time, is authorized to conduct company business only. Internet use brings the possibility of breaches to the security of confidential company information. Internet use also creates the possibility of contamination to our system via viruses or spyware. Spyware allows unauthorized people, outside the company, potential access to company passwords and other confidential information.

Removing such programs from the company network requires IT staff to invest time and attention that is better devoted to progress. For this reason, and to assure the use of work time appropriately for work, we ask staff members to limit Internet use.

Additionally, under no circumstances may company computers or other electronic equipment be used to obtain, view, or reach any pornographic, or otherwise immoral, unethical, or nonbusiness-related Internet sites. Doing so can lead to disciplinary action up to and including termination of employment.

CAUTIONS

N/A

MISCELLANEOUS

ABBREVIATIONS

IT: Information technology

References

N/A

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10.9. BLOCKCHAIN



BASICS

OVERVIEW

Blockchain may be a foreign concept to many veterinarians, but it is an important topic because it is demonstrating real benefits in many aspects of human healthcare and is bound to gain more prominence in veterinary medicine as well.

Blockchain gained some notoriety with the introduction of bitcoin (see 8.15 – Cryptocurrencies), but it has been recognized as having many more applications, including its use in healthcare.

TERMS DEFINED

Blockchain: A database that is shared across a network of computers.
Hash Code: A form of cryptographic security that, unlike encryption, cannot be reversed or decrypted.



ISSUES AND OPTIONS

Blockchain is a database shared across a network of computers, but it differs from other databases in a number of important ways. For security, once a record has been added to the chain, it is very difficult to change. For consistency, the network makes frequent checks to ensure that all copies of records are the same across the entire network.

In a blockchain, individual records are bundled together into blocks and then linked sequentially within the chain. The three parts of the process are thus

- the record;
- the block;
- the chain.

For any given transaction, the process involves recording the details of the transaction (record), including the digital signatures of each party. The computers in the network, called nodes, then verify the details of the record to make sure it is valid. Accepted records are then added to a block and then the block of records is ready to be added to the chain. Each block contains a unique code, called a hash, that identifies where it belongs when assembled into a chain. These hash codes are created by a mathematical formula and contribute to the security of the system. In the final step, the blocks are added to the chain, and the hash codes connect the blocks in a specific order.

Any change to the original record, no matter how miniscule, would be detected and would warrant the generation of a new hash code. That change to the hash code alters the blockchain, making it extremely difficult for hackers to make changes that are not immediately detected within the network. It is not impossible, but attempting to change all the hash codes within the chain would require phenomenal computing power, making it much more secure than current systems.

A blockchain database is decentralized and computers in the network are nodes, so there is no master computer in the system. With a decentralized network, all of the participating nodes can access the information and compete to be the next to add to the database, so the system sets up tests of trustworthiness. These tests are referred to as consensus models and require network members to prove themselves before they are allowed to add to the chain.

To make sure only authorized users have access to the information, blockchain systems use cryptography-based digital signatures to verify identifies. Account holders have private keys that are nearly impossible for hackers to discern, but public keys can be generated for information sharing. In this way, anyone with a public key can receive information (or funds in the case of cryptocurrency), but only those with a private key can alter that information (or spend cryptocurrency funds). Third parties, such as pet owners, can be given limited access to records, while the audit trail capability of blockchain means there is complete documentation of the creation, modification, and deletion of records.

HEALTHCARE APPLICATIONS

Current systems for sharing electronic data among doctors, patients, referral hospitals, laboratories, and insurers are still quite error prone. Incorrect information can emerge as patient data gets re-entered time after time by different individuals, and it is difficult to conserve changes made by one party into everyone's version of the medical record.

Blockchain can be used to provide all clients and providers with identical content. The decentralized-ledger approach to information management gives all parties simultaneous access to a single record of strongly encrypted data at relatively low cost. It also creates an audit trail each time any data in the record is changed, helping to maintain the integrity of the system and its information. Eventually, blockchain could be used to provide secure and accurate medical information for all individual patients.

With blockchain technology, clients could actually play some role in managing the medical records of their pets and give permission to different providers and entities to access and modify those records.

If a pet has received treatments from multiple doctors at different facilities, all that information can be accessed from the blockchain, and there would be an audit trail for any changes made. Ultimately, the success of any such system depends on the participation of many medical providers, or there are few benefits over those seen with traditional electronic medical records.

One of the main benefits for blockchain use in healthcare is that it is decentralized, which provides enhanced security. Because the data record is replicated across many nodes rather than on one central computer, it is more resistant to a hacking attempt or manipulation. If any one computer is hacked, other separate computers in the network that are using the blockchain would still maintain accurate information.

Other areas where blockchain can prove very useful is with online directories of doctors and other healthcare providers. Hospitals, doctors' groups, laboratories, and insurers all try to maintain their own online listings, but these frequently become outdated, or require providers to notify the entities that the information has changed or is outdated. With blockchain, providers can update their own information at will. Especially in veterinary medicine, with so many clinics unaffiliated with one another and potentially using different practice management software, there can be many islands of information with very few opportunities for data bridges. Blockchain can help address that.

Another area of importance for blockchain is the management of personal data online. With blockchain, a patient's entire medical record can be stored in a ledger and encrypted with a private key. Changes in this information can be communicated to the ledger with the patient's authorization and securely shared with various providers. Because of the audit trail feature, everyone is aware exactly who made the change, when the change occurred, and what was changed.

There are many other potential applications, from managing prescriptions through the blockchain so that all participants know when and where a prescription was filled, to tracking laboratory results through the system, to verifying veterinary licensing and updating information directly.



EXAMPLES

The following is an example of a fictional veterinary blockchain application.

A veterinary blockchain project was established with participation of veterinary hospitals, laboratories, and pet insurance companies.

Dr. Smith of ABC Animal Hospital is a participant, along with many of her colleagues.

Mrs. Jones first presented her spayed female labradoodle, Daisy, to the clinic, and once she shared her public key with the clinic they were able to access information from all the clinics that they had visited previously. In those records were also entries from diagnostic laboratories, along with time codes and verified user stamps of all participants. In fact, there was even an entry from a genetic testing facility indicating that Daisy carried a variant for exercise-induced collapse, and that might prove very useful should she ever display evidence of weakness.

Over the next few years, Dr. Smith came to appreciate the importance of blockchain to medicine. Once, after hours, Daisy needed to be seen at an emergency clinic, and Mrs. Jones was able to provide that clinic with a key to access Daisy's healthcare information, including recent bloodwork that had been run. Similarly, when Daisy showed some evidence of lameness, she was referred to a specialist; the specialist appreciated access to the previous medical records, including the genetic screening, and was able to append the medical record with relevant findings, accessible to Dr. Smith and others that had been given permission. Laboratory testing that had been performed was similarly entered into the record, directly by the laboratory.

Mrs. Jones had purchased pet health insurance for Daisy, which was in effect since Daisy was a puppy. The pet health insurance company participated in the blockchain process, and the shared ledger of encrypted data allowed all parties to view the same accurate information about the insurance claim, without anyone having to send medical information back and forth. Mrs. Jones found it very convenient to see that the insurance company was able to quickly acknowledge and process the claim.



CAUTIONS

- Blockchain is more difficult to hack, and it tends to be more secure than traditional systems; but with enough computing power it is possible that even blockchains could be hacked. So, it is considered very secure but not completely impervious to hacking.
- One concern in this regard is that since most blockchain networks run the same code, any vulnerability detected could potentially put the network at risk.
- To be fully effective, blockchain requires that a large number of providers participate in the process. Without such participation, it loses much of its benefits of multiuser access.
- As with most systems, it is also important to determine that data are accurate when first entered into the blockchain ledger. Sometimes, such as when a medical record contains information from multiple sources, it can difficult to determine the "owner" of a piece of information in the first place (e.g., a laboratory result recorded in a medical record, but without the actual laboratory that performed the testing specified).



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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10.10. PAPERLESS PRACTICE



BASICS

OVERVIEW

• The majority of veterinary practices utilize one of the many veterinary practice information management software (PIMS) platforms to manage their day-to-day operations. Few use all the features available.
• Practices rely on their software to record patient history, track income, manage inventory, and market services.
• It is common for practices to simultaneously use paper charts for medical patient recordkeeping while also using computerized practice management software.
• With the advent of more reliable hardware, cloud-based software, and cloud-based backup, the double work required to keep paper records and digital records is no longer necessary or wise.
• The conversion to paperless records is often more of a fear of change than a fear of data loss.
• Moving from paper to paperless records saves hours of time for the medical team, managers, and front office staff due to increased efficiency and immediate access to the patient's chart by all.
• Many practices become *paper light* and convert patient charts to digital but still utilize some paper for forms, check-in sheets, and treatment sheets.
• Management reports are more complete as all the services, drugs, products, and income are recorded in the PIMS.
• Inventory should be better accounted for since products are depleted from stock as they are used. Automated ordering reduces staff time spent making lists and calls. Want lists can be generated and e-mailed to suppliers for fulfillment. Products can be coded by supplier and digital lists created for each provider. Minimum and maximum order trigger points are set for products and can even be set by month to account for seasonality. Bar code readers can be used for entry of received orders.
• In-house diagnostic tests are ordered and automatically billed to the patient invoice, avoiding missed fees. Results are automatically download to the patient history, removing the need for printed reports and eliminating lost laboratory results.
• Financially, paperless records should decrease missed fees because services are entered into the database as the work is performed. Procedures are templated into lists of service codes relevant to the patient problem, allowing the team to easily pick services from the list. Bundled packages also can be built for common services to aid in reducing human error.
• A practice can save thousands of dollars annually in reduced paper costs and be more environmentally friendly.
• Audit systems should be put in place to spot check for errors, since paper charts are no longer available. End of date reports will show overrides and no charge fees but will not catch services performed but not recorded in the software. Strong password protection and limitations on override permission are needed (see 8.24 – Cash Control: Preventing Embezzlement).
• Better patient history is possible through the utilization of templates, standardized chart notes, bundled services, and custom travel sheets built within the software (see 9.1 – Medical Records and Patient Documentation). In addition, records are legible and not subject to the handwriting of the recorder. It is faster to edit a standardized note than to type a new entry for every patient (see 2.23 – Enhancing Doctor Productivity and 2.24 – Enhancing Team Productivity).
• Retrieving diagnostic reports and sharing patient history with specialty or emergency room practices is simplified (see 4.23 – The Extended Hospital Team: Making Referrals Work). Applications can also be used for record sharing. Historical laboratory results can be consolidated into graphs to monitor patient progress or decline.
• Remote access to charts is an additional positive aspect of paperless practice. Veterinarians may work from home or other locations and easily see a patient's full history. This also applies if they share their work time over several practices in a group.
• Client forms, such as new client, surgical release, anesthesia permission, photographic release, and boarding, can all be digitally signed and stored. Copies can be e-mailed to the client. Utilize a digital clipboard for these documents.
• Expense of additional workstations, laptops, or tablets and their consequential need for support should be noted. The increase in efficiency, decrease in cost of paper, and elimination of time wasted searching for charts should more than compensate for the expense over time.
• Security and legal issues can be of concern with paperless medical records. It is important to set systems into place to prove medical charts have not been modified and that confidential information is protected. Review these questions with your software or backup provider to your satisfaction before committing to a purchase. Retrieving backups based on specific points of time and PIMS that allows for record corrections for short periods of time after data entry and then lock the patient chart are common solutions. Typically, close of business day is the cutoff for changes and corrections to medical history.

TERMS DEFINED

Cloud-Based Backup: Also known as online backup, this is a strategy for backing up data that involves sending a copy of the data over a network to offsite servers. The server is usually hosted by a third-party service provider. Fees are assessed per data storage usage.
Paperless Practice: Digital utilization of the practice management software for recording patient history, invoicing, inventory control, marketing, financial tracking, production reporting, and team communication pertaining to patient care and status. In-house and outside laboratory services are connected, and reports stored digitally. Digital diagnostic device reports, such as from radiography, ultrasound, magnetic resonance imaging, are also stored as part of the patient medical history. Paper patient history charts are no longer utilized.



ISSUES AND OPTIONS

• The primary issue with converting a paper-heavy practice to a paperless system is historical patient information held on the paper charts is no longer available to the medical team unless scanned into the computer system.
• One option is to move paper charts to a location where they can be accessed if necessary, but not so easily that old habits continue.
• Practices wishing to convert believe all this historical patient information must be scanned into the PIMS and foresee hours of staff time involved in this task.
• Option: scan in complex case patient histories but patients with good health and simple vaccination histories can be skipped. Their data is already available in the software through invoicing charges if the practice has been using the computer for billing. This saves space in the server and "cloud" and saves staff scanning time.
• A paperless system requires training veterinarians and others on the medical team to use digital charting and change years of habitual working systems to a new way of managing patient history recording.
• Utilize online training of staff provided by the PIMS company. Comfort with the system and confidence in how to record medical history, view diagnostic results, and enter chart notes aids in speed of acceptance of the new protocol. Front office staff should study appointment scheduling, medication lookup, client contact information setup, and patient information entry if all these actions have been previously performed on paper.

• Typing. To utilize paperless systems, the staff using the tool must be able to type (keyboarding) or find alternate methods of entering information. Several generations have now grown up using computers and are rapid typists, but older practitioners and staff may have slower typing skills.
• Voice dictation software is a simple option for record entry. Practices can choose to train basic versions on medical terminology to save money, but specialized applications are available preprogramed with a medical dictionary.
• Create a new flow by holding team meetings and discussing how a patient will move through your practice from appointment call to check-out. Discuss which team member will oversee each area of patient care and data entry. Plan how the team will use the computer to communicate with each other in different areas of the practice. Electronic whiteboards will replace traditional whiteboards, so proper training on this tool is a priority.
• It is a good idea to visit a paperless practice utilizing your PIMS and observe their workflow in a paperless setting. Often seeing another practice use their PIMS paperlessly works as a "show and tell" opportunity for the team. Ask your PIMS provider to advise you of a paperless practice within a reasonable travel distance and plan a visit.



EXAMPLES

N/A



CAUTIONS

• Existing servers and other hardware must be able to support increased amounts of data. If the plan is to utilize laptops, tablets, and other wireless devices, the practice would be wise to invest in hiring a technology specialist familiar with veterinary medical devices and software to come evaluate both hardware and infrastructure before committing to paperless work systems.
• Invest in redundant backups. Backing up your server to an outside device has always been a requirement of good data stewardship, but this is imperative when the practice is paperless (see 10.7 – Information Security: Backing Up and Archiving Your System). IT professionals suggest setting up cloud-based *hourly* backup and confirming the cloud backup is redundant. Local backup in a natural disaster is inadequate (see 14.20 – Business Contingency Planning). Your backup provider must have storage in multiple locations distant from each other in case one area is hit by the unforeseen fire, flood, or power outage.
• Use an IT specialist to monitor your system and keep firewalls, antivirus, and malware protection updated (see 10.8 – Cybersecurity and Network Security). A paperless practice cannot afford to have its database held hostage by ransomware. Proactive care is best.



MISCELLANEOUS

• Becoming paperless is often a dramatic change for a practice team. Having several staff meetings beforehand can help the team express their concerns and plan solutions to problems before the actual commitment (see 5.6 – Shared Decision Making).
• Discussions about how the change will improve workflow, communication, and efficiency are a good approach.
• Set a goal and a date for the conversion. Without a deadline, human nature is to procrastinate and the change will take much longer than necessary to accomplish.
• Set a date pre-conversion that all new clients are added only in the PIMS and no paper chart is created.

ABBREVIATIONS

IT: Information technology
PIMS: Patient information management software

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N/A

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10.11. ELECTRONIC COMMUNICATION: E-MAIL AND TEXTING



BASICS

OVERVIEW

• In veterinary practices today, we are seeing a generation of clients who demand and crave changes in the way we communicate. It starts with members of Generation X, who were exposed to the start of the dot-com era – also known as the "the dawn of the Internet age" (see 1.13 – Generational Differences). The very start of online communication was initially slow to get started and adapt to. At the time, having this "luxury" was not easily affordable at home or in the work place.
• Millennials have been raised with the advent of the Internet and typically use technology as an absolutely integral part of their lives. They do research online, they Skype with friends, and they may be much more comfortable with online bookings and open to remote consults instead of in-office ones.
• Communicate with each client in a way that honors the individual and their specific preference.
• Leveraging new communication technology puts your practice a step ahead of the curve, allowing you to send friendly updates and messages to a pet owner that may be curious about how their pet is doing, or may have simply forgotten about an appointment.
• When you customize your communication approach to benefit each client individually, you make sure that everyone feels welcome at your veterinary practice and avoid the pitfalls that can come when you make an assumption about preferences.

TERMS DEFINED

Domain: An identification string that defines a realm of administrative autonomy, authority, or control on the Internet.
E-mail: Electronic mail, commonly referred to as email or e-mail, is a method of exchanging digital messages from an author to one or more recipients. Modern e-mail operates across the Internet or other computer networks.
Internet: Domain names are formed by the rules and procedures of the Domain Name System.
Text (SMS) Messaging: The act of typing and sending a brief, electronic message between two or more mobile phones or fixed or portable devices over a phone network.
Web-Based Application: An application that is accessed by users over a network such as the Internet. The term may also mean a computer software application that is coded in a browser-supported programming language (such as JavaScript, combined with a browser-rendered markup language like Hypertext Markup Language) and reliant on a common web browser to render the application executable.



ISSUES AND OPTIONS

PROPERLY IMPLEMENTING E-MAIL COMMUNICATION

• Have you decided to communicate with clients by e-mail because it is most convenient for your clients? If so, you are taking a great step forward toward adapting to our new generation of clients' preferred way of communicating.
• The need to understand how to properly communicate with pet owners using e-mail is extremely important for formality and legal reasons.
• Like any important information you communicate verbally to clients, you start by documenting it in the pet's medical record.
• Make sure you are using a branded or professional e-mail address. You do not want to communicate with clients using an e-mail that is intended for personal reasons or that is too creative (*not* a good e-mail address: kewldoc23@vetsrule.com).
• Try setting up branded e-mail with your web hosting company.
• If you do not have a website, set up an e-mail address at a reputable company such as Google, and keep it simple FIRSTNAME.LASTNAME@gmail.com or FIRSTNAME.LASTNAME@YOURDOMAIN.com.
• When communicating with clients, do not use short phrases or terms that only medical personnel tend to understand. Spell out exactly what you are trying to say so the client can understand it in an e-mail (see 5.5 – Translating Medicalese: Client-Centered Communication).
• If you are not going to be sending the e-mail yourself, make sure whomever you rely on communicating this information for you is trustworthy and able to write a great amount of information with no errors.
• Make sure you keep each e-mail that is sent and received, as this will serve as proof of communication.
• Any medical recommendations you make, such as a new treatment route, change of treatment, and medical dosage changes, should all be printed and put in the medical record or incorporated into an electronic medical record.
• If you store your medical records electronically, print your e-mail to a PDF printer and attach it to the patient file as a communication note.
• Make sure you check and reply to e-mails daily. If you do not check your e-mail daily, enable an auto reply to all e-mails sent to you that explains you have a 24- to 48-hour reply turnaround time.
• *Do not* allow your clients to use this to get out of a visit in your practice.

E-MAIL AND TEXT (SMS) REMINDERS

• It is unreasonable to expect that 100% of all mail makes it to its desired destination.
• An incorrect address can be the key reason for mail being delivered to the wrong destination.
• A majority of practices still rely on the postal service to deliver reminder cards to their clients, and there is a good reason why. Statistics show the return rates on postcards are still very high. It is not recommended to remove postcard mailings from your practice (see 4.16 – Client Reminder Systems).
• However, with our new generation of clients relying on e-mail and text as their primary form of communication, it is important to implement an e-mail and text reminder protocol for your practice.
• If the reminder postcard never makes it to the client, the probability of that client coming in to satisfy their reminders starts to decrease. Even though pets are a priority in households across the United States, they still rely on you to remind them of what medical attention their pet(s) needs.
• To implement e-mail and text reminders in your practice, start off by contacting your practice management software technical support team to see if there is a feature already offered to you at no additional cost.
• If not, consider moving toward a patient portal where clients will greatly benefit from not only e-mail and text reminders but also a variety of other online services (see 10.18 – Patient Portals). These services seamlessly integrate with your existing practice management software and will send text messages to clients automatically.
• Automation is absolutely imperative for this level of communication, and some services providers will offer two-way texting for appointment

10.11. Electronic Communication: E-mail and Texting

confirmations. A simple "Y" or "N" will allow clients to confirm or cancel appointments, and a list will automatically generate to display who has confirmed their appointments and who has yet to do so. You can then make follow-ups as necessary, leveraging the convenience and quick communication that these services have to offer.
• These features are an outstanding way to increase compliance and reduce missed appointments that cost your veterinary practice a significant amount of money over time.

E-MAIL NEWSLETTERS

When thinking about getting started with e-mail marketing, here are a few facts to think about:
• It is approximately six to seven times more expensive to gain a client than it is to retain a client. Repeat customers spend more money than new clients.
• E-mail marketing is about turning an idea into profits. Ask yourself before you begin e-mail marketing:
  ◦ Do repeat and referral clients help your business?
  ◦ Do you have a plan for delivering multiple communications?
  ◦ Is your audience interested in your message? Is it valuable to them?
  ◦ Can you make your e-mails look professional and reflect your brand?
  ◦ Do you have an e-mail service provider to help manage your strategy?
• E-mail marketing is designed to help you:
  ◦ boost client communication;
  ◦ talk to them with targeted marketing;
  ◦ get more referrals, more easily;
  ◦ get immediate response and action;
  ◦ track who reads and responds;
  ◦ save on paper and postage.
• Goal: deliver professional e-mails that contain valuable information to an interested client base.

Building your e-mail database:

• Before getting started building your e-mail newsletter, you first need to build your e-mail database.
• Are you asking for permission as well as contact information? Make sure you ask clients if you can have their e-mail address to send them e-mail newsletters. Do not presume that because they provide you with an e-mail address that they want to be communicated with in that way.
• Collect contact information at every client touch point:
  ◦ anytime you talk to a client over the telephone;
  ◦ when a client visits the practice for an office visit or whether they are picking up a prescription;
  ◦ at the checkout process;
  ◦ On your website.
• Are you clearly describing your e-mail frequency and content? Let clients know how often you plan to send them e-mails. If your plan is to send e-mails once every quarter, then make sure to let the client know. Also, let them know the content of your e-mail newsletters. For example, let them know you plan on sending them e-mail newsletters with updates about the practice, pet health education, and possibly promotions.
• Plan on using an e-mail service provider to add e-mail addresses into a database. Make sure you do not use programs like Outlook or iMail to send client newsletters. These types of programs are not designed for sending mass e-mails to clients and can often cause poorly developed, poor quality e-mails.
• Additional tips to build your e-mail database:
  ◦ Place clipboards with e-mail client collection forms in the lobby, reception desk, exam rooms, and the checkout counter.
  ◦ Incorporate in check-in process.
  ◦ Subscribe button on practice website.
  ◦ All incoming calls should have a telephone number verification, an address verification, and an e-mail address verification.
  ◦ Have an e-mail address collection competition among staff.
  ◦ E-mail reply signature.

Consistent Design/Layout

Make sure your e-mail design and layout include the following items:
• practice name
• logo
• consistent color scheme
• phone number
• general e-mail address
• social media contact information
• practice physical address
• affiliation logo [American Animal Hospital Association (AAHA), Companion Animal Parasite Council (CAPC), etc.].

Content Has to Meet Your Objectives

There are three key elements that make up an effective e-mail newsletter:
• **Informational.** Inform clients about latest happenings at the practice (events, new equipment, etc.), employee spotlight, and practice-specific news.
• **Educational.** Increase compliance through educational content. Sharing educational content related to services you offer can also serve as marketing. Sample educational topics include dental care, diabetes in pets, heartworms, fleas, diagnostics, laser therapy, stem cell therapy, feline preventative care, canine preventive care, and geriatric care.
• **Promotional.** Motivate purchases by offering promotions (e.g., special offers). If you do not offer discounts or promotions at your practice, consider offering existing coupons from manufacturers.

Coming Up With Valuable Content

• Share your expertise in pet care.
• Link to existing resources (e.g., American Veterinary Medical Association, AAHA, CAPC, etc.).
• Use facts and testimonials.
• Give guidance and direction such as at home-care tips.
• Offer discounts and coupons (optional).
• Hold contests and giveaways to encourage dialogue.

Keep E-mail Content Concise

• E-mail only essential information.
• Use bullets or summaries.
• Link directly to the information.
• Give instructions if necessary.
• Host large bodies of content:
  ◦ on your website
  ◦ or from the content's original source (e.g., use the introductory paragraph and then link the rest of the article to the website where the article can be found).

Frequency and Delivery Time

• Next, discover when you should send your e-mail newsletters and when your clients are most likely to read it.
• Mobile telephones increase open rates because clients are more likely to open your e-mail newsletter and read it on the go.
• Test for timing:
  ◦ divide your list into equal parts;
  ◦ send at different times and compare results.
• How often to send (recommended: quarterly)?
  ◦ Create a master schedule that includes when you plan to send your e-mail newsletters.

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- Include frequency on your website online sign-up process (i.e., state whether it will be a "Monthly Newsletter," "Quarterly Newsletter," etc.).
- Keep content concise and relevant to planned frequency.

Use an E-mail Service Provider

Using an e-mail service provider (e.g., Constant Contact) promotes best practices by providing easy-to-use templates, reinforcing brand identity, managing e-mail lists, tracking results, obeying laws, and providing the ability to share e-mail newsletters through social media to gain higher visibility.

TEXTING CLIENTS IN A VETERINARY PRACTICE

- Texting clients (also referred to as SMS) in a veterinary practice should be used only to communicate information regarding the care of their pet.
- Texting does not have to be completed through a mobile device; it is also not recommended.
- You can utilize web-based texting applications to send and receive messages.
- Many web-based programs allow you to send text messages using your main practice telephone number.
- Web-based programs are easy to use and are very similar to web-based e-mail applications.
- It is easy to extract client data and corresponding mobile phone numbers from your practice management software (consult with your vendor to learn more).
- Extract a file with the client name and mobile numbers and upload into the web-based application.
- Each time you send a message the client will receive a text, which will ask the client if they wish to receive text messages from the veterinary practice.
- If the client decided to opt in, the permission will be recorded in the web-based application, which serves as your proof of authorization.
- If the client decides to opt out of receiving messages from you, the system will block any messages from being sent to the client.
- Each text sent and received is saved in the web-based application for later reference if needed.
- You can easily capture this consent by adding a brief, additional section to any new client registration form, or a drop-off procedure/authorization form.
- Set up an auto-reply such as the following: *This is an unmonitored number; Please call our practice directly at (xxx) xxx-xxxx*. This allows you to send a particular pet owner in the right direction, without assuming the liability of the two-way text message.
- Thanks to rapidly accelerating forms of technology, text messages can be sent to any type of mobile device, including wearable technology.

Mass Texting

- You can send mass text messages to clients, but they should *never* be used for marketing services or promotions to clients.
- Mass texting is a great way to send client alerts such as clinic closures due to natural-disaster threats, unexpected closures, massive food recalls, pet care alerts, and so forth.

One-on-One Texting

- One-on-one texting allows you to send individualized private text messages to one particular client.
- One-on-one texting is a great way to send pet owners simple and concisely constructed text messages whenever a pet is dropped off for surgery, a procedure, or appointment, as well as boarding or grooming services. Even just a simple text message can help you to alleviate any potential worry from a pet owner, and it demonstrates your accountability and care.
- Sending individualized text messages is a great way to build rapport with clients and create a bond to the practice.
- Never use one-on-one texting to provide clients with medical information regarding their pet's health or care.



EXAMPLES

SAMPLE E-MAIL NEWSLETTER CONTENT

Introduction

Dear Valued Client,

Summertime is near! This edition of our newsletter will review special summertime pet care tips for you and your pet. As always, if you ever need us give us a call at (123) 456-7890, or send us an e-mail at info@yourdomain.com.

Sincerely,

The Doctors and Staff of Simply Done Veterinary Clinic

Education

Heatstroke occurs when a dog's body temperature exceeds normal limits. You may be surprised to learn how easily heatstroke can occur. We usually think of heatstroke occurring when a dog exercises too much in hot weather or is left in a locked, hot car, but there are reports of dogs suffering severe heatstroke while walking with their owner on a hot day, or when exposed to direct sun through the window of a moving car. ***Read more***

Promotional

One in three pets will become lost at some point during their lifetime. Without permanent identification, 90% never make it home. Does this worry you? If so, a microchip is your answer. A microchip is much more reliable than a collar and tag because there is no chance that it will fall off. Getting a microchip placed is quick, easy, and can be done at our practice during a 15-minute appointment. Come in during the month of January and receive 5% off our microchipping service for being a loyal e-mail subscriber.

SAMPLES OF TEXTING WITH CLIENTS

Texting is yet another great way to communicate with your clients. However, there are times when text messages are best used and there are times a telephone call should be made instead. Here are some samples of text messaging in a veterinary practice.

Sample CAN DO Text Messages

- Quick update on how a client's pet is doing while boarding or dropped off for a surgical procedure (Figure 10-11-1)
  - "Elvis is doing great Mr. Garcia! We will keep you updated."
  - "Elvis is recovering from his neuter nicely. We will call you soon!"
- Quick reminder of a service becoming due or overdue:
  - "This is a reminder that Elvis is due for his Bordetella vaccine!-Simply Done Veterinary Staff"
  - "This is a reminder that blood work is required before Elvis' next medication refill."
- Quick confirmation of a prescription filled:
  - "Elvis' meds are now ready to be picked up."

Sample DO NOT Text Messages

- Full doctor update on how a client's pet is doing while boarding or dropped off for a surgical procedure:
  - "Elvis is getting ready to undergo anesthesia. We just put his catheter in and we have him hooked up on IV fluids. He is in his cage waiting to go next."
  - "We gave Elvis his vaccines and exam. Everything is normal except his left eye has some discharge so I'm going to prescribe an ophthalmic ointment to clear that right up. His white blood count came back a bit elevated and I suggest medication ABC to go home and be given, starting tonight. Call me if with any questions."
- Abnormal blood work results:
  - "Elvis' liver enzymes came back elevated. I suggest we take an ultrasound and x-rays to work up the case more and find out the cause of it. In the meantime, I have some medications up front for you to pick up when you are able to."

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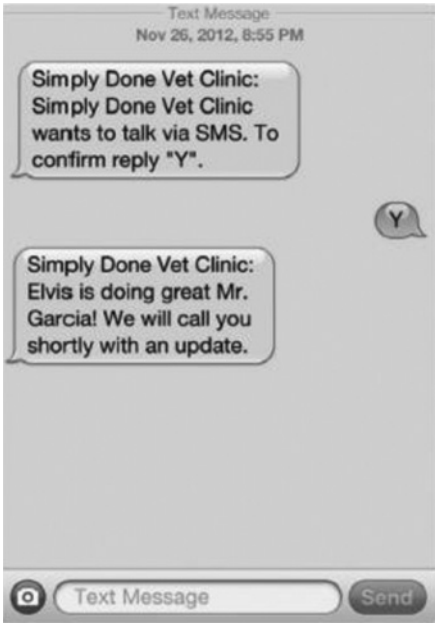


Figure 10-11-1.

An example of how a client will see a text message from the veterinary practice.

CAUTIONS

N/A

MISCELLANEOUS

ABBREVIATIONS

AAHA: American Animal Hospital Association
CAPC: Companion Animal Parasite Council
SMS: Short Message Service

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N/A

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10.12. DIGITAL MARKETING STRATEGIES



BASICS

OVERVIEW

• Marketing your veterinary practice on the Internet should be a crucial part of your marketing plan regardless of where the practice is located.
• There is a variety of Internet marketing options for you to choose from – some paid and some are free, with the only investment being your time.
• Though the term *digital marketing* is vague, it encompasses a large variety of services and options for you to choose from.
• Digital marketing will help your practice gain visibility through search engines, social media channels, and online directories.
• In addition, digital marketing includes marketing to your existing client base whether it is through e-mail, social media, or patient portals.
• Modern, competitive veterinary practices rely more than ever on the web, and consequently they rely on search engines too.
• Search engines, such as Google, set the tone for what exists on the Internet as a whole, controlling, monitoring, and distributing a large amount of data each day.

TERMS DEFINED

E-mail: Electronic mail, commonly referred to as email or e-mail, is a method of exchanging digital messages from an author to one or more recipients. Modern e-mail operates across the Internet or other computer networks.
Internet Marketing: Also known as web marketing, online marketing, web advertising, or e-marketing, is referred to as the marketing (generally promotion) of products or services over the Internet. Internet marketing is considered to be broad in scope because it not only refers to marketing on the Internet, but also includes marketing done via e-mail and other online media.
Search Engine Optimization: The process of affecting the visibility of a website or a web page in a search engine's "natural" or unpaid ("organic") search results.
Social Media: Interactive platforms that individuals and communities create and share user-generated content.



ISSUES AND OPTIONS

E-MAIL MARKETING

• E-mail marketing can be used to send clients educational information about pet care, the latest happenings at the practice, and offers or promotions.
• In addition to traditional marketing tactics, you can add e-mail marketing for even greater effectiveness.
• E-mail is one of the best relationship-management tools. It helps to remind clients of upcoming appointments, learn about the value of the services for which they are being reminded, and easily schedule appointments by being directed to a link from the e-mail.
• In most cases, with e-mail you can obtain a direct response.

ONLINE DIRECTORIES

• Online directories allow you to register your practice across multiple websites and ensure it is as easy as possible to get found online.
• Online directories allow you to include your business name in common directories that prospective clients might use to find a veterinary practice.
• Most directories offer a free listing but often include erroneous information. It is important to verify your listing with a variety of common online directories (e.g., google.com, yelp.com, superpages.com, Bing).
• Each online directory typically offers a paid listing to help increase your visibility. In many cases, these paid listings do not provide much of a return on investment.
• Basic information is included in the directory, such as your practice name, address, and phone number. In some cases, the online directory will allow you to list your website. Check with each directory to see if they offer the ability to do so at no additional cost.
• Reviews are also something that can be attached to various online directories (see 10.19 – Protecting and Defending Your Online Reputation).
• Regardless of whether you are paying to manage the listing or not, in most cases you are not able to remove or edit online reviews.

10.12. DIGITAL MARKETING STRATEGIES

PATIENT PORTALS

- Patient portals are also an effective means of digital marketing among veterinary practices (see 10.18 – Patient Portals).
- Patient portals allow clients to log in to a secure portal provided by the practice to access information about their pet.
- Such information provided by the pet portal includes, but is not limited to, all pets in the household, services each pet is due for and the due dates, the ability to become educated about the service each pet is due for, appointment scheduling, prescription refills, and much more.
- Patient portals often provide the practice with the ability to send e-mail newsletters, opt in to pharmaceutical-sponsored marketing programs, the ability for clients to enroll in text message and e-mail reminders, view compliance data, and more.

SEARCH ENGINE OPTIMIZATION

- Search engine optimization is the process by which an online entity manages its online information to be able to easily be picked up in common search engines (see 10.14 – Search Engine Optimization).
- Search engine optimization refers to your site's overall visibility and natural page rank. The higher your rank, the easier it is to get found on the web and, ideally, convert pet owners to clients as a result.
- Search engine optimization is one of the best ways that practices can appear higher up on popular search engines organically (for free).
- There are basic rules of thumb to follow for basic search engine optimization.
- Depending on the website, current visibility and local competition are factors that will depend on whether you need to hire a professional digital marketing company to manage your online rankings (position).

SOCIAL MEDIA

- Social media is defined as interactive platforms that individuals and communities create and share user-generated content.
- There are different types of social media:
  - Personality-based social media, which revolves around a particular person and/or business.
  - Blogging, which allows users to post information they want about any topic they wish.
  - Micro blogging, which allows users to post any information they want within a certain number of characters.
  - Video blogging, which allows users to post videos that revolve around a variety of topics.
  - Location based, which allows uses to "check in" to various businesses and share their experiences by using a Global Positioning System (GPS)-enabled smartphone.
- Social media can be used to market existing services to your clients in a unique manner that does not "turn off" the client (see 10.16 – Social Media).
- When planning your marketing efforts, choose topics with an abundance of pet healthcare information you can research and share (e.g., preventative care, dental health awareness, heartworm disease, and zoonotic disease).
- Social media should be used as a tool to engage with clients all year long.

WEBSITES

- Websites are one of the most important tools in digital marketing and are required to make any digital marketing plan successful (see 10.13 – Websites).
- Clients will use the website to learn more about your practice and the services it provides.
- Prospects will search for the website through search engines and search directories to learn more about you when searching for a pet care provider (animal hospital, veterinarian, pet hospital, pet clinic, animal clinic).
- The information listed on the website and the overall visual appearance of the website will be a key factor when prospects eventually find your website. With no other information about your practice, your website and information provided on the website will be the only information the prospect can use to determine if you are the right fit for them.
- Websites for a veterinary practice should serve two purposes: (1) to educate and market services to existing clients and (2) to attract new prospective clients.
- The website should include the following basic elements:
  - The following information should be included on every veterinary practice website and on every page of the website:
    - practice name
    - phone number
    - address
    - e-mail address
    - social media channel links
    - e-mail newsletter sign-up.
  - Each website should provide a brief introduction to the practice.
  - Include a mission statement.
  - A photo tour of the practice can be a big draw for prospects looking for a veterinary practice that is clean and professional looking. (When possible, include images of people in the photo tour to avoid

10.12. DIGITAL MARKETING STRATEGIES

dull-looking photos. Photo consent forms must be signed for any person in the photo.)
◦ Veterinarian page consisting of professional images and brief biographies for each veterinarian is recommended. Often, this is one of the most commonly visited pages for veterinary practices.
◦ Service page clearly outlining the services provided and the importance of each service. Do not just list the services without descriptions.
◦ "Contact us" page with an integrated map, which will allow prospects to easily obtain directions from their location to your practice.
◦ The unique beauty in your veterinary practice can be best shown with the authentic moments that are true to your specific practice.
◦ While displaying stock photos on your website may have helped you to launch your website initially, the influence of stock photos is something you should work to decrease over time.
◦ Personalized images that are taken within your practice that show compassionate moments (e.g., a technician restraining a cat using a cat-friendly technique or a receptionist with a warm smile in your front lobby) help to shed light on what your practice is really like on a day-to-day basis!
◦ Stock images might work in a pinch, but they can also give off a cold impression if they seem too generic, and especially if a pet owner has seen them previously elsewhere.
◦ You can gradually transition toward more personalized images over time *or* you can even decide to hire a photographer to help you get new images of the whole practice all at once.

MOBILE COMPATIBILITY

• Search engines incorporate the functionality of websites on mobile devices as a major component of search engine rankings.
• If a website is not optimized for mobile, it will now fall dramatically in search rankings conducted on mobile devices to reflect this shortcoming.
• If your veterinary practice website is not comprehensively optimized for both mobile and desktop, your business is at risk of losing traction and falling behind the competition.
• A good mobile website strips down the best of a desktop site and makes it easily available for the user to access on their mobile device.
• Mobile devices are smaller and more compact, and thus the esthetics and build of a proper mobile website reflect this.
• A good mobile site will emphasize big buttons that are accessible on the go. This might mean a tap-to-call button that lets the user call your primary business line with a single finger-tap. The same functionality can be lent to locators and GPS features that can ostensibly bring a new client right to your door.
• A proper mobile build will show off the best of your brand with a custom color pallet and seamless links to social media.
• Well-conceived and implemented mobile builds will also boast simple bits of information that any prospective or current customer might need to know (think location, phone number, slogan).



EXAMPLES

SAMPLE E-MAIL NEWSLETTER CONTENT

Introduction

Dear Valued Client,

Summertime is near! This edition of our newsletter will review special summertime pet care tips for you and your pet. As always, if you ever need us give us a call at (123) 456-7890, or send us an e-mail at info@yourdomain.com.

Sincerely,

The Doctors and Staff of Simply Done Veterinary Clinic

Education

Heatstroke occurs when a dog's body temperature exceeds normal limits. You may be surprised to learn how easily heatstroke can occur. We usually think of heatstroke occurring when a dog exercises too much in hot weather or is left in a locked, hot car, but there are reports of dogs suffering severe heatstroke while walking with their owner on a hot day, or when exposed to direct sun through the window of a moving car. ***Read more***

Promotional

One in three pets will become lost at some point during their lifetime. Without permanent identification, 90% never make it home. Does this worry you? If so, a microchip is your answer. A microchip is much more reliable than a collar and tag because there is no chance that it will fall off. Getting a microchip placed is quick, easy, and can be done at our practice during a 15-minute appointment. Come in during the month of January and receive 5% off our microchipping service for being a loyal e-mail subscriber.

SAMPLE SOCIAL MEDIA MARKETING POST

Wow! We just received the DNA results back on our own dog (Penny) who we always thought was a cockapoo, and it turns out she is actually a mix of Yorkshire terrier and Maltese! What breeds do you think contributed to your mixed-breed loved one?
• Marketing Mention: Wow! We just received Penny's DNA results.



Figure 10-12-1.

How a common online directory appears. The information displayed will vary based on the online directory.

• Fun Fact, Interesting, Engaging: Turns out she is part Yorkie and part Maltese, and not the cockapoo we thought she was! (Attach relevant photo.)
• Socialize: What breeds do you think contributed to your mixed-breed loved one?

SAMPLE ONLINE DIRECTORY

Figure 10-12-1 shows a sample online directory entry.

CAUTIONS

N/A

MISCELLANEOUS

ABBREVIATIONS

GPS: Global Positioning System

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N/A

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10.13. WEBSITES



BASICS

OVERVIEW

• There's a mind-boggling amount of new information where websites are concerned! In particular, the rules set by search engines and mobile devices are driving multiple changes to websites, to the point that a hospital needs to recreate their website every three to four years. Many veterinarians and their teams have missed these changes because of the misconception that websites are static, rather than dynamic and responsive.
• We often forget that search engine companies like Google are multibillion-dollar businesses that need to make money and have their own competition from companies like Facebook. Dollars are generated through Google because people utilize it trillions of times a year, including clicking on search ads.
• The reason that people search using Google is because they are given fast and relevant results to their queries. If Google rendered useless results, then people would utilize other ways to find answers. And what makes up the answers to these queries? Websites.
• The dizzying amount of changes that such companies generate are to make search results as accurate as possible. These changes encourage website owners to adapt their websites to these new changes, aka "rules."
• The Google "zoo" is the nickname given to the key rules for websites. Algorithms like Panda, Penguin, Hummingbird, and Pigeon are just a few that specifically dictate how a website should be built today. Because of the zoo, Google has provided much cleaner, more accurate search results than they did in 2011. This approach is anticipated to continue going forward.
• Search companies assume that businesses will play by their rules. Competition, behavior patterns, and search devices used require these companies to keep adapting. Do you know how most users are searching today? Mobile devices.

TERMS DEFINED

Duplicate Content: Content that is the same, or very similar, on two separate domains.
Mobile Friendly: A website that is easy to use on a mobile device or small screen size.
Page Speed: The time it takes for the content on a website page to load.
Responsive Design: A website design that automatically adjusts content based on screen size.



ISSUES AND OPTIONS

DUPLICATE CONTENT

• In 2011, under the pressure of Facebook users searching for information, Google rolled out its first major rule and called it Panda. Prior to this rule, Google contained lots of spam sites.
• Sometimes when a person clicked on a search result, a solid website would pop up, and other times a website full of hard to read information did instead. To keep people using Google, Panda dictated that each website had to have unique content that only lived on that one website. This meant that content found on a hospital's site in Minnesota should not also be found on a website in Maine. Duplicate content was no longer okay. However, many veterinary websites still have duplicate content many years later.
• Duplicate content for any reason is not okay. No company has exclusive privilege from search engines to use duplicate content. Period.

MOBILE USE AND TRENDS

• We now have the ability to search anytime, anywhere, using a smartphone. Because of this trend in user behavior, websites need to function quickly and easily on a mobile device.
• Google decided that, in order to keep people using Google, it would need to make business owners change their websites to be mobile friendly. Google said they were changing their search algorithm to favor websites that are mobile friendly with better search placement.
• Another factor being considered because of mobile devices is website page speed, or how fast a website loads on a mobile device over a cellular network – not Wi-Fi. Since people are using their mobile phones/tablets anywhere in the world, from an airplane to a subway station, and demand information NOW, search engines want to provide quick results. If a website is slow loading, they may get demoted in the search listings in the future, especially for searches conducted on mobile devices.
• Within the next few years, it would not be unheard of for search engines to only show mobile-friendly websites on search queries submitted from mobile devices.

ADDITIONAL FOCUS

• Besides not following rules or focusing on mobile compatibility, there are two other items people tend to miss with websites. One is domain name ownership, and the other is that there is more to marketing today than just a website.
• A business should own their domain name. Most veterinary hospitals think they do own their domain name (i.e., www.ABCHospital.com), but in fact the website company or marketing agency does. A domain name is a business asset to a company and has monetary value. Make sure the hospital owns it!
• Unlike 20 years ago, websites are not the only digital marketing avenue available to a hospital. In fact, websites are just one wheel out of four wheels of your marketing car.
• Besides having a website, a veterinary hospital needs search engine optimization (see 10.14 – Search Engine Optimization), which might include things like Google AdWords, online reviews, and social media marketing (including Facebook ads).



EXAMPLES

AVOIDING DUPLICATE CONTENT

• If a template site is purchased, all of the provided content that has not been uniquely created for/by the hospital must be removed and replaced with original content instead.
• If a library of content is licensed, make sure to ask if the "Do Not Follow" code is placed in the library to ensure that Google cannot "see it." This way, the hospital's website will not receive a penalty for duplicate content, while keeping the library accessible for users.
• If you are unsure if the content on your hospital's website is duplicated or unique, go to Copyscape.com. It is a free tool that searches a website's content and then compares it with all the websites on the Internet. Results will show if the content on a particular website is duplicate. In fact, Copyscape will even list all of the other websites where the duplicate content is found.

DETERMINING MOBILE ACCESSIBILITY

• Google created a website mobile-friendly tool that checks a website to see if it passes Google's mobile-friendly test, found at Search.Google.com/Test/Mobile-Friendly. The test shows whether or not a website complies with Google's mobile requirements. If not, the tool will list what needs be fixed on a website to bring it into compliance.

• It is not just Google requiring websites to be more mobile friendly in order to play; Facebook is in the same boat, especially for ads.

DEFINING ASSETS AND ONLINE PRESENCES

• To find out who owns your domain, search the Who Is database at GoDaddy.com/WhoIs. Simply insert the hospital's domain in the box on the front page and a database search will quickly be conducted. Results should appear that list the registrant of the domain name. Whoever is listed there is the owner of that domain name. If the owner of the veterinary hospital or the hospital itself is not listed, then it needs to be changed. Reach out to the current owner of the domain name and request it be changed to the owner of the practice.
• Big companies like Facebook and Google have coded their systems to rely on indicators from other companies. To have a website be seen in Google, this requires reviews and a solid social media presence. Do not stop at just a website; make sure to focus on other avenues of digital marketing as well.



CAUTIONS

Within your veterinary practice, you should:
• Focus on the search engine rules, such as Panda, to be sure your website is in compliance with current standards.
• Pass a mobile-friendly test.
• Know the other key algorithms, and their associated rules.
• Watch the page speed on your website, since that is likely to be an important determinant in search ranking and client acceptance.
• Invest in all aspects of digital marketing to bring tails through the doors.



MISCELLANEOUS

Consider setting up Google Alerts for the following terms:
• Google Algorithm
• Google Changes
• Mobile-Friendly
• Google Zoo.

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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10.14. SEARCH ENGINE OPTIMIZATION



BASICS

OVERVIEW

• Search engine optimization (SEO) tends to be the most confusing aspect of a digital marketing program. This is partly because Google, Facebook, and other companies are constantly changing the rules, and partly because it is hard to compare options when looking for a provider to do this service.
• Because it is confusing, it is unfortunately also the area where most hospitals may make unfortunate choices regarding marketing. Empowerment through education is the key to successfully finding and working with a vendor on an optimization program.

TERMS DEFINED

Click-Through Rate (CTR): Number of clicks a website has received, particularly in reference to advertising.
Google Ads: Google's search advertising platform.
Local Search: Search queries involving localized keywords such as "near me" or "nearby."
Mobile Search: Search taking place on a mobile device.
Optimization: In online terms, the strategy and tactics used to make a website favored in search.
Search Engine Optimization (SEO): The process of driving traffic to a particular website through search engines.



ISSUES AND OPTIONS

THE ROLE OF SEO

• Many people wonder why the discussion of SEO and its role revolves around Google. It boils down to search share, or where people go to conduct searches on the Internet.
• Currently, Google (google.com) has the largest search share on the internet with Google's search engine and maps.
• The second largest place people search is YouTube (youtube.com), which is owned by Google.
• The third and fourth tier of search are Yahoo and Bing. They switch between who is third and who is fourth in ranking, at the current time. The rest of the search engines hold a very small slice of the remaining minuscule search share.
• Each aspect of a marketing program has a role. For SEO, we can look at three main roles or jobs. Keep in mind, SEO is a big "tool" in a digital marketing program. Regardless of how many changes are being made with SEO, these jobs will remain the overarching goal of SEO. It is important when working with a marketing agency to ask often how these goals are being achieved for a practice.
  ◦ **Being found.** Optimization started early in the days of the Internet when it became apparent many businesses were creating websites. Quickly, human behavior showed that people did not want to search extensively for the information that was being sought. On Google, this translated to being at the top of the search results page in the early days. Today, regardless of where/how information is sought, being found in search is the key job of an optimization program.
  ◦ **Driving client traffic through the door.** Being found is one key to a good SEO program, but driving client traffic through the door is another. A marketing program should generate results for a business that increases revenue and/or awareness. There are ways to track client traffic coming through the door, and every year more ways are being generated to improve tracking.
  ◦ **Tracking goals.** Every single marketing program should have goals. A marketing plan is crafted around the goals and results are reported.
    ▪ For example, a hospital has a new emergency room. The goal is to build awareness of this new service and have it being used by pet owners. The result would be, is it being used? How often? By whom? What ages and demographics? How did people find it? On which device? This valuable information then helps you to tailor your strategy moving forward.
• Keep these roles in mind as this discussion moves to the types of SEO that are available today. SEO has grown up. It used to be simple to manage to create the results needed. Google has changed because people have changed. Humans want information in different packages and on multitudes of devices. Because of this behavior change, SEO has split into four categories (see Examples section).



EXAMPLES

FOUR TYPES OF SEO

• Consider the various ways and places where information is searched. Google watches human behavior and has whole jobs dedicated to usage patterns on Google. Searches are timed down to the millisecond; how people search from start to finish is monitored, and data are collected. From this data, Google changes how it delivers information to keep people using Google.
  ◦ **Original, traditional optimization.** At the dawn of Google, search queries were typed into a box, and results were shown in a list. Ads were displayed at the top, side, and bottom of the page. Business owners vied for the top three positions of the list on the page after the ads. Quickly, behavior analysts showed that people rarely went to page two of Google to find information. The goal for practices was to be on the front page of Google (preferably in the top three) for strong keywords like "veterinarian," "animal hospital," and so on for their area.
  ◦ **Mobile search.** When Apple launched the iPhone 3, the Internet was open to humanity wherever they might be. Searches could be made in cars, on top of a mountain, flying on a plane, and in the subway station. In fact, people demanded to be able to use their devices regardless of where they were in the world. Google responded by modifying their algorithm to focus on websites that are mobile friendly, and mobile search was born.
  ◦ **Local search.** The advent of mobile devices means that the Internet can be with us at all times. Because of this behavior, people are using smartphones to find local business and information about them.
    ▪ For example, "near me" and "nearby" types of searches have emerged. Pet owners have been looking for "nearby veterinarians." Studies have shown that there is a high action rate for local searches, meaning that people, after a search for a "nearby veterinarian," tend to go and visit a veterinarian.
    ▪ Local search is also displayed prominently on the first page of search results in a box. This box is placed above the original optimization list and under ads.
  ◦ **Google Ads.** Google has quietly done away with organic placement for mobile, local, and traditional search and replaced it with ads. Today, to have a successful search optimization program, you must include ads. The fantastic news is that ads drive client traffic through the practice doors to the point that ads sometimes have to be put on hold in order to accommodate all of the new business.
    ▪ Google Ads has grown and matured to the point where Google has created a program called Google Partners. These Partners have taken certifications (the same ones as Google employees) and have to follow rigorous guidelines on a daily basis for ads.
    ▪ To make a Google Ads campaign successful, it needs to be monitored and adjusted on a weekly basis. Therefore, it

is important to not set an ad and just leave it! Hire a Google Partner to make sure an ad program is getting the biggest bang for your buck.

THE COMPONENTS OF AN SEO PROGRAM

- In the beginning, like most programs on the Internet, SEO was simple to manage. Most people could do their own optimization on their websites with a few keywords and meta tags every few months. However, SEO has morphed, changed, grown, and expanded into a science.
- Changes are quick, key positions are precious, and competition is stiff. SEO has to be monitored on a daily, weekly, and monthly schedule, depending on what aspect of optimization is being utilized.
- As a hospital, optimization needs to be hired out and not done in-house. Here are some tips to help find a right fit with a vendor that will bring tails through the door:
  - Go to Google's Partner program (google.com/partners) and search for a badged Google Partner that has passed Google's requirements. Now, only qualified, knowledgeable candidates will be considered. Ask the Partners if they work with Google employees directly.
  - Ask a vendor to give examples of work they have done, including results of both CTRs and reach.
    - In addition, ask about the results that hospitals have seen. Did they see an increase in client traffic through the door?
    - Ask for benchmarks in comparison to averages. For example, the average CTR is 1%. How are they performing comparatively?
    - Be sure to ask for data on both mobile and desktop performance!
  - Make sure you are receiving a monthly report of the type of work done, the cost spent on Google Ads, what type of SEO efforts were utilized (local, mobile, ads, etc.).
  - Review the report monthly with a team member from the vendor to make sure the story behind the numbers is understood.
  - Track results in-house, including an increase in business in line with your goals for your SEO campaign.
    - For example, was the goal to increase the boarding bookings? Did this happen?
- It is impossible to have a successful marketing program without SEO. Just having a website is no longer enough. In fact, a website is not even needed with some click-to-call Google Ads campaigns!
- Working with a skilled, credited provider is a must. Remember, SEO is now a daily, weekly, monthly, ongoing program. Become empowered to make it work for you.



CAUTIONS

A major caution to consider is that, at the present time, Google is a dominant force in SEO and thus all advice related to SEO necessarily revolves around Google policies and practices. This might not always be the case. It is important to realize that this aspect of digital marketing is dynamic and quickly evolving, and it is best to consult with a digital marketing expert about SEO in real time or run the risk of basing important decisions on outdated information.



MISCELLANEOUS

ABBREVIATIONS

CTR: Click-through rate
SEO: Search engine optimization

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10.15. PAID ONLINE ADVERTISING



BASICS

OVERVIEW

• Advertising online used to be free. Post an article, picture, or link up on social media and everyone who "liked" a business page had the chance to see it. Want to be seen first in the list of results on search engines? No problem; work on the page's keywords and meta tags, and it should show up.
• The free days worked great until investors wanted a return on their investments from Google and Facebook. Both of those companies had paid employees, and investors were looking for a return on their investment. Where would the money to satisfy those demands be met?
• One place to look would be platform users. Facebook receives all of its content for free – from users. Why would it charge people and cut off its stream of free information that it uses to drive people to paid revenue through ads?
• Google is used because it is free and accurate. People would stop using Google if we had to pay for every search we generated. That leaves businesses as a source of income. Since Google and Facebook are the two largest places online to buy advertising, what do they have to offer that would make businesses willing to pay to place ads?
• The answer is targeted marketing.

TERMS DEFINED

Pay-Per-Click (PPC) Advertising: Online advertising in which the cost is determined by number of clicks obtained.
Pay-Per-View (PPV) Advertising: Online advertising in which the cost is determined by number of views.
Targeted Marketing: The ability to specifically target which users see an advertisement, based on hundreds of data points, including location, employment, gender, and so on.



ISSUES AND OPTIONS

TARGETED MARKETING

• Before the days of Internet marketing, veterinary advertising was done en masse via Yellow Pages, a business's sign, a billboard by the road, or newspaper/radio.
• Though the brand was seen by many people, a veterinary hospital never knew the exact demographic that was viewing the ad. Did the person who saw the billboard even have pets? One never knew.
• Google and Facebook changed this question into a certainty because of the amount of data they know about their users. The scary aspect is that Google and Facebook know everything about you, potentially even including where you are sitting reading this page right now.
• Typically, a company has thousands of "data points" or pieces of information about any individual. These include your location, credit score, whether or not you have a mortgage, number of children, marital status, state of employment, and many more.
• This information was either provided freely by people in their online profiles, or updates or purchased through companies called data brokers. Data brokers are companies whose sole job is to collect data on individuals and resell it to other companies who want to target specific individuals to market their services.
• Previously, this type of information was only accessible by large companies. These companies would pay people to call potential consumers (the annoying survey calls around dinner time) and quiz them about themselves and their habits. Then, the data would be collated and used to test a new product or create a marketing campaign.
• Facebook and Google disrupted this process in the marketplace by allowing small businesses to create ads that targeted their ideal client, for little cash.
• Now, if a pet hospital wants more cat owners to visit, it could place an ad that only women who are 35–55 years old, married, own a house, love cats, and make more than $75,000 a year would see. Anybody who did not meet that defined demographic would not see the ad. Powerful, economical, and business changing all in one fell swoop.
• Facebook, Google, and others leaned on businesses to pay their bills through ads. Small businesses saw the power of ads and decided that paying (while grumbling) for advertising online brought new business to their door.
• And to encourage hospitals and other businesses into buying ads, Google and Facebook changed their structure.
• Facebook throttled back how many people saw a post made on a business Facebook page, to only 2–6% of people who "liked" the page. This means that if 100 people "liked" a company, on average only two to six people would see it. The rest of the 94 to 98 people could see it if the practice paid for that exposure.
• Google, on the other hand, started doing away with organic placement, and instead put ads in the top viewing spots. Especially on mobile, ads will be seen first, and then, once a user scrolls, the organic searches can be viewed.
• Both companies changed their structure so that for a company to be seen it has to pay.



EXAMPLES

KEY ADVERTISING TERMS TO KNOW

To understand online advertising, it helps to understand some terminology and some best practices. It is easy to become lost in the new vocabulary that has organically sprung up from this concept. To start, here are terms to know:

PPV Advertising

• When online advertising started in the late 1990s, it was based off of the known advertising model of the time with billboards, Yellow Pages, and so on based on potential viewership of the ad.
• A learning curve happened around viewers' behavior. At first, companies were charged by how many "hits" an ad received – until businesses placing ads realized that a page could have multiple hits. Advertisers only wanted to pay for a "view," because it was a controlled measure.
• For example, one view, or seeing one page online, could translate into 10-plus hits based on the coding of the page.
• Paying for one view was a simpler way to track costs, but also cheaper and more accurate.
• At this time, please note, only big businesses could afford advertising. Targeted ads did not come about until Facebook changed the game starting around 2010.
• PPV still exists, and it will be seen as an option on ad configurations. Typically, hospitals will pay per 1,000 views.
• Google and Facebook will do their best to show that ad to as many people as they can until the budget for that ad campaign is reached.
• The practice is paying to be seen, not for an action. Action is preferred.

PPC Advertising

• As the learning curve of online ad behavior matured, businesses placing ads said, "I only want to pay for ads that DO something for me."
• The term PPC came about, meaning a veterinary hospital would only pay for an ad that was clicked on by a potential end user.

• With this method, the ad can be seen for free by thousands of people. The only cost comes when a pet owner engages (in the form of a click) with the ad.
• Now Google and Facebook have to be more accurate in showing the ad to potential clients who will engage, versus just throwing the ad up on their properties to be seen by thousands of people.
• PPC advertising, plus the ability to target a specific market, brought the cost down to a level that small businesses could afford.



CAUTIONS

A major caution to consider is that, at the present time, Google and Facebook are dominant forces in paid online advertising and thus all advice related to such advertising necessarily revolves around these companies' policies and practices. This might not always be the case. It is important to realize that this aspect of digital marketing is dynamic and quickly evolving, and it is best to consult with a digital marketing expert in real time or run the risk of basing important decisions on outdated information.

BEST PRACTICES FOR ONLINE MARKETING

• PPC advertising online has advanced to the point where it has become a specialization. Google and Facebook have recognized this evolution and have created certification courses for marketing agencies to take and pass.
• The final product is a badge that the agency earns, illustrating to the world that they know and understand the standards of Google and Facebook. Plus, to keep the badge, the marketing firm has to adhere to Google and Facebook's best practices and retake the certification tests on an annual basis.
• To see if a marketing company has taken these certifications, look for the Google Partner badge; and for Facebook, look for Blueprint certification.
• Best practice for any veterinary hospital is to hire an advertising company that has these credentials.
• Finally, know that advertising that is PPC *works*. It does drive client traffic through the door and produces results. Many veterinarians feel it is a hole that has no bottom.
• Make sure to work with a company that helps explain the process of online paid marketing, manages your expectations in terms of results, and keeps to a budget that makes sense for your practice.
• Require that reports are given on a monthly basis that explains the type of advertising that was used, the money spent, and the results each ad produced.
• Correlate that data with hands-on knowledge of people coming through the door. For example, if an ad is run to increase dental visits, did dental visits increase? It does not have to be complicated.
• Google and Facebook now require a business to pay for ads if it wants them to be seen. Do not be the company that does not exist because it cannot be found!



MISCELLANEOUS

ABBREVIATIONS

PPC: Pay per click
PPV: Pay per view

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N/A

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10.16. SOCIAL MEDIA



BASICS

OVERVIEW

- Social media is defined as interactive platforms that individuals and communities create and use to share user-generated content.
- Social media allows you to quickly engage with pet owners in an absolutely seamless manner.
- There are different types of social media:
  - Personality-based social media, which revolves around a particular person and/or business.
  - Blogging, which allows users to post information they want about any topic they wish.
  - Micro-blogging, which allows users to post any information they want within a certain number characters.
  - Video blogging, which allows users to post videos that revolve around a variety of topics.
  - Location-based social media, which allows uses to "check in" to various businesses and share their experiences by using a Global Positioning System (GPS)-enabled smart device.
- The latest enhancements in technology are continuously changing the way we communicate. Although it has become easier and more efficient for us to communicate, there is still a mindset that is withholding the willingness to adapt to all of the advances in communication. There are several reasons for the hesitation to jump on board with new technology. For instance, there is the cost factor and return on investment factor (see 10.20 – Measuring Performance of Digital Media Campaigns).
- At times, practice owners are unsure if using new methods of technology make client interaction less personal. It is very true to say there are many things to think about before getting on board with a new method of communication with clients. However, it is important to consider the statistics regarding the growing force of social media and its ability to appeal to a wide range of clients regardless of age or gender.
- A majority of social media platforms appeal to all generations of clients.
- Social media can easily help to communicate vital information to pet owners.
- Information is easily transmitted to your client's social media feed and various mobile applications.
- The user base is huge, and that means many of your clients are already there.
- Social media pages are free to create.
- Social media used correctly can lead to a community of supporters for your veterinary practice.
- Each practice should develop a social media policy prior to utilizing social media in your practice (see 10.25 – Digital Communication Policies for Staff).
- Multimedia content can be integrated within your profile.
- You can separate your personal and professional use.

TERMS DEFINED

3G: A third-generation mobile communications standard that allows mobile phones, computers, and other portable electronic devices to access the Internet wirelessly.
4G: A fourth-generation mobile communications standard intended to replace 3 G, allowing wireless Internet access at a much higher speed.
Feed: Data format used for providing users with frequently updated content.
Follower: An adherent or devotee of a particular person, cause, business, or activity.
Global Positioning System (GPS): A space-based satellite navigation system that provides location and time information in all weather, anywhere on the Earth.
Multimedia: Media and content that uses a combination of different content forms. Multimedia includes a combination of text, audio, still images, animation, video, or interactivity content forms.
Pro-Veterinary: Content that supports the message and recommendations of veterinarians and the veterinary profession.
Smart Device: An electronic device that is cordless (unless while being charged), mobile (easily transportable), always connected (via Wi-Fi, 3G, 4G, etc.), and is capable of voice and video communication, Internet browsing, "geo-location" (for search purposes), and that can operate to some extent autonomously.
Smartphone: Mobile telephone built on a mobile operating system, with more advanced computing capability and connectivity than a feature phone.
Social Media: Interactive platforms that individuals and communities create and share user-generated content.



ISSUES AND OPTIONS

GETTING STARTED WITH SOCIAL MEDIA

- There are a variety of social media platforms available. Make sure you choose a popular one when getting started, although social media preferences of people can certainly change over time. This will allow you to get the most out of your social media communication efforts.
- Find out who is going to be communicating for your practice. It is recommended to choose a member of the management team or a lead employee in the practice. The owner of the practice and/or practice administrator should not be the key communicator on social media but rather a contributor. Relying on extremely busy employees will leave a potential for "being too busy to communicate" consistently.
- Social media is simply an additional yet crucial form of new-age communication for clients.
- Social media is not all about marketing and generating revenue but rather about building relationships and loyalty with clients.
- There is a great opportunity to market existing services and put your practice name in front of the screen of hundreds of prospective clients if you communicate properly.
- When you find the social media platform you wish to start communicating with first, make sure you follow the setup process step by step.
- Each social media page should include the practice name, brief description, telephone number, website, and logo. This will make it easy for existing and prospective clients to clearly identify you.
- Make sure the overall appearance of the social media page coincides with the appearance and feel of your brand. For example, if you have a logo and it is blue then try and make every attempt for the social media page to match the style of blue shown on your logo.
- When filling in information about your business, utilize your website as much as possible to obtain this information (i.e., description, about us, mission statement, etc.).
- During the setup process, find an appropriate spot to enthusiastically describe the merits of your practice and what services you offer that will differentiate you from the competition.
- Note any certifications when possible (e.g., American Animal Hospital Association, Cat Friendly, Fear Free).

WHAT NOT TO DO WHEN COMMUNICATING THROUGH SOCIAL MEDIA

- Never relay any type of specific medical information to clients about their pet.

• Never post controversial topics that consist of politics, religion, bashing of any type of business or product, or mention of any service that could turn clients "off" to your business (i.e., declawing, tail docking, ear cropping, etc.).
• Never ignore a client's question or request just because you would rather the client obtain the information by calling or visiting you instead.
• Never sell products through social media.
• Do not use social media primarily to market clinic promotions.
• Never become defensive or rude because a client posted information that could potentially be seen as negative.
• Do not allow employees to engage in your social media postings (see 10.25 – Digital Media Communication Policies for Staff).

OVERALL GOALS WITH SOCIAL MEDIA

• Educate clients on the value of proper and preventative care for their pets.
• Market existing services to your clients in a unique manner that does not "turn off" the client (see Developing Quality Content section).
• Bond clients to the practice by socializing and acknowledging clients when they post information on your social media page.
• Encourage followers to share your content.
• Consistently communicate valued information.
• Have some fun in between educational postings.

TAKE A TEAM APPROACH

• Your veterinary practice is a team of unique individuals; creating a unified experience by combining the many talents of a diverse team.
• If you utilize this same diversity for your marketing, you may be able to generate far more content that is actually far more compelling.
• Rather than making a new hire solely for marketing, spread responsibility among a diverse staff that is interested in participating.
• A team can create a rotation of marketing and social media related tasks, easing the responsibility on everyone.
• Sharing responsibility can create accountability and a sense of true shared identity related to your veterinary practice. When members of your staff get to share a piece of their experience on social media or otherwise, they are supporting the practice and giving their unique point of view in the process. This can be very empowering for your staff.
• Appropriate rotations can involve each member of staff taking photos to share via social media, and creating a schedule of posts for your website, Facebook, Instagram, and so on.
• Content can be diverse and customized to fit the tone and feeling of your veterinary practice. You may decide to include staff photos, quotes, pictures of happy pets, stories, health tips, or more. All of these things help to convey a true sense of identity for your veterinary practice and exhibit your practice as a place of both work and community.
• Consider designating tasks based on skillset; maybe a staff member that studied photography touches up shots before they are posted to Facebook. Perhaps an English minor helps to proofread content before it goes live. Get creative.
• By working as a team, you can share responsibility, save money on a new hire, and teach your entire veterinary staff the various skillsets that it takes to remain competitive in an evolving veterinary industry.
• Many veterinary practices learn to enjoy the shared approach, creating a sense of camaraderie amongst staff, while enhancing their veterinary practice's marketing efforts in the process.
• There are many ways to facilitate this group effort. The "Round Table" approach means that at least once a week your staff gets together to discuss the strengths of your approach to marketing, what can be improved, and any other topics that may be deemed appropriate. You can facilitate this approach through a group e-mail where everyone responds, or a lunch where everyone gathers around. The details are up to you, but your staff will love a chance to be heard and enhance your veterinary practice:
  ◦ A weekly lunch where some of the top social media posts are shared to the staff or read aloud.
  ◦ A schedule or whiteboard that helps to delegate social media or marketing tasks amongst a team.
  ◦ An e-mail thread that encourages everybody to participate and chime in with tips for improvement, or accomplishments experienced over the course of the week.
  ◦ Anything else that may excite or motivate your staff to share the stories and perspective that are a unique piece of your veterinary practice. When marketing becomes a group effort, everyone wins.

DEVELOPING QUALITY CONTENT

• What makes any posting of "quality" are the opportunities that could come out of the posting.
  ◦ Think about the value the posting has to the client and the practice.
  ◦ Ask yourself if the information is relevant to the services you offer.
• Make sure you read the information and verify that it shares the same recommendation or information that you would provide in your practice.
• Prior to communicating information on social media, plan out your marketing efforts in advance. This will help avoid last minute "rushed" postings that might not have any value to your audience.
• When planning your marketing efforts choose topics with an abundance of pet healthcare information you can research and share (e.g., preventive care, dental health awareness, heartworm disease, and zoonotic disease).
• There are three parts to an effective social media posting:
  ◦ **Marketing mention.** Mention a particular service you are trying to market in the practice.
  ◦ **Fun, interesting, or engaging facts.** Provide an interesting and engaging fact that will draw the audience in. Use a relevant photo to enhance the visibility of the posting.
  ◦ **Socialize.** Ask your audience to provide an opinion, feedback, or an answer to a question you ask.

Tell Your Story

• People are often under the impression that social media is solely about peer-to-peer interactions. This, however, could not be further from the truth. Social media is a platform that has become as universal as the water cooler itself.
• Successful veterinary practices around the world leverage Facebook as a place to tell their unique story. Your veterinary practice has a narrative: a year it was founded, a founder (or two, or more), and a style and perspective that makes it entirely unique.
• Do not just simply capture, but captivate your audience.

Case Studies

• Tell followers about your success stories: the pets that you care for and the difference that you have made today. All of these things foster community, trust, interactions, and keep your trusted pet owners coming back for more.
• These case studies are of crucial importance for a multitude of reasons, but primarily because they help your audience to see firsthand the level of care that your veterinary practice provides.
• In a particular case study, be sure to provide your audience with:
  ◦ why the pet came in to receive veterinary care;
  ◦ what you did to provide care for the pet;
  ◦ how the pet is doing today;
  ◦ a photo, or quick video of the pet.
• By providing this level of in-depth information on a pet, you tell the story of your patient and ensure that you can deliver the same quality of care to any prospective pet owner who needs it.
• You will be able to forge an immediate bond with pet owners who appreciate your attention to detail, and the accountability needed to provide optimal care for a pet.

10.16. Social Media

• People want to hear of your successes, which will brighten their day and instill them with confidence about your veterinary practice.
• In exceptional circumstances, news coverage has even come about after particularly sincere and uplifting pet stories. This results in absolutely tremendous publicity, and simultaneously helps you to market your services to a wider audience. This wider audience can soon grow and enhance your veterinary practice online, and in the local community.
• Case studies are also a great opportunity to educate your clients. By highlighting a particular toxicity (like xylitol, grapes, or lily toxicity in a cat) you can spread the important information in a success story that will resonate with pet owners.
• These posts can be timed for specific times of year (the "chocolate holidays," the start of flea season, holiday dangers) to help your clients stay aware of how to best care for their pet, and to keep your practice at the top of their mind.
• Sample topics for case studies can include:
  ◦ dermatology – before and after skin cases;
  ◦ dental – before and after dental care (photo);
  ◦ surgical case examples;
  ◦ laser therapy cases (pets can often improve a limp in a matter of weeks after laser therapy).
• By sharing photos and videos on social media, you can create and communicate compelling stories that will enhance your marketing efforts, keep your practice on the cutting edge, and attract more pet owners to your veterinary practice.

IMPLEMENT A SOCIAL MEDIA CALENDAR

• It is not enough to simply logon to a popular social media platform and start posting left and right.
• You must be methodical, organized, and thoughtful to truly make the impact you are looking for. It is highly important to remain organized and deliberate when it comes to your overall marketing efforts.
• The Internet is flush with posts, fun facts, blog posts, and millions of tidbits. Your posts must be well crafted and inviting.
• Veterinary practices are so busy focusing on patients and clients (rightfully so) that they often do not know what to post on social media, or what sort of content they wish to deliver in the first place.
• Do not make rapid-fire posts across a wide-range of topics in a short span of time.
• Use a social media calendar to organize specific campaigns and focus on particular topics for longer periods of time. This has the added benefit of letting you explore your topic in-depth, allowing you to get your whole veterinary team on the same page and sparking more client engagement, which is a major goal behind utilizing social media in the first place.
• Using a social media calendar is also a great chance for your management team, doctors, and staff to discuss, engage, and truly understand what will be shared on a particular social media platform before it is actually posted publicly.
• It is important to remain unified as a veterinary practice, so members of your team should have a comprehensive understanding of which social media campaign is currently active and what topics are being shared with your target audience.
• Here are three tips for implementing a social media calendar:
  ◦ Share your social media calendar with your entire team. Before you begin presenting content to your community of followers, review content with your team to ensure everyone is well versed on the topic at hand and answer any questions that may pop up. Take this as an opportunity to poll team members about potential topics to focus on both now and into the future and refresh knowledge on existing protocols to get everyone on the same page. Your veterinary practice will benefit from this step, and so will your audience.
  ◦ Gather statistics related to the topic at hand, and begin to craft well-articulated, two- to three-sentence postings. Share direct case examples from within your practice.
  ◦ Use the native scheduling feature within certain social media networks to methodically schedule postings to go out automatically. During slow months, use your social media calendar to write out content in advance and plan for future months. Even if the content is scheduled to go out well in advance, be sure to monitor activity and engage with posts when necessary. Scheduling posts helps you to bring consistency to each campaign.

GET PERMISSION

You should receive permission from a pet owner to share their story, pictures, or a video of their pet on social media or elsewhere. This is an important thing to note and emphasize, as some members of your staff may be appointed to collect signed *photo/video release forms*, to ensure that you are permitted explicitly to share various types of media.

Most pet owners do not hesitate at the opportunity to share the joy of their pet with the world and online, but *receiving permission firsthand is definitely a must.*

MARKETING YOUR SOCIAL MEDIA PAGE(S)

• To increase the effectiveness of your social media communication, you must market the variety of social media platforms you are part of.
• To gain followers, use the following tips:
  ◦ Identify the link for each of your social media networks. If applicable, within the social media network create a unique link for your channel. This will make it easier to find. For example, www.facebook.com/SimplyDoneVeterinaryClinic.
  ◦ Place a link to your social media page(s) on every page of your website.
  ◦ Send out a social media e-mail blast that contains a link to all of your social media pages.
  ◦ Create a social media connect card that will have a link to all of your social pages, website, e-mail address, and how to access their pet portal (if applicable). The card should be the size of a business card and not serve as your primary business card.
• Place a message with the link to your social media page(s) on the footer of your invoices.
• Encourage users to "share" your content.
• Have a pet photo contest where pet owners can submit pet photos on your page. Encourage owners to have their friends vote for their pet by following the practice's social media page and voting.
• Have a link to your various social media pages on your outbound e-mail signature.
• Develop a social media connect card to market social media channels to clients easily (see Examples section).

HOW TO ADDRESS NEGATIVITY

• Although it is not common for veterinary practices to receive negative comments from clients, you should still be prepared in case you are faced with negativity (see 10.19 – Protecting and Defending Your Online Reputation).
• In many cases, "negative" comments on social media platforms are a good thing. Through social media you can remove comments that are truly negative and can hurt your practice. On various review-based websites, such as Google Reviews, Yelp, or many others, you cannot remove negative comments regardless of the efforts you put in. Comments on review-based websites are there to stay for good.
• Use the following steps if you are faced with negativity:
  ◦ Stop. Do not immediately reply based on personal feelings. Review the comment and present it to an administrator or business owner.
  ◦ Contact the commenter. Discuss the posting by commenting back (if not offensive or obscene comment) in a polite manner (not defensive) and/or contact the poster via telephone to discuss the comment.
  ◦ Find out what went wrong. Discuss the comment with the appropriate departments. Then, ask yourself if you can learn from this.



Figure 10-16-1.

Sample of a "social media connect card" to be used separately from your business card to promote your social media networks.

SOCIAL MEDIA COMMUNICATION WITH STAFF

- Although it may seem very easy to integrate communicating with your staff online via social websites such as Facebook, consider everything before making your decision.
- Social media can lead to getting more personal information on your staff and associates than you should know as an employer.
- Remember, there is a fine line between being an employer and being someone's friend.
- Social media websites tend to show personal information about staff members, and although some do not care if you know everything, there are some who would rather keep their information to themselves.
- Here are a few things to remember when considering communicating via social media networking websites:
  - You cannot require your staff member to communicate with you by using their personal social media channel.
  - Even if your staff is 100% on board you cannot hold anything against them that you find out online regardless of your personal beliefs.
  - You do not want to allow clients who are friends of employees to find out about information intended for staff only.
  - If you have already implemented communicating with staff online using a social media networking site, make sure you have all of the applicable security settings in place to avoid information about your practice from being leaked online.
  - It is recommended to avoid utilizing social media platforms as a form of communication. Consider other methods of web communication, such as e-mail, private team portals, Google Apps, and so on.

EXAMPLES

Figure 10-16-1 shows an example of a "social media connect card."

CAUTIONS

N/A

MISCELLANEOUS

ABBREVIATIONS

GPS: Global Positioning System

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N/A

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10.17. MOBILE APPLICATIONS



BASICS

OVERVIEW

Mobile devices are becoming more and more common for everyday use. As the devices continue to develop, they offer more convenience and portability to allow us to stay connected everywhere we go. Businesses can utilize mobile technology to assist them in staying connected with the business and the clients they cater to, all while on the go. In veterinary medicine we can utilize this technology to stay connected to our clients, social media initiatives, provide clients with express payment options, access the practice management software remotely, and much more.

TERMS DEFINED

Android: A Linux-based operating system designed primarily for touchscreen mobile devices such as smartphones and tablet computers. Google currently develops it in conjunction with the Open Handset Alliance.

iOS: Mobile operating system developed and distributed by Apple, Inc. Originally released in 2007 for the iPhone and iPod Touch, it has been extended to support other Apple devices such as the iPad and Apple TV.

Merchant: Type of bank account that allows businesses to accept payments by payment cards, typically debit or credit cards. A merchant account is established under an agreement between an acceptor and a merchant acquiring bank for the settlement of payment card transactions.

Mobile Application (Mobile App): Software application designed to run on smartphones, tablet computers, and other mobile devices. They are available through application distribution platforms, which are typically operated by the owner of the mobile operating system, such as the Apple App Store, Google Play, Windows Phone Store, and BlackBerry App World. Some apps are free, whereas others have a price. Usually, they are downloaded from the platform to a target device, such as an iPhone, BlackBerry, Android phone, or Windows phone, but sometimes they can be downloaded to less mobile computers, such as laptops or desktops.

Mobile Broadband: Term for wireless Internet access through a portable modem, mobile phone, Universal Serial Bus wireless modem, or other mobile devices.

Mobile Device: Small, hand-held computing device, typically having a display screen with touch input and/or a miniature keyboard and weighing less than 2 lbs (0.91 kg). Apple, HTC, Samsung, LG, Research in Motion (RIM), and Motorola are just a few examples of the many manufacturers that produce these types of devices.

Mobile Operating System: Also referred to as mobile OS, this is the operating system that operates a smartphone, tablet, personal digital assistant (PDA), or other digital mobile devices. Modern mobile operating systems combine the features of a personal computer operating system with touchscreen, cellular, Bluetooth, Wi-Fi, Global Positioning System mobile navigation, camera, video camera, speech recognition, voice recorder, music player, near-field communication, PDA, and other features.

Push Notifications: This allows a smartphone to receive and display alerts even when the device's screen is locked and the application that is pushing the notification is closed.

Remote Desktop: Remote desktop software refers to a software or an operating system feature allowing applications to be run remotely on a server while being graphically displayed locally.

Tablet: Tablet computer, a kind of mobile computer, usually having a touchscreen or pen-enabled interface.

Wi-Fi: An abbreviation for wireless fidelity, meaning you can access or connect to an Internet network without needing to use wires.

Windows Mobile: Family of mobile operating systems developed by Microsoft for smartphones and pocket personal computers (PCs).



ISSUES AND OPTIONS

APP FOR YOUR VETERINARY PRACTICE

- Mobile apps are powerful tools that can enhance the client experience and provide boosted engagement, retention, and business.
- Through a multitude of case studies across multiple demographics, mobile apps have proven themselves to be the most effective way of creating meaningful engagements with pet owners in-between their routinely scheduled visits.
- A great mobile app allows you to centralize the services and offerings of your veterinary practice into a single location.
- An app should help pet owners learn how to best care for their pet and to engage their veterinary practice for appointments, prescriptions, questions, and the everyday things that they need most.
- With a single download to their mobile device, a pet owner can now request an appointment or a prescription refill, check up on an upcoming appointment, services due, submit a question, or simply look up pet care advice from a trusted source.
- These services are not just convenient, they are becoming prerequisites for pet owners who are deeply dedicated to the overall health of their pet.
- As people of all ages and backgrounds begin to use their smartphones with increasing dependency, they also look for businesses they trust to provide solutions that fit within their lifestyle.
- In general, these apps provide an alternative to calling in to book an appointment (which millennials increasingly shy away from) and often lead to increased client engagement and appointment bookings.
- You are not requiring pet owners to simply call and schedule an appointment during a finite window of time. An app also serves as an extension of existing reminder delivery systems that are likely already in place, such as postcards. Though these methods of communication are still somewhat handy, they are quickly becoming supplanted by new techniques like e-mails, text messages and, perhaps most importantly, push notifications.

Features Within An App To Look For

- Personal branding.
  - An app needs to be branded to your individual practice. Pet owners should be able to search your practice by name within the app store and find your practice with your logo as the icon.
  - Though an app that is not personally branded is not a deal breaker, clear instructions need to be provided to pet owners so that they will successfully download the app and be aware of its associated features and your practice without confusion.
- Pet-specific information.
  - Some central information needs to be included in your app to make it truly useful. These core items include information on services pets are due for and when, details on upcoming appointments, an internal pet health library with quality content to help pet owners provide care, the ability to schedule an appointment or request a prescription refills directly within the app, and push notification capability.
- A little extra.
  - Though an app should be informational and functional, it should also be fun.
  - Let us reward pet owners for downloading the app and for taking an active interest in the health of their pet.
  - Clients should be able to share pictures of their pets doing fun or silly things. Veterinary practices can share these pictures in a digital frame at the front desk or print them to be on display – and share

on Facebook *of course*! Let us engage with pet owners in meaningful ways and share in those experiences that make pet ownership such a wonderful thing in the first place.

MOBILE PAYMENT OPTIONS

- Mobile payment options allow you to check out a client anywhere.
- How it works:
  - Mobile devices that allow mobile payments include mobile phones, tablets, and some laptop computers.
    - This mobile application requires mobile broadband Internet access or Wi-Fi.
    - The mobile device credit card reader can be ordered for low to no cost from the payment vendor, also known as the merchant, upon account setup (e.g., Square, Intuit GoPayment).
    - Once the credit card reader has been ordered for the mobile device, an application must be downloaded to the mobile device.
    - You can open the application, choose the amount to charge, and swipe the card using the mobile card reader connected to the mobile device.
    - The client will have the ability to sign for the transaction electronically.
- This is a great option for veterinarians who offer mobile veterinary services.
  - There is no need to wait to bill a client, because you have the ability to charge them at the time the services are rendered. This will save on mailing costs and late payments.
  - You can use mobile payment options as a form of convenience for clients as well.
  - Mobile payment options eliminate client hassles. Consider clients who are in an exam room and have to be moved to the checkout counter or exit area and may be overwhelmed with the process. Distractions such as other pets in the lobby area, traveling with a child, anxious pets and multiple pets are also examples.
  - Mobile payment options allow the opportunity for the utilization of the practice management software on a mobile device such as a tablet or a PC located in the exam room to charge out the client. When the invoice has been inputted into the management software, you can then charge the client credit card utilizing the mobile payment device.
  - The client can electronically sign the receipt and even have the option of having it sent to them via e-mail, text, or printed copy.

SOCIAL MEDIA APPLICATIONS

- Social media applications on the go allow you to have continued access to your practice's social media network communications from most mobile devices (see 10.16 – Social Media).
- How it works:
  - Mobile phones, tablets, and some Windows-based laptops can download social media applications (e.g., Facebook, Twitter, WordPress, Foursquare).
  - This mobile application requires mobile broadband Internet access or Wi-Fi.
  - Download and install the application from the mobile application store from your mobile device.
- Once you have downloaded and installed the device, log in using your log-in credentials for the practice social media network.
- With the application you will be able to update status, view current communications, notifications, and updates made to the practice social network profile.
- During community events you will be able to upload photos throughout the event into the social network application for client viewing pleasure.
- Uploading photos during an event is also a great way for prospects at the event to follow you on your social media network (to learn the value of prospects following you on social networks, see 10.16 – Social Media).

VETERINARY-SPECIFIC APPLICATIONS

- There are a variety of veterinary-specific applications for various mobile devices operating software, such as iOS, Android, and Windows Mobile.
- Veterinary-specific applications include:
  - Compendium of Veterinary Products
  - Small Animal DDx
  - MyVIN Mobile
  - DVM360
  - Dog CPR
  - Choc Tox
  - Petoxins.
- Each mobile application is designed to assist veterinarians by utilizing their mobile device to access the information from anywhere a computer might not be readily available.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

PC: Personal computer
PDA: Personal digital assistant

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10.18. PATIENT PORTALS



BASICS

OVERVIEW

• An online patient portal communicates certain patient information from your practice management software into an online secure client patient portal.
• Information that is transmitted usually consists of the patient's name, birth date, reminder dates, prescriptions recently filled, and educational material.
• Each patient portal provider transmits different information. Some examples of transmitted information include patient reminders, prescribed medications, diagnostic reports and results, future appointment dates, and so on.
• Clients register for their online patient portals by registering online via the clinic website or by inputting an e-mail address into the client's electronic file.
• Once clients register and access their portal, they will see all their pet's updated information.
• In most cases, the benefits of an online patient portal greatly exceed the cost.
• Clients who have access to an online patient portal assist in increasing compliance percentages in your practice.
• They are able to see when their pet is due for services and read about the importance of the service due, all in one place.
• Reminders are automatically sent to the client's e-mail address on file.
• Appointment reminders are automatically e-mailed to clients and also texted to clients who opt in.
• Prescriptions are listed allowing clients to easily request a refill reminder by e-mail and even request the refill online.
• An online patient portal is full of other fun features for clients. They can upload photos, blog with other pet owners, read about pet care, and more.
• By having an abundance of information on the patient portal for clients to view, you are increasing the likelihood of the number of client visits.
• Your practice name and information are made prominent throughout the portal so clients can familiarize themselves with you and your practice.

TERMS DEFINED

Portal, Patient: Healthcare-related online applications that allow clients to interact and communicate with their pet's healthcare providers, such as veterinarians. Typically, portal services are available on the Internet at all hours of the day and night.



ISSUES AND OPTIONS

Patient portals are offered by a variety of companies, so choosing the "right" company to work with can often become quite the task. The following are a few important services to look for when shopping for a patient portal company.

PATIENT PORTAL

Although each company provides patient portal options, not every portal is created the same. Look for the following options when considering your options:
• Make sure the portal looks professionally designed and easy to navigate.
• The portal should clearly display the practice name.
• As soon as the client logs in they should be able to see all of their pets at a glance.
• Pets should clearly have their service reminders displayed.
• The client should be able to control the type of communication they wish to receive (i.e., e-mail, text/SMS message, postcards, etc.).
• The user should be able to schedule appointments right from the portal.
• Portal customization is important for the client. Make sure the client can interact with the portal by uploading their pet's photo and inputting additional information about their pet.
• Allow clients to make updates to their account through the portal. When clients make updates such as phone number or address information, the practice should be notified within the administration portal so they can make the changes within the practice management software. This will ensure client contact information is constantly up to date.
• Portals that contain resource or education centers for clients can often lead to better client compliance. You want to allow clients to have the ability to access pet health information from a pro-veterinary resource whenever they choose.

PRACTICE MANAGEMENT REPORTS

Most portals allow the ability to obtain practice management reporting features from within the practice administration portal, and in many cases this is much easier than accessing the information from the practice management software. The following are a few valuable reports for practices.
• The portal should allow ease of accessing compliance reports from within the administration portal. The compliance reports will allow you to view compliance numbers for individual services reminded through mail, e-mail, and/or the portal. This will allow the practice to measure compliance with service reminders in real time. In many cases, without this feature practices are not able to track overall compliance easily, must do so manually, or do not do so on a routine basis.
• The portal will allow tracking of physical postcard reminders. If the practice does not reach desired postcard compliance numbers, there are many contributing factors to consider. Are the reminders being sent of high quality? Are there many returned postcards for incorrect addresses? Are the service reminders within the management software generating reminders properly? These are all important elements you can review by properly tracking reminder postcard compliance numbers.
• The portal should allow the practice to access heartworm, parasite, flea, and tick product compliance. This type of report will allow business owners to review current compliance within the practice to understand if there is a need to develop a program to increase compliance numbers should they be too low.
• Additional reports the portal should be able to provide are total active number of clients and patients (to be determined automatically based on client account activity based on a time frame).
• In many cases these numbers can be placed within a spreadsheet file to measure historical data.

REMINDERS

Reminders should be a big part of your practice (see 4.16 – Client Reminder Systems). Without proper notifications, clients are not reminded for the services their pets need. Practices who do not properly remind clients for the services their pets are due often see a negative impact on their overall revenue for services reminded (e.g., vaccines, laboratory work, dental procedures).
• The portal should include multiple options for service reminders, such as:
  ◦ **E-mail.** Easily remind clients for services through e-mail. E-mail reminders should only supplement traditional postcard reminders. E-mail reminders do not cost money per reminder and are often an all-inclusive service provided by the patient portal company.
  ◦ **Postcard.** Postcard reminder services are often an additional service provided by the patient portal company. However, these automated postcard reminders often increase compliance due to the strategic

reminder schedule the company develops. In addition, the quality of the reminder cards is often higher than those sent by the practice. Higher quality postcards do not become confused with junk mail. Finally, the patient portal company often runs client addresses through an address correction database provided by the United States Postal Service. This will help avoid sending out reminders to incorrect addresses or clients who have moved and failed to provide a forwarding address.

  - **Texting.** Easily remind clients for services through text/SMS messages. Text reminders should only supplement traditional reminder methods. Text reminders do not cost money per reminder and are often an all-inclusive service provided by the patient portal company.

- Reminding clients about services due for their pets is highly valuable when done using a patient portal. Clients not only have the ability to view reminders from the portal that their pets are due for services, but they can also easily become educated about the importance of these services. For example, Mr. Smith might see that "Fido" is due for a *Bordetella* vaccine but he notices it is not completed with "Fido's" routine vaccines. Rather than deciding to wait and postpone the vaccine because he does not understand why it needs to be done now, he can read about the importance of the vaccine by clicking on the name of the vaccine. By reading that this is a vaccine to help prevent forms of canine cough that can be obtained at places such as grooming facilities, dog parks, and boarding kennels he will understand why "Fido" needs the vaccine at the date mentioned within the portal. However, without the ability to learn about the importance of the vaccine he may have waited to obtain the vaccine months later with "Fido's" annual vaccinations.

WEBSITES

If your practice does not currently have a website at the time of researching a patient portal company this will be a valuable service worth considering (see 10.13 – Websites). However, each patient portal company offers different website options. The following are a few key features to look at when comparing website offerings.

- Does the portal offer an easy-to-use content management system (CMS)? CMSs allow a user to manage the content on the website without prior knowledge of website coding. Thus, this allows the ability for almost anyone to be able to log into the website and make changes to the information on an as-needed basis.
- The website should allow the ability for installation of Google Analytics. Google Analytics will allow the practice to track various traffic sources, page visits, and referral sources.
- The website should allow page descriptions and keywords places within the website in the form of meta tags (see 10.14 – Search Engine Optimization).

PORTAL MANAGEMENT

Regardless of the company you choose, managing the portal within the practice will become an important part of the process. The following are a few tips to ensure the portal communications are managed in a timely manner.

- All of the reception team should be trained on how to access the portal and manage client communication.
- Most or all of the receptionist team should have individualized access to the patient portal.
- On the practice opening procedures checklist, include checking the administration portal for client communications.
- During the lunch hour, assign a receptionist each day to be responsible for checking the administration portal communications.
- Checking the portal twice daily will ensure communications are resolved within a timely manner.
- Understand the value of the communications within the patient portal. Clients will often communicate with you through the portal after the practice is closed. Such communication could be scheduling an appointment or requesting a prescription refill. Allowing clients to request such communications with you 24/7 helps increase compliance – especially for forgetful pet owners.

Client and Patient App

Some portal providers allow clients to access patient portals through a branded or nonbranded practice app (see 10.17 – Mobile Applications).



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

CMS: Content management system

References

N/A

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10.19. PROTECTING AND DEFENDING YOUR ONLINE REPUTATION



BASICS

OVERVIEW

• Your online reputation is either driving people toward or away from your veterinary practice.
• If you have not started to secure positive reviews online to both maintain and enhance your reputation, you run the risk of the many pitfalls that may follow.
• Something as simple as a Google Review (https://support.google.com/business/answer/3474122?hl=en) can actually have profound implications on your veterinary practice and whether or not you are securing the volume of pet owners that your practice is capable of.
• When searching online for a local veterinary practice, customer reviews will gravitate toward the top of the screen, and instantly display the name, website, address, and phone number, along with one to five star average rating, of nearby practices.
• These scores can dramatically influence the number of new clients that find, and ultimately choose, your practice.
• When people are utilizing the Internet to research various types of businesses, it becomes important for any business to review the information that is listed about them online.
• Consumers use review-based websites to learn more about the business from other consumers who utilize their services at some point.
• In most cases, you cannot control the information posted online about your business, but you can influence positive information.
• In the cases where you can identify the client, make attempts to contact them. In most cases, clients do not leave you negative reviews to hurt your brand but rather to make you aware of a problem.

TERMS DEFINED

Abuse: Improper usage or treatment for a bad purpose, often to unfairly or improperly gain benefit.
Query: Precise request for information retrieval with database and information systems.
Review: An evaluation of a publication, a product, a service, or a company.
Social Media: Interactive platforms that individuals and communities create and share user-generated content.
Spam: The use of electronic messaging systems to send unsolicited bulk messages, especially advertising, indiscriminately.



ISSUES AND OPTIONS

The following information will assist you in creating awareness about your reputation online and how you can continue to manage it in the future.

CLAIM YOUR ONLINE LISTINGS

• First, search for your veterinary practice online. If you have never looked, you might be a bit intimidated at what you might find.
• Search on Google, Bing, and Yelp, and then "Claim Your Listing" once you have found the right result.
• Verify that this truly is your practice and follow the steps shown on your screen.
• Bookmark your top online listings in a folder within your browser. This will save you time when you wish to check back on your results, and it lets you easily review your listings at least several times a month.

SET UP ALERTS

Perch

• By using a free service called Perch (perchapp.com) you will have a powerhouse service monitoring the Internet for results about your practice.
• You will be notified by email or push notification whenever a new result or review is available.

Google Alerts

• Google offers a free service called Google Alerts (https://support.google.com/business/answer/3474122?hl=en). The service was designed to assist businesses in becoming aware about information that gets posted about them online.
• Google Alerts are e-mails sent to you when Google finds new results such as web pages, newspaper articles, or blogs that match your search terms. You can use Google Alerts to monitor your business information on the Web.
• Google Alerts allow you to create queries about various topics. Such queries could be the name of your business. Google Alerts checks regularly to see if there are new results for your query. If there are new results, Google Alerts sends them to you in an e-mail.
• For queries such as your practice name, you might not get an e-mail every day but you will find out when something new and relevant is published.
• If reviews are published about your practice online with Google Alerts you will be notified once Google picks them up.
• This will allow you to respond to reviews the moment they are left.

ONLINE REVIEWS

• Consumers can leave reviews on any popular website that allows reviews or recommendations, such as Google, Yelp, and even social media websites such as Facebook.
• Once reviews are posted online they cannot removed. This is important to understand, because many review-based websites might lead you to believe you can pay to become a business member and have control over your reviews. However, regardless of any membership level, you *cannot* remove reviews once they have been posted.
• You can report a review as "Abuse," "Spam," or "Scam," but this does not guarantee the review will be removed. What practices might see as abuses is not actually considered abuse, as they are genuine reviews of how a consumer feels about your business (many times considered acceptable by the review-posting guidelines of the website host).
• You can reply to reviews as someone who is representing the practice.
• When replying to a review that might be considered negative, it is important not to become defensive. Remember, the general public will be able to see how you respond.
• You should reply to a review and appear to take the concern genuinely.
• If you know who the client is, attempt to reach out to the client to find out what went wrong.
• Engage with positive reviews. The average veterinary practice receives one review per month. You can reply to a positive review online, call and thank the client, or get creative and send a personalized Thank You card. Engage how you see fit, but definitely reach back to those who have been impressed with your practice. This little bit of effort can most definitely go a long way when it comes to encouraging positive reviews and ensuring client retention.
• For an example of how to reply to a review, see the Examples section.

SOCIAL MEDIA

• Facebook allows consumers to leave reviews for a business.
• In many cases, the reviews about veterinary practices on Facebook are *usually* positive.

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• The reviews appear on the Facebook page for the business and cannot be removed or relocated on the Facebook business page.
• Often times, clients do not leave you negative reviews to hurt your brand but rather to make you aware of a problem, or to alert others.
• Veterinary practices that often communicate with clients through social media encourage clients to share pet photos on the practice page. Pet photos are usually associated with a form of positive praise about the practice. This, too, can also serve as positive reviews.

ENCOURAGING POSITIVE REVIEWS

• Contrary to common belief, it is not illegal or against the guidelines of many review-based websites to solicit reviews.
• When encouraging reviews, it is, however, illegal or against the guidelines to provide incentives of cash, products, or services in exchange for positive reviews.
• You can encourage happy clients within the practice to leave you positive reviews on various review-based websites.
• Encouraging clients to leave you positive reviews increases your overall score on many websites. The more positive reviews you have the better you stand out against the competition.
• Do not encourage false reviews from family members or employees. Such conduct can hurt your online reputation.
• You should leverage Google Reviews to garner new business and make sure your visibility is maximized online by asking clients for reviews.
• You can engage directly with happy clients at checkout by encouraging them to leave a positive review for your practice. If they are onboard, send them a friendly reminder e-mail at the end of the week, with a direct link to help them leave a Google Review.
• It is important to make leaving a review as easy as possible for your client, so feel free to print a step-by-step guide that ensures all types of pet owners know how to leave a review.



EXAMPLES

HOW TO REPLY TO A NEGATIVE REVIEW

Bad Review

Mr. Smith: This clinic cares more about money than pets. They charge $80 for one x-ray and wanted $150 more just to look at it!

Reply

Hi, Mr. Smith. We are sorry you had a bad experience with us. We would like to fix the problem and continue our relationship. You can call our clinic director Dr. Garcia at 813-123-4567. – Eric, ABC Veterinary Team

SAMPLE E-MAIL FOR REVIEW SOLICITATION

Hi Mr. Smith,

We really appreciate you trusting us with your pet's veterinary care! As a small business we need as much help as we can get regarding our online presence. Would you mind giving us a review on Google? It really helps great owners like you to find us.

To do so, you just need to go to this link and click on the Write Review button: http://www.GoogleReviewLink.com. If you mention the words "Tampa Veterinarian" it would really help us out!

Thanks again, and we look forward to serving you in the future with your pet's health needs.

Warm Regards,

The Team ABC Veterinary Clinic



CAUTIONS

• Do not solicit reviews from clients by offering incentives. Such behavior is considered unethical.
• If your online reputation is being hurt by multiple review-based websites, then you should research companies that can assist you in enhancing your online reputation.
• Do not become defensive or try to retaliate for a negative review online, as it is public information and can often hurt your online reputation further.
• Do not encourage false reviews from employees or family members.
• Do not use comments as a forum for advertisement.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

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10.20. MEASURING PERFORMANCE OF DIGITAL MEDIA CAMPAIGNS



BASICS

OVERVIEW

• Measuring the performance of digital media campaigns can often be difficult due to the variations for each type of media.
• The question often asked is "What is the return on investment (ROI) for my initiatives?"
• There are tools in place to ensure that your marketing is as effective as possible and that your ROI is robust enough to ensure that the campaigns are worthwhile.
• In some types of digital media, the investment can often be the time spent involved with the particular digital media campaign.
• Digital media campaign performance and effectiveness can be measured but requires some perspective.
• Depending upon the investment made, the ROI should not be the priority, but understand that the return will still exist.
• The process for reviewing the ROI for a website will often be much different than determining the investment of social media communication.
• When possible, use traditional tracking methods to track the effectiveness of digital media.
• Digital media is often used to create awareness for your practice.

TERMS DEFINED

Analytics: The discovery and communication of meaningful patterns in data. Especially valuable in areas rich with recorded information, analytics relies on the simultaneous application of statistics, computer programming, and operations research to quantify performance.
Digital Media: A form of electronic media where data are stored in digital (as opposed to analog) form.
Return on Investment (ROI): One way of considering profits in relation to capital invested.
Social Media: Interactive platforms from which individuals and communities create and share user-generated content.



ISSUES AND OPTIONS

OBSTACLES IN DETERMINING RETURN ON INVESTMENT

• Digital media campaigns all vary based on the type of media used for communication.
• In cases where there are vague referral sources within the practice management software it becomes difficult to measure the performance of many marketing initiatives (online or offline).
• The practice management software must contain a full detailed list of client referral resources (see Examples section).
• The receptionist team must understand the importance of notating the referral source for each new client.
• When starting to properly track referral sources it will take at minimum 6–12 months to obtain true numbers to compare the value of each referral source.
• Having more than one company manage the same services for you can often pose a problem. For example, if you have two companies that assist with search engine optimization (see 10.14 – Search Engine Optimization), it will become difficult (though not impossible) to determine who is giving you the most visibility on various search engines.
• Tracking new client referral sources can often be difficult to determine your ROI. For example, a new client may start by seeing your advertisement in a local magazine. However, this might lead them to your website, and then eventually your Facebook page. This means that the new client's last impression was Facebook, and is likely what they will say if you ask how they were referred. They may also say that they found you on the "Internet," which is technically accurate but far from specific when it comes to marketing purposes.
• Obtain analytics from your digital media campaign providers.

TRACKING NEW CLIENTS

• It is important to ensure that your client management software does not count "no show" clients as new clients. This can throw off your measurement of revenue and growth, when the best digital marketing campaigns will only use data that is truly affecting your veterinary practice.
• Consider looking at new client revenue as opposed to just looking at new client numbers.
• Revenue that new clients generate within the first 12 months of doing business with a veterinary practice will help to determine if the veterinary practice has received return on the respective marketing tools used.
• Unless a certain amount of revenue and return is reached, you will not be able to justify certain marketing channels that may be consuming more resources than they are generating, or are keeping your margins paper thin.
• Be diligent about making sure that the figures reflected in your software are true to what is occurring day to day. For example, sometimes your management software might say that you have received a new client, when in reality you have not. This can commonly occur when an account is created for a client in advance of their appointment but the client cancels or is a no show. If this occurs, you should make the adjustments to reflect the most accurate information possible. A simple error during this stage can throw off your projections for revenue and your new client data as a whole.

ENSURING YOUR RETURN

• It is important to have certain parameters in place to ensure that your efforts are a success.
• If you spend $500 on a campaign and it returns $750, is this considered a success? What about the time and expenses required to measure and implement the campaign in the first place?
• As a rule of thumb, you will want a *minimum* of doubling your return.
• Though looking for higher return is a great place to aim, you want to at least double your return to justify the expense in the first place.
• Anything lower puts you at risk for losing your money toward ineffective marketing, and anything greater means that you are on pace for a truly successful campaign.
• Keep a close eye on your returns and the techniques used to achieve them; this way, you can refine and enhance your return with even more robust margins in the weeks and months to come, capitalizing on the successes you have already established.
• If, in fact, you do achieve a low return on an investment, this does not mean that you need to scrap the campaign altogether. For example, what is the best course of action if you achieve a return of $750 on a $500 investment in a local magazine advertisement? In this situation, you can keep a close eye on this and either consider canceling your renewal or renew but keep a very close eye on the success of the campaign. You may decide in this particular case the margins are sufficient, but that if improvement is not achieved within a certain amount of time it is time to pivot and try another avenue altogether.

NEW CLIENT SOURCES

• It is extremely important to be mindful of tracking your new client sources.
• The most common new client referral sources are as follows: search engines, website, social media, community-based print advertising, existing clientele (word of mouth) and community events.

10.20. MEASURING PERFORMANCE OF DIGITAL MEDIA CAMPAIGNS

• Tracking your new client sources is an imperative step to success.

SOCIAL MEDIA PERFORMANCE MANAGEMENT

• Social media should not be used solely to market the practice and generate revenue (see 10.16 – Social Media).
• When questioning the ROI for social media, first consider the following:
  ◦ Social media channels are free to develop and maintain.
  ◦ The investment for social media is time, but if managed correctly the time spent on a weekly basis should be very minimal.
  ◦ Social media is about engaging in educational conversations with pet owners.
  ◦ Education through social media can often provide the largest reach of any digital media campaign.
  ◦ Educated clients tend to become more compliant pet owners.
  ◦ Social media users follow and support brands such as their veterinary practice.
  ◦ Properly developed social media postings can become effective forms of marketing (see Examples section).
• To track the effectiveness of the minimal time investment in social media, make sure you have a referral source field within the practice management software that lists each individual social media channel (see Recommended Reading section) so you are aware of which social media channel is working best for you.
• Social media is not about marketing, but rather it is about cultivating relationships with your clients.
• You cannot easily track the value of educating clients about proper pet care and providing pro-veterinary resources to them on a continuing basis.
• Clients who follow you on social media often share positive testimonials for prospects.
• Listen to clients and ask about mentions of the social media network during a client visit.
• Use social media analytics (such as Facebook Insights or HootSuite for other social media networks) and view your reach.
• Through social media you can reach a larger number of people by simply posting effective information.
• Social media is simply an important form of communication. You do not question the ROI for telephone, Internet, or fax services. This is because they are recognized as important forms of communication, and social media is no different.

MEASURING THE PERFORMANCE OF YOUR WEBSITE

• The performance of your website is determined by numerous elements, such as the cost of development, monthly costs, and analytics (see 10.13 – Websites).
• If you have a website that does not cost you anything or is all-inclusive to another service subscription then the ROI is quickly gained.
• The cost of initial investment for a website should not exceed your maximum marketing budget for the year.
• Review your monthly subscription fees when considering the overall ROI.
• Make sure you are not paying multiple companies to provide search engine optimization for your website.
• To measure performance of your website, consider the following:
  ◦ Without any form of website analytics it will be very difficult to determine the performance of your website.
  ◦ Make sure you have your website listed as a referral source within your practice management software.
  ◦ Your online referral sources, which include Google, Bing, Yahoo, or even various social media networks, should include your website (e.g., they may find you on Google, but using the information on your website was the determining factor to call you).
  ◦ Enable Google Analytics within the website to track traffic sources.
  ◦ Traffic sources will help determine which websites online clients are linking to your website (e.g., Facebook or Google may be top traffic sources, therefore implying clients are finding you on Facebook and Google, and the investment into Facebook and Google is generating leads).
  ◦ Your monthly website subscription should not exceed double or triple the amount of your average new client transaction.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

ROI: Return on investment

References

N/A

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10.21. TECHNOLOGY: REDEFINING THE CLIENT VISIT



BASICS

OVERVIEW

- Effective use of technology can enhance your veterinary practice.
- It is the way that you choose to use this technology that is paramount to maximizing your effectiveness and the success of your veterinary practice's adoption of apps and technology.
- As practices explore new ways to generate revenue due to competition from retailers, pharmacies, low-cost veterinary care services, and the Internet, we are going to have to start to rely on the "technology" within our practice to help make up this revenue gap.
- Everyone's perception of what "technology" is can vary from person to person. Technology in a veterinary practice can be any of the following items:
  - integration;
  - computer network;
  - computers/workstations/tablets;
  - Practice management software (for the use of compliance assessments, financial productivity, electronic medical records, etc.);
  - Diagnostic equipment (including, but not limited to, laboratory equipment, digital radiology units, ultrasound, anesthetic monitoring units, etc.);
  - electronic whiteboard;
  - interactive educational tools.
- Those practices that do not make the investments in technology will be left behind struggling to make up lost profits.
- We will rely on "technology" not only to create value for our clients who will demand it, but also we will need it to generate revenue lost from existing but shrinking profit centers. For example, there are more and more practices that make the investment in ultrasound units even when there is not an internist or radiologist on staff to interpret results.
- Telemedicine has helped practice owners keep this revenue for themselves instead of sending clients to a local specialty clinic.
- This is just one of the many examples of how future practice owners will rely on technology to stay afloat.

TERMS DEFINED

Archive: An archive is a collection of historical records, or the physical place they are located. Archives contain primary source documents that have accumulated over the course of an organization's lifetime.
Download: Means to receive data to a local system from a remote system, or to initiate such a data transfer.
In-House Laboratory: On-site laboratory where tests are done on clinical specimens in order to get information about the health of a patient as pertaining to the diagnosis, treatment, and prevention of disease.
Integration: Specialized tools to simplify the sharing of medical and related data between medical equipment and electronic health records.
Portal, Patient: Healthcare-related online applications that allow clients to interact and communicate with their pet's healthcare providers, such as veterinarians. Typically, portal services are available on the Internet at all hours of the day and night.
Practice Management Software (PMS): Software that deals with the day-to-day operations of a medical practice. Such software frequently allows users to capture patient demographics, schedule appointments, maintain lists of insurance payers, perform billing tasks, and generate reports.
Reference Laboratory: Offsite laboratory where tests are done on clinical specimens in order to get information about the health of a patient as pertaining to the diagnosis, treatment, and prevention of disease.
Return on Investment: A measure of profitability reflecting the financial return on invested capital.
Telemedicine: The use of telecommunication and information technologies in order to provide clinical healthcare at a distance. It helps eliminate distance barriers and can improve access to medical services that would often not be consistently available in distant rural communities. It is also used to save lives in critical care and emergency situations.
Valuation: The determination of the economic value of an asset or liability.



ISSUES AND OPTIONS

CLIENTS WANT ANSWERS NOW

- Owing to technology, we have the power of real-time information at our convenience.
- If we have questions, they do not go unanswered for too long as we turn to the Internet more and more to obtain our answers.
- Who needs an expert when the Internet exists? Oftentimes pet owners turn to the Internet first for answers before calling their veterinarian.
- Pet owners want value when they pay for their veterinary services. For example, a client may pay a premium for laboratory results that are relatively immediate with in-hospital equipment; others might prefer the savings of a longer turnaround for samples sent to a reference laboratory (see 9.9 – Laboratory Considerations).
- Providing your clients with information now, rather than later, may further enhance the value of your services. Clients are used to having answers right away in today's society, where we often have the tools at our disposal to obtain answers without delay.

10.21. TECHNOLOGY: REDEFINING THE CLIENT VISIT

USING YOUR PRACTICE MANAGEMENT SOFTWARE TO REDEFINE THE CLIENT VISIT

- There are many tools within the veterinary practice management software that can assist practices with enhancing client value and patient care.
- When the client comes into the veterinary practice for their exam, utilize the tools in the practice management software to create a pet health report card. The pet health report card should include the following information:
  - The client's information as well as the pet's personal information, such as name, date of birth, and whether spayed or neutered.
  - Physical exam results, such as coat/skin, ears, eyes, gums and teeth, the musculoskeletal system, respiratory system, nervous system, and so on.
  - The results in each system should be noted as normal or abnormal.
  - In many cases, the practice management software will allow you to create the pet health report card and place NORMAL and ABNORMAL descriptions in the system already.
  - The pet health report card should outline important notes following the veterinarian's examination. These notes will allow clients to take home written information regarding healthcare needs of their pet.
  - Contain information to notate overall dental health within the pet health report card by using a form of grading scale (see 5.16 – Discussing Oral Health).
  - A grading scale can provide clients with a visual representation of their pet's overall health.
- When possible, use the practice management software to provide clients with visual educational pieces to take home (see 4.10 – Personalized Pet Profiles).
- Integration of the practice management software and the reference laboratory and/or in-house laboratory allows the results to download within the patient file in the veterinary practice management software (see 9.9 – Laboratory Considerations). Such information downloaded into the patient file can often provide trends for pet owners to see. This type of visual aid and archiving of laboratory results within the practice management software becomes a value to pet owners.
- Using automated technology (often built in within your practice information management software) to survey clients after the visit is a must. The importance of measuring client satisfaction cannot be overemphasized. Every client that leaves your practice without giving feedback on services and their overall experience is a lost opportunity to improve and gain invaluable information from the most important person to your veterinary practice: your client.
- In time, blockchain technology can even be used to synchronize pet healthcare information across multiple formats and users (see 10.9 – Blockchain).

USING IN-HOUSE DIAGNOSTICS TO REDEFINE THE CLIENT VISIT

- Clients are used to getting information when they need it. In-house diagnostics have helped veterinary practices also obtain information when they need it the most (see 9.9 – Laboratory Considerations).
- When clients come into the veterinary practice for routine evaluations, running in-house laboratory tests can provide clients with answers regarding the overall health of their pet aside from the physical exam alone.
- Pet owners can leave the practice confident in knowing that they have done everything possible to ensure the health of their pet.
- When pet owners pay for diagnostic testing after they have already received the results but prior to leaving the practice, it leaves fewer opportunities for the pet owner to complain about cost because they were able to see the value prior to leaving the practice.
- In cases where digital radiographs are an option, practices are able to send the radiographs to telemedicine consultants for a board-certified radiologist's opinion. This provides peace of mind and reassurance for the veterinarian and the client. In addition, because results are provided so quickly, the pet is able to obtain the care it needs much sooner. The rapid communication and results let the pet owner know this is your priority and you are doing what you can to treat their pet without delay (see 9.8 – Digital Imaging Systems in Practice).
- With the ability to send diagnostic images to telemedicine consultants, veterinarians are able not only to send digital radiographs but ultrasound images too. Many veterinarians obtain certification in the ability to properly utilize an ultrasound machine to obtain high-quality images. Therefore, practice owners are investing money on ultrasound machines and the proper education to utilize this diagnostic tool within their veterinary practice. With veterinarians educated on how to properly obtain images, they can send them to telemedicine consultants for either a board-certified radiologist or a board-certified internist consultation. This saves the pet owner the hassle and expense of having to take their pet to another location to obtain these services. This, in turn, creates less stress for the owner while enhancing the value of your services.

VISUAL TOOLS IN THE EXAM ROOM

- There are truly compelling apps that help with exam room communication between the veterinarian and pet owner.
- These tools, primarily used by veterinarians, allow you to educate pet owners directly in the exam room by using vivid and rich three-dimensional animations, radiographs, and instructional videos.
- Since, sometimes, the nuance of pet care can be difficult to explain, especially when it comes to anatomical function, this app helps to fill in the blanks along the way.

10.21. Technology: Redefining the Client Visit

• It allows you to drive home some of your most important medical recommendations and communicate precise care instructions for each pet clearly and carefully.
• Many of these apps come with a huge array of educational information.
• These apps work near flawlessly on tablets, allowing you to give overviews of pet conditions directly to your clients.
• Rather than fumble over the right words or explain in depth when there is a time-sensitive issue, these apps rely on captivating graphics and imagery to give comprehensive insight into the health and well-being of your pet.
• Many apps come with a huge array of program files and presentations, e-mail functionality, and ready-to-go client handouts for some of the most frequently encountered pet care topics.
• By spending a bit of time getting used to these apps, you can enhance client interactions and ensure that each time you explain a topic in detail each pet owner is satisfied with the answers provided.

THE NEW WORKFLOW FOR PET VISITS

The enhancements in technology often require us to change the practice workflow to adapt. The following is an example workflow for practices that utilize the technology within the veterinary practice to enhance client value and patient care.
• When the client enters the practice, their digital file is pulled up within the practice management software. The client is checked into their appointment.
• The client is taken into the exam room, where the technician obtains the patient vital signs and puts the results into the practice management software. The results can be aggregated as needed to view trending values such as patient weight gain or loss (common question among pet owners visiting the veterinary practice for a routine exam), periodontal scores, laboratory findings, and so on.
• The veterinary technician utilizes the patient's electronic record to quickly see the services for which the pet is due.
• The veterinary technician starts a new pet health report card for the doctor and inputs the patient's findings on behalf of the veterinarian.
• Based on the protocols and care pathways (see 9.3 – Standards of Care and Care Pathways) placed into the practice management software, the technician will know for which additional services the pet is due. For example, the protocol within the practice management software may state that pets of this breed between seven and nine years of age require senior blood work annually, and after that need geriatric profiles twice yearly (see 4.9 – Lifelong Excellence in Healthcare). If the breed is prone to certain orthopedic disorders, there may also be recommendations for radiographic screening and monitoring at certain ages. This type of notification will inform pet owners that you are well aware of their pet's specific needs.
• The technician will obtain proper samples and place them in the laboratory area while the veterinarian performs the clinical exam; or, if prior permission has been granted, the testing process can commence. Based on history, clinical findings, and established protocols, the doctor will discuss with the owner about all recommended diagnostics for their pet and will verbalize this with the technician as well. Once the consent is given for any additional diagnostics, the technicians can arrange for samples to be evaluated.
• During the physical examination, some of the laboratory testing can be in the process of being run in-house and the technical staff can enter any results of the pet health report card into the practice management software as the veterinarian discusses the results of the examination with the pet owner (creating value).
• When the exam is finished, the veterinarian will administer any necessary vaccines or provide any dispensed medications, and the technician will finish the pet health report card (if paperless, the technician will also finish up the electronic medical note).
• The veterinarian will exit the exam room to finish the pet health report card while the technician discusses the value of prevention and the recommendations of the veterinary practice (see 4.10 – Personalized Pet Profiles).
• If the results of any in-house testing become available, the technician can verify the findings with the veterinarian and review the results with the owner.
• The results will not only be discussed but also shown to the client using the practice management software (via laptop, iPad, or computer within the exam room). The visual aid is important for the client to see to confirm value received. In addition, the veterinarian can also view historical results with the pet owner so the pet owner can see the value of obtaining routine laboratory work and the value historical data provides to everyone.
• When the visit is completed, the veterinarian will review the pet health report card and make any final comments prior to having it printed for the pet owner.
• The receptionist can come into the examination room to invoice the client to avoid the stress of a crowded reception area. Using the practice's mobile phone device (see 10.17 – Mobile Applications), the receptionist will swipe the client credit card and provide a receipt (sent electronically by e-mail, text, or printed).
• The receptionist will provide the client with their invoice and pet health report card.
• Once the client invoice is completed within the practice management software, it will prompt the receptionist to schedule the next appointment prior to the client leaving the practice.
• The pet health report card will also be sent to the client by e-mail or sent to the client's patient portal for viewing online at any time.

10.21. TECHNOLOGY: REDEFINING THE CLIENT VISIT

TEXTING PET OWNERS

• One-way text messages allow you to dictate the content and tone of communication, insulating you from additional liability while still giving you the benefits of instantaneous communication. (see 10.11 – Electronic Communication: E-mail and Texting).
• Consider sending pet owners simple and concisely constructed text messages whenever a pet is dropped off for surgery, a procedure, or appointment, as well as boarding or grooming services.
• You can also send before and after photos of routine dental cleanings. Note: you should use your best judgement. It is ideal to send photos of perhaps a grade 1 dental but not of a grade 4.
• A simple text message can help you to alleviate any potential worry from a pet owner and demonstrates your accountability.
• Not only are you adapting to new technology, but you are going above and beyond to stay in touch and alleviate any possible concerns that could crop up along the way.
• This is a significant way to differentiate yourself from competitors, cut down on extra calls from pet owners wanting updates, and show that you are truly committed to every step of the client experience at your practice.
• Find a champion (or two) and try out texting clients. Assign these team members the task to begin sending out test text messages before rolling out the service to pet owners in real time. This extra measure will allow you to work out any bugs, and it will ensure that by the time it is ready for public use that the service is completely ready for primetime.

THE RETURN ON INVESTMENT FOR TECHNOLOGY INVESTMENTS

• Investments in technology made at the right time can increase the value of a practice (see 10.20 – Measuring Performance of Digital Media Campaigns).
• Such returns contain both soft and hard benefits for the prospective buyer.
• Potential buyers who will consider the purchase of a veterinary practice should be willing to pay more for practices that have already made the investments in "technology" and properly utilize it.
• Fully capitalize on the investments in technology you have already made and make sure they are reflected in a practice valuation.

GENERATIONS AND TECHNOLOGY

• Every age demographic can differ greatly with the way that they operate on a daily basis and what they consider to be effective methods of both conducting business and going about daily communication (see 1.13 – Generational Differences).
• It is more important to understand and respect all demographics, while learning to run your veterinary practice in a way that will benefit everyone.
• Technology is an incredible tool. But it still does not provide the peace of mind that a solid handshake can, especially to a more traditional demographic. If your next pet owner is a Baby Boomer, you may want to consider designating a bit of extra time to in-person communication and offering to answer any questions while they are with you during a visit.
• If you are going to enhance your veterinary practice with new offerings like an app or online portal for prescription refills or online bookings through your practice website, make sure everything is presented in a clear and methodical way.
• Do not assume that pet owners already know how to use the technology at hand, but instead make sure that everything that is integrated is clear and easy to use for everyone.
• Do not assume that Millennials do not want to chat with you in person about their pet. They may have booked their appointment online, and they may be flipping through social media in the waiting room, but the feedback you can get from them during their visit is still invaluable, and they crave information about the care of their pet.
• More than half of both generations want information on how to best care for their pet(s).
• Remember, every pet owner and every person is different.
• If you train your team staff to listen well, accommodate feedback, and respond directly to client reviews, you will be taking steps to get ahead of the curve and honor every client relationship in a meaningful way.
• You can take notes in a client's file about their preferred methods of communication and provide tips to make their next appointment even smoother than the current one.
• When you customize your approach to benefit each client individually, you make sure that everyone feels welcome at your veterinary practice and avoid the pitfalls that can come when you make an assumption about preferences.
• No one particular demographic is more important than the other. Valuing them both in the ways that you choose to communicate and conduct business is the only surefire way to make sure that every pet owner who comes to your veterinary practice leaves delighted and intends to come back again.

10.21. TECHNOLOGY: REDEFINING THE CLIENT VISIT

Simply Done Veterinary Clinic

Pet Health Report Card

Client ID: TEST
Garcia, Eric
123 Pet Owner Lane

Tampa, FL 33625
(813) 545-3044

Exam Date: 12/3/2013
Staff: Eric D. Garcia

Patient ID: ELVIS
Patient Name: Elvis
Species: Canine
Breed: Morkie
Weight: 3.5 kilograms
Birthday: 5/9/2009
Sex: Neutered Male
Technician: Stephanie Collins



Appearance, Weight, Temperature: (Normal)
Your dog is bright and friendly. It has good body conformation with normal weight and muscle mass for age and breed. Hydration (amount of fluid in the skin and other tissues) and body temperature are completely normal as well.

Breed Predispositions: (Normal)
No specific predispositions to be concerned about at this time.

Age-Specific Concerns: (Normal)
No age-specific concerns that need to be discussed at this time. Continue regular check-ups, vaccinations, flea and parasite control, and a high-quality diet to optimize your pet's health.

Eyes: (Normal)
Eyes are bright and clear. The cornea, sclera, conjunctiva, and eyelids are intact and healthy. The lens is transparent and the iris has a natural color and texture. The pupils are normally responsive to light. Vision appears normal.

Ears: (Normal)
The ear drums and canals appear normal and healthy with normal amounts of wax. The conformation of the ear flaps is normal for the breed of the pet. The skin of the ear flaps and inner ears is healthy with no signs of parasites or infection.

Mouth and Teeth: (Normal)
The gums and the insides of the cheeks appear sound and healthy. The tongue, tonsils, palate, and pharynx have a healthy color and appearance. The teeth appear clean, white, and properly aligned. There is no significant accumulation of tartar.

Respiratory: (Normal)
Respiration is normal. Each part of the lungs sounds clear and healthy and your dog has a normal breathing rate and depth. Also, your dog's nose is normally cool and moist and its trachea (windpipe) is of normal size and sensitivity for the breed.

Cardiovascular: (Normal)
The heart is strong and healthy. Each heart valve sounds normal. There are no murmurs (abnormal sounds). The pulse has a normal rate and strength with a regular rhythm. The capillary refill rate is rapid, indicating good peripheral circulation.

Abdomen and Abdominal Organs: (Normal)
The abdomen has a healthy conformation and is free of painful areas. The internal organs palpated, including the kidneys and loops of intestines had normal sizes, location, and consistency. No abnormalities were detected.

Gastrointestinal: (Normal)
There is no history of vomiting or diarrhea and the pet has a normal healthy appetite. Feeding a high-quality diet appropriate for your pet's life stage is recommended to help maintain optimal health.

Skin and Hair Coat: (Normal)
Your pet's skin is healthy, smooth, and normally flexible with no scabs, scales, growths, parasites, or irritated areas. Likewise, the hair coat is glossy and pliable with no bald areas or excessive oiliness. A flea prevention program is recommended.

Musculoskeletal: (Normal)
The skeleton is sound and fit. The muscles have normal tone and strength for the dog's age and breed. The pet's gait is normal with no signs of lameness or joint pain. No swelling or abnormalities such as arthritis or muscle wasting at this time.

Nervous System: (Normal)
Bright and alert, with a crisp, responsive mental attitude. Your pet has excellent body control, posture, balance, and coordination. Its reflexes are brisk and sharp. Perception of its environment and body position are well tuned.

Overall Health: (Normal)
Your dog is fit and in excellent health; a pleasure to examine and have here in our hospital. We look forward to seeing your dog again at the next checkup. Thank you

If you have any questions about your pet's physical exam, please call our office.

Figure 10-21-1.

Sample pet health report card.

10.21. TECHNOLOGY: REDEFINING THE CLIENT VISIT

EXAMPLES

Figure 10-21-1 shows a sample pet health report card.

CAUTIONS

N/A

MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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10.22. ONLINE RETAIL: MAKING IT WORK



BASICS

OVERVIEW

In the age of online retail, veterinary practices have struggled when competing with major online pharmacy retailers. Veterinary practices have lost significant amounts of profits to the major online retailers. However, there are still options left when considering an online pharmacy of your own.

TERMS DEFINED

Margin Pricing: Also known as cost-plus pricing, this involves taking all the direct and indirect costs in providing a good or service and adding a set amount or percentage that corresponds to a gross profit margin to arrive at a retail price.

Markup Pricing: Pricing based on taking the acquisition cost and increasing it by a percentage or factor to arrive at a retail price.

Merchant: Type of bank account that allows businesses to accept payments by payment cards, typically debit or credit cards. A merchant account is established under an agreement between an acceptor and a merchant acquiring bank for the settlement of payment card transactions.

Portal, Patient: Healthcare-related online applications that allow clients to interact and communicate with their pet healthcare providers, such as veterinarians. Typically, portal services are available on the Internet at all hours of the day and night.



ISSUES AND OPTIONS

CHOOSING AN ONLINE PHARMACY

- There are many veterinary distributors that offer online pharmacy solutions for veterinary practices (see 9.15 – Pharmacy Management as a Profit Center).
- Choose an online store solution that offers an easily navigable store. If the store setup is hard to navigate this will make it difficult for clients to use. This hard-to-navigate setup will lead to poor online sales.
- You will want to choose an online store that is easily accessible on mobile browsers.
- Product availability by store may vary. The online pharmacy distributor should offer the most commonly recommended products in your veterinary pharmacy (see 9.16 – Retail Sales: The Art and the Science). Items such as parasite-control products are among important items to compare.
- Pricing options are an important feature to consider (see 7.12 – Pricing Strategies). Make sure you have the ability to make changes to the prices within the online pharmacy easily. Features such as matching other major online retailers are convenient. By having this feature selected you will not have to worry about changing prices on a daily basis to match online retailers (if this is something you intend to do).
- Most veterinary practices will see up to three different types of fees involved with the store:
  - **Merchant fee.** The merchant fee is charged directly from the merchant (i.e., Visa, MasterCard, American Express, Discover, etc.). This fee is additional with any online pharmacy. Do not let this fee deter you from choosing an online pharmacy. You already pay merchant fees for accepting credit cards, so this is no different.
  - **Service fee.** The service fee is typically a fee the distributor adds on top of the actual acquisition cost of the product. For example, a product that typically costs you $10 when you have it shipped to the practice may carry the additional service fee (typically as a percentage). So, if the fee is 5%, they would add $0.50 to the cost of the product, making your cost to sell the product $10.50. If you sell the product in your online store for $20 and it costs you $10.50 you will make $9.50.
  - **Monthly maintenance fee.** In some cases, the distributor will charge you a monthly maintenance fee to cover the cost of the online store. This fee goes to maintaining the website and ensuring its continued development.
- Consider the practice costs of the products within the store. Look at the fee structure for each online pharmacy distributor. Determine how much you would profit from the online pharmacy versus selling the same product within the practice.
- Regardless of which online distributor you choose, the costs of shipping do not go to the veterinary practice.

DIFFERENT TYPES OF ONLINE STORES

- There are several types of online stores from which you can choose. Although there is not a "wrong" option, there are better options that can be based on your preferences and the needs of your practice.
- Some online stores offer the ability to obtain a free practice website. It is not recommended to use this free website because of the many limitations you will have in the overall structure of the website. The website also often appears too commercial and will not appeal to prospective clients researching you online.
- The following are a few common options when choosing an online store.
  - **Website-integrated store.** The store includes an integrated website for the practice. When a client visits the website, they will find basic information about the practice and advertising throughout various parts of the website. This is a popular solution for veterinary practices that do not have a website. Though this is an option, it is not recommended.
  - **Standalone store.** In addition to website-integrated stores, distributors also offer standalone stores. These stores are not hosted at the same place where your practice website is hosted. The store is easily visited by visiting a link that is placed on your website. The link will often come in the form of a banner or button. It is suggested to display the link on every page of your website or within a prominent location on your home page.
  - **Store within patient portals.** Perhaps one of the most useful store types would be a store integrated within your patient portal application (see 10.18 – Patient Portals). When clients are logged into their patient portal and require refills on medications they can easily log in to the portal and request a refill. When requesting a refill, clients have the option to choose to pick it up at the practice or to have it shipped directly to their home through the online store. The ease and convenience of this option increases prescription refill compliance and online pharmacy sales.

HOW TO PRICE PRODUCTS ONLINE

- It is important to understand that not everyone utilizing your online pharmacy is doing so because of the product pricing.
- You may have clients shop on your online store simply for the convenience of doing so right from their home without having to make a visit to the practice.
- When pricing products on your online pharmacy, make sure to match prices within the practice as closely as possible while ensuring profitability.
- When products are priced differently on the online pharmacy and in the practice, it often causes confusion when the pet owner needs to pick up the product in the clinic. This confusion can lead to client dissatisfaction.
- Price retail and pharmacy items fairly, competitively, and profitably (see 9.15 – Pharmacy Management as a Profit Center).
- In the instances where you match major online pharmacy prices, you can enable the "match major retailer" option within the online

store. Make sure to select only those items where you do truly want to match major online pharmacy prices.
• Why will matching all my online products prices from other online retailers not work? You do not have the advertising power and/or budget to advertise to your clients about the "deals" they can find on your website. In addition, this is not the type of advertising you should be spending your money on. Practices should focus their efforts on practice-building initiatives and selling appropriate products to their clients rather than focusing on selling cheaper pet products online.

MARKETING YOUR ONLINE PHARMACY

• Prior to marketing your online pharmacy, make sure you involve and educate your team (including employed veterinarians) about your online pharmacy.
• When you have your team aligned about the pharmacy, they will often help support the practice by recommending the online pharmacy to clients.
• Place professional signs throughout each examination room about the ability to shop for pet medications right from your website. Make sure to list your website on the sign.
• Create business cards that provide clients with instructions on how to access your store. These instructions include your website address, how to find the store on the website, and how to search and order products. Place the business cards inside of each bag containing prescriptions to be picked up.
• Make sure you have a link to the online store prominently displayed on each page of your website (do not use flashy banners).
• During patient visits to the practice, after you have filled or refilled a client prescription, let them know that they can refill the prescription in the future by visiting your online pharmacy. Repetition is key to marketing your store and making your clients aware of its existence.
• Let clients know they can refill their pet's medication through social media channels. Do not post this on social media any more often than once a month to avoid clients from feeling like the practice is constantly marketing a product or service to generate revenue.
• On each prescription label include one sentence that says, "To refill you pet's medication call us or visit our online pharmacy at …"
• On the footer of invoices add a sentence that says, "You can now refill you pet's prescription two ways: pick up or home delivery. Call us if you wish to pick up your pet's medication or visit our online pharmacy at … for home delivery."
• Include simple messaging on your "messages on hold" system.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

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10.23. VIRTUAL TEAM TRAINING



BASICS

OVERVIEW

Your team is different. Your training needs are different. The people you are training are also different. As the veterinary profession continues to mature, the way we train our teams requires us to provide greater options in meeting the needs of larger, more geographically disbursed, and more technically savvy audiences. Virtual team training, or training your team without a trainer or other team member in the front of the room, can be a robust method for providing training on new clinical techniques, office processes, management skills, acceptance, promoting consistency, and myriad customer service topics. It can also be an extremely effective method in environments where it is not feasible to gather all team members who require training in the same room and at the same time (see Figure 10-23-1).

Done well, virtual team training can be a powerful method in your practice's training arsenal. Done poorly, it can be an expensive failure. Herein are 10 rules for creating and delivering virtual team training that works.

TERMS DEFINED

Virtual Training: A medium of instruction where the trainer interacts with participants using web-based tools that mimic classroom experiences. These tools often include displaying slides, presenting video demonstrations, web conferencing, two-way chats, e-mail, and building a community of practice using social networking.



ISSUES AND OPTIONS

Social networking and inexpensive video cameras/recorders make virtual team training more cost-effective and robust than ever. There are still major cautions and considerations in adopting this type of training for your team.

RULE 1: PUT YOUR TRAINING ON A DIET

Virtual audiences will not tolerate long training sessions. Separate longer training classes into modules of approximately 20 minutes. Team members will feel that anything less is trivial and not worth their time.

RULE 2: GAIN ATTENTION FROM THE START

Before you can accomplish anything in a virtual training session, you need to gain the attention of your team members. Use the same type of icebreakers and creative introductions that you would employ in a face-to-face training class. For example, ask team members to introduce themselves through the eyes of their pet or share some significant and "relevant" experience of theirs that few would imagine.

Use a webcam or a slide with your picture and, if appropriate and possible, images of team members to establish a human element in your virtual training class.

Begin with a well thought out introduction that captures the essence of your virtual training session and the attention of the audience. Most team members switch to other tasks in a matter of seconds when you do not do something that holds their attention.

Be sure to quickly differentiate your virtual team training class from boring virtual meetings that your team members may have attended in the past. At the beginning of your virtual training session, demonstrate your interactive and casual style.

Never begin a virtual training session by having team members introduce themselves. Nothing is more boring at the beginning of a virtual training session than hearing an extended roll call. Instead, start out your virtual training session with a strong opening. Your opening should be scripted, memorized, and delivered with force. It should capture the essence of your virtual training session and the attention of the audience at the same time. A solid introduction will ensure that you start out strong and set the stage for building momentum as you continue.

Use more than just words. Have several pieces of multimedia at your disposal. Wow your audience by deploying well-timed movie clips, audio, or cartoons to liven things up. The Internet and availability of inexpensive digital cameras/recorders makes this easy.

Create a Facebook page using some of these techniques to pique learners' interest in your topic prior to and throughout your virtual learning experience.

RULE 3: ESTABLISH RELEVANCE

Team members who see no benefit in a virtual training session are much more likely to tune out of your class. You need to address this in the first 30 seconds. Once you demonstrate to your team how they will be directly affected by the content of your virtual training session, you will garner their attention. We sometimes refer to this as "What's in it for me?" Consider using a thought-provoking question or quote, a hard-to-believe statistic, a satirical cartoon, a compelling newspaper article, or a YouTube movie.

RULE 4: PRESENT INFORMATION WITH A TWIST

During training you probably spend most of your time presenting. Unfortunately, the "presenting" part can be the most boring portion of any training activity. It can be especially toxic (i.e., boring) in virtual training sessions, because time seems to go more slowly when team

	Yes	No
Total audience size is 25 or greater	✓	
People are dispersed in several locations or work a variety of shifts	✓	
Valuable to archive the training for future audiences	✓	
Need to establish trust		✓
Desire to change attitudes		✓
Message may be taken negatively		✓

Figure 10-23-1.

When to consider virtual team training.

members lack physical contact with a group. Make your virtual training as compact as you can. Try to economize by focusing on a few major points. If you are using PowerPoint slides, attempt to display a new one at least every three to five minutes. Supplement your virtual training sessions with demonstrations, question-and-answer sessions, and audience interactions. Finally, use a variety of content delivery types and media, such as Facebook discussions before and after the training, relevant YouTube presentations, and videos that you develop yourself using inexpensive video cameras to drive important points home.

The following are some additional practical hints to consider in presenting information during your virtual training session.

- Never be the "sage on the stage." Always attempt to be the "guide on the side."
- Everyone likes a good story. Use case studies or stories to engage team members. Ask team members to share their own experiences related to the content.
- Use strong instructional strategies. Present key ideas using different types of media. These include text, graphics, animations, illustrations, diagrams, schematics, videos, and models. Utilize strategies that include simulations, analogies, case studies, examples that showcase doing it "right," nonexamples that identify what not to do, mnemonics, jokes, war stories, and testimonials. The sky is the limit, and you are only restricted by your own imagination.
- Present familiar information from another point of view. Perhaps the animal's owner, or the animal itself.
- Focus on the delivery, not just the content. Although the content of your training is crucial, the way you deliver it plays a huge role in how the audience accepts your message. Stick to the schedule. Structure your virtual training session for maximum impact. Present information in short and logical chunks. Maintain a casual and effective tone. Keep a brisk pace. Roll with the punches. Finally, if there are outside distractions as you are presenting, let team members know what is occurring.

RULE 5: ASK COMPELLING QUESTIONS

Since the days of Socrates, we as a society have recognized the inherent value of asking questions. As children, most of us asked hundreds of questions a day to gain information about the world. Now, as adults, we continue to rely upon questions to gain information, especially during a virtual training session. You should spend at least 10% of your time asking and answering questions. Do not just use questions at the end of your class – pepper them throughout the entire event.

Many team members are reluctant to ask questions, especially when they know that they can hide. For others, questions and answers means that this is the end of the instructional portion of your virtual training session and that now is a good time to get back to work. The polling feature is one of the best tools in your virtual training arsenal of tools, but do not rely exclusively upon polling questions. As with most things in life, you never want to overuse a good thing. Even the most effective strategies become predictable and boring when they are overused.

Many major virtual training services and applications incorporate more complex multiple-choice, matching, and fill-in-the-blanks questions. Some even offer grading capabilities. The function of most questions and answers is to involve team members and to give them a chance to engage with the presenter.

RULE 6: CONDUCT REALISTIC DEMONSTRATIONS

When they are not talking, seasoned team trainers spend a substantial portion of their time performing demonstrations. Effective demonstrations do not happen by accident. While inexpensive cameras/recorders, such as GoPro, make creating demonstrations inexpensive and easy, good demonstrations require preparation. They are short and clearly focused, realistic, are easy to follow, incorporate visual elements, and get the audience involved.

Major Virtual Team Training Tools	*URL*
Cisco Webex	www.webex.com
Citrix GoTo Meeting	www.gotomeeting.com
Adobe Connect	www.adobe.com
Microsoft Live Meeting	www.microsoft.com

Figure 10-23-2.

Major virtual team training tools.

RULE 7: PROVOKE DISCUSSIONS

Discussions are essential for team members to buy into and internalize your training, but be careful. They can easily get out of hand. Follow these steps for conducting an effective virtual discussion. These apply if you are using a virtual training package or a social networking site, such as Facebook.

Initiate the discussion by asking a thought-provoking or timely question, such as, "Why do we need to change the way we schedule appointments? Didn't everything work out well the way we've always done it"? Then summarize and reword the key points expressed by the group and note them using the electronic whiteboard feature of your virtual training or meeting software (see Figure 10-23-2).

Structure the discussion. Be sure to display or distribute an outline of the discussion, and enforce it. Clarify the theme of the discussion and the topics that you expect it to cover.

Control the flow of discussion. This step requires "ruling with an iron hand in a velvet glove." Be ready to step in quickly to redirect the discussion toward the goal. Closely manage the discussion by asking another colleague to help you monitor the activity from a content standpoint. Use the microphone, whiteboard, chat window, or e-mail tools to keep the discussion on track.

Provoke respectful controversy. Respectful controversy occurs when people may strongly disagree in a discussion, but do not take it personally and certainly do not insult each other. During virtual team training, you need to continually model, manage, and reinforce team member's respectful behavior toward their colleagues.

Help team members listen to one another. Plant ideas by asking a leading question on the electronic whiteboard or displaying it in the chat window. A leading question could be, "Do you agree with this?" "How would you handle this in our practice?" "Have you ever seen anyone do this really well?" "How did they do it?" or "What would you do in their shoes?" Provide summaries that explicitly reference team members' comments.

Bring together diverse threads into a summary. Weave together team members' comments and connect their contributions to the theme of the discussion.

Thank all team members for their contributions. State your appreciation for their being courageous and highlight that this would be a boring world without different opinions. You may also send a personal note to those team members that you feel contributed significantly to the discussion.

RULE 8: EMPLOY INTERACTIVE ACTIVITIES

Interaction is critical to any successful training experience. We are social animals, and we typically enjoy working with others. These interactions also encourage doing. Both interacting and doing provide your team members with opportunities to internalize the information in your virtual training class and make it their own. Although interacting is easy when the other parties are in the same room, it is a bit more difficult when they are not. However, we successfully interact virtually with people all the time. We send e-mails, write notes, talk on the telephone, text message, tweet, and some of us even Skype. So, in promoting interaction in virtual training, we are

10.23. Virtual Team Training

only enhancing skills that we already rely on every day. Judging from the success of Facebook and other social networking tools, this becomes truer every day.

Polling is a good first step. Enticing team members to participate in your virtual training session by including polls or typed questions and responses is a step in the right direction. Remember to frame these questions in terms of their value to the audience, not to you. Do not expect 100% participation in the polls. Give team members adequate time to respond, but do not slow down the action. It is a bit like waiting for a bag of popcorn to pop. First you hear bursts of popping, and then it just trickles down to a gradual halt. Close the poll when the responding trickles down. Some seasoned virtual trainers keep the results hidden until the end of the poll.

Imagine it and you will be there. When you are planning your virtual training session:

- Close your eyes and imagine that your audience is in front of you. What would you do if you were face to face with the audience?
- Imagine what you would do if you and the audience could not see each other. How would you use your voice, your words, prepared demonstrations, or outside materials to achieve the same effect?
- Once you have completed all this, write it down. You have just completed the high-level instructional strategy to complement the content outline of your class.

Good interactions also need to be rehearsed and fine-tuned. So, before the big day, rehearse interactive activities with friends and colleagues.

Use planted questions. Sometimes you simply need to "prime the pump" to get things started. If the virtual training session is quiet or if you ask if anyone has a question and no one answers, have a team member whom you have already colluded with ask a question that you have prepared in advance. They can ask this question using the audio or chat features. You can even make up a question and attribute it to some mythical team member. Say, "Emily from San Francisco would like to know …" Forget that there is no Emily. You may feel that this is a bit deceptive, and it is. If you do not feel comfortable with this technique, feel free not to use it.

RULE 9: END WITH A BANG

The ending of your virtual team training should be its pinnacle, not its abyss. Everything that you have done so far should lead up to a crescendo. Never end a virtual training session with a dry restatement of the agenda. Never say, "Let's summarize what we've covered." Go back to why team members are there in the first place.

You need to end your virtual training session with an inspirational finale and a call to action. Nothing is more deflating than a question-and-answer session but no directive for change.

If your virtual training session was meant to address a problem or a yearning, do not simply remind them of that fact. Get them to feel it. Creating a feeling rather than describing it is the basic difference between poetry and standard writing. Standard communication tells you that it is snowing, but poetry compels you to feel the coldness and wetness of the snow. It evokes the emotion of what it was like when you were a child, saw the pure white blanket, and felt that thrilling sense of not having to go to school. Go back to your introduction; conjure up the hopes and dreams that your team members had at the beginning of the virtual training session. Help them imagine what it will feel like when they realize those dreams.

Remember, the end is not really the end. Keep the members of your virtual class connected using social networking, to build a community of practice that keeps the ideas and skills covered in your virtual class alive and fresh.

RULE 10: PREPARE, PREPARE, AND PREPARE SOME MORE

It is just a week before your virtual training, and you want to make sure that everything goes just right. The following are some items that you want to make sure you have on your checklist. When possible, incorporate social networking tools.

Send a motivating e-mail reminder to team members before the training class. Build a Facebook page. Keeping your future team members aware of the event will help to build excitement for it. If applicable, remind team members why the virtual training session is valuable to them personally, not just to their organization. Be sure that your request highlights what would be of value to them, not to you. To further hammer home this point, you might also ask team members to note what they would like to cover and challenges they are experiencing. Include help information for technical problems that may occur before or during the virtual training class. Warn team members not to plan to call from a cell phone. Often the reception is poor, and everyone gets to hear the static. Finally, recommend that audience members participate in the virtual training session using a headset or a quiet room, so that they can concentrate and not disturb others.

Review and refine your materials. If you have conducted this virtual training class previously, take some time to refine the virtual training session based upon your prior experiences.

Inspect the room where you will be conducting the event. If possible, gain information on the rooms that the team members will use. If several team members are located in the same remote site, check that the site meets your needs in terms of the size and layout, access to computers, number of chairs, and equipment in working order. Ensure that the ventilation, temperature, lighting, noise level, and seating arrangements will not be distracting. As the trainer, you may use a conference room, a corporate office, or your home office. You just want to make sure that you have a quiet and private location to eliminate distractions.

Select your wardrobe. Lean toward the conservative side. You can always make your outfit more casual by removing your jacket, but you cannot produce a jacket out of thin air. Wear neutral, solid clothing. Avoid stripes, plaids, and floral designs. Make sure that your clothes contrast with the background colors. Try everything on beforehand to ensure that you have not gained enough weight to make for a distractingly too-tight outfit. This is the time to learn that a shirt is missing a button or that you need to take a trip to the dry cleaner, not in the middle of your virtual training session.

Create a list of team members. This will provide team members with a sense of community and you with a vehicle for referring to team members by name and knowing something about them.

Upload supporting materials. If your virtual training software supports uploading materials to a shared folder, upload everything that you intend to distribute during the session to the folder. Then you will not have to worry about whether team members will be able to access the materials easily before, during, and after your virtual training session.

Rehearse! There is no substitute for rehearsal time. Practice delivering the virtual training session aloud as if there were an audience listening. Rehearsing is the only way to work out timing, find the right words, and become comfortable with transitions and segues between talking points. When you rehearse, practice slowing down your speech. Most presenters tend to move too quickly and risk breezing by a key point. When you rehearse, do so using the computer that you will use for the virtual training session. This way, you will be able to recognize and resolve issues way ahead of time.



EXAMPLES

- Conduct virtual team training on updates to your employee handbook. Encourage all members to ask questions and discuss their concerns.

10.23. VIRTUAL TEAM TRAINING

• Use virtual team training to follow up classroom training on new protocols and services. Take this opportunity to address concerns and resolve any snags.
• Capture senior team members performing technical procedures (e.g., running cytology equipment or processing third-party payments). Make viewing these recordings an integral part of your practice's skills training program. This will allow team members to view demonstrations by senior team members who have limited availability.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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10.24. INTERNET USE POLICY



BASICS

OVERVIEW

The practice should have a written policy statement in the policy manual, provided to all employees, which covers:

- Computers and Internet access are strictly for the business of the practice.
- Personal computer and Internet use are prohibited.
- No unauthorized or personal data (programs, multimedia files, screen savers, games, utilities, files) are allowed on practice-owned computers.
- No personal e-mail, discussion group access, or chat room access are allowed.
- Privacy statement.
- Illegal content defined (child pornography) and consequences stated (you are fired!).

TERMS DEFINED

Internet: Worldwide network of computer networks.
Libel: Defamation of another's character, appearing in written form.
Ransomware: Malware that encrypts the files on the computer, making them unreadable unless a ransom is paid.



ISSUES AND OPTIONS

SECURITY

- Hardware firewall between business network and the Internet (see 10.8 – Cybersecurity and Network Security)
- Wireless access point (WAP) security.
  - Media access control filtering – only computers known to the WAP are allowed access.
  - Encryption – only computers using the encryption key are allowed access, and all data are secure.
- Specified individual to perform updates and log them.
- Virus protection software with *scheduled* scans and updates.
- Operating system security updates *scheduled*.
- *Scheduled* backups of all critical data (see 10.7 – Information Security: Backing Up and Archiving Your System).
- Offsite storage of backup copies.
- *Scheduled* review of security logs (files kept by the computer listing activity) looking for hostile accesses.
- No employee media (discs, CDs, flash drives) allowed in computers.
- No surfing the Web on practice-owned computers.
- Consider disconnecting critical systems (medical records, employee records) from the network (use removable storage devices to transfer between local net and critical systems).
- Uninterruptible power supplies for critical systems.

PRIVACY

- Employers may read employee e-mail and files without their permission (state laws vary and must be stated policy):
  - if e-mail system is locally operated;
  - for the express purpose of protecting practice interests;
  - if employees have been so advised in writing at the point of hire.
- Otherwise, a court-issued search order is required (similar to employee lockers and work areas).
- Safeguard and prevent access to:
  - medical information, including client lists;
  - client financial records;
  - employee records.
- Do not transmit any confidential information in e-mail.

PURCHASING

- Buy from vendors that have a prior relationship with the practice.
- Make first transaction with a new vendor by paper correspondence.
- Purchase a small order on first transaction.
- Verify vendor's existence with Better Business Bureau (www.bbb.org) or local Chamber of Commerce (www.uschamber.com) inquiries or searches.
- Do not include credit card numbers or bank account information in e-mail or unencrypted connections.
- Realize that unbelievably low prices or "good deals" are signs of potential fraud.
- Internet fraud can be impossible to spot, so be security oriented.
- Do not be fooled by graphics, icons, or the appearance of content or e-mail. These things are easily faked.
- Obtain legal consultation on state and local tax laws covering electronic commerce.

COPYRIGHT

- Do not use graphics or information from the Web without written permission of the author.
- Hyperlinks are usually considered acceptable use.
- Assert copyright in all content served by the practice. For example:
  - Copyright © 201x All rights reserved Elsewhere Veterinary Clinic.

PUBLISHING

- Website is considered public publishing.
- Any derogatory or judgmental statement that can be considered libel automatically satisfies the publishing element (libel requires publishing a defamatory remark, intent to defame, identifying target, and actual damages).
- All statements are considered advertising and are subject to applicable regulations. Therefore, avoid any content that states, implies, or could be construed as:
  - diagnosing;
  - associating signs with a specific disease;
  - comparing practice with others, especially unfavorably;
  - proposing specific treatments;
  - possessing secret technology or treatments;
  - guaranteeing success;
  - possessing specialty training unless boarded or credentialed.
- The scope of Web publishing is worldwide.
- Do not publish telephone numbers, personal e-mail accounts, or home addresses of staff.
- Take responsibility for moderating any practice-operated discussion group, bulletin board, or chat room, and restrict libel, obscenities, and other illegal content. Prohibit flame wars (defamatory exchanges).

LIABILITY

- Software piracy. The practice is liable for the presence of stolen software.
- Copyrighted content. Storage or use of pirated data such as MP3 music files or "ripped" movies.
- Illegal content. Child pornography, hate statements, seditionist statements, threatening speech or extortion, libel, or stolen information.
- Hosting hacker or hostile activity. Some viruses conduct denial-of-service (DOS) attacks by infecting thousands of innocent computers. At a preprogrammed time, all the compromised computers transmit packets to the targeted system, which overwhelms it. The practice may be cut off by their Internet service provider if their machines are traced participating in a DOS assault.
- Supporting transfer of illegal content. Hackers may compromise a computer and use it as a drop box to exchange illegal content. The owner is responsible for data on their computers.
- Vicarious liability. The owner of the equipment is liable even if they did not know or participate in the prohibited use.
- Do not use names, likenesses, or attributed statements without the written permission of the individual.

10.24. INTERNET USE POLICY



EXAMPLES

Responses to typical questions posed by both employers and employees are provided.

- Why are these guidelines so draconian?
  - The practice invests resources in the computing systems and their function is critical to patient care and business operations. Valid business use poses few threats to the systems; it is the personal surfing of the Web or downloading a game that brings hostile content (malware) into the practice.
- Our practice wants to allow employees to send and receive e-mail and cannot see the harm in letting them check on their online auction status. How can we do that?
  - The desire to provide these employee benefits is admirable. However, do not compromise the business of the practice for a perk. Encourage employees to purchase private computers for their own use at home, perhaps through low- or no-interest loans. Consider adding a wireless access point for employee use. Restrict access to employee machines and isolate the wireless path to the Internet from the practice network.
- My technician found a really cool program that calculates dosages and prints a page for the records. How do you recommend we put this on our network?
  - First of all, determine if it is copyrighted material. It is illegal to copy or share content that is protected by copyright. If you cannot prove that the program is in the public domain, then do not put it on your network. Search for the software name on the Web, and if you find it being sold, consider it protected. If it is legal, then have your system administrator scan it for viruses with the latest updated virus scanning software. If satisfactorily virus free, you may then be able to negotiate a bulk rate from the supplier or author.



CAUTIONS

Many of the topics in this section are legal in nature. The statutes vary markedly between states and localities. Proper legal consultation is essential to safeguard the practice. Information presented here is generically accurate at the time written, but it must not be used without local validation.



MISCELLANEOUS

ABBREVIATIONS

DOS: Denial of service
WAP: Wireless access point

References

N/A

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10.25. DIGITAL COMMUNICATION POLICIES FOR STAFF



BASICS

OVERVIEW

• In order to properly utilize social media and its benefits, your practice must have a comprehensive policy in place to avoid disputes and facilitate safe and secure use of various recommended new media applications and channels.
• In the digital communication world, it is important to incorporate digital communication policies within your human resources policies.
• These policies will help prevent misunderstandings from team members regarding appropriate utilization of digital communication within the practice.
• Social media policies help team members who will be communicating on behalf of the practice to fully understand their responsibilities.
• Appropriate policies prevent staff from breaking client and/or patient confidentiality.
• Your veterinary practice's social networking moderators should be trained regarding the terms of this policy, including their responsibilities to review content submitted for posting to ensure compliance with the policy.
• All social networking sites shall clearly indicate they are maintained by your veterinary practice and shall have your practice's contact information prominently displayed.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

DEVELOPING A SOCIAL MEDIA POLICY

• A social media policy should be used for all team members who will be communicating through social media channels on behalf of the practice (see 10.16 – Social Media).
• The social media policy will contain a "Purpose" that will outline the following:
  ◦ The organization may utilize social media and social network sites to further enhance communications with various members in our organization in support of stated goals and objectives. The organization has the ability to publish articles, facilitate discussions, and communicate information through various media related to conducting our business. Social media facilitates further discussion of appropriate issues, operations, and services by providing the opportunity to participate in many ways using the Internet.
• The social media policy will follow the organization's purpose and should outline the following details as part of the actual policy:
  ◦ The practice owner(s) will decide which social media channels the practice will create.
  ◦ Content submitted for posting that is deemed not suitable for posting by the practice owner because it is not topically related to the particular social networking site objective being commented upon, or is deemed prohibited content, will be rejected along with a description of the reason the specific content is deemed not suitable for posting, to further educate staff as to content appropriateness.
  ◦ The organization's social networking content and comments containing any of the following forms of content shall not be allowed for posting:
    ▪ comments not topically related to the particular site or blog article being commented upon;
    ▪ profane language or content;
    ▪ content that promotes, fosters, or perpetuates discrimination on the basis of race, creed, color, age, religion, gender, marital status, status with regard to public assistance, national origin, physical or mental disability, or sexual orientation;
    ▪ sexual content or links to sexual content;
    ▪ solicitations of commerce;
    ▪ conduct or encouragement of illegal activity;
    ▪ information that may tend to compromise the safety or security of the public;
    ▪ content that violates a legal ownership interest of any other party.
  ◦ The organization's social networking moderators shall be trained regarding the terms of this policy, including their responsibilities to review content submitted for posting to ensure compliance with the policy.
  ◦ All social networking sites shall clearly indicate they are maintained by the organization and shall have the organization's contact information prominently displayed.
  ◦ Where appropriate, the organization's information technology (IT) security policies shall apply to all social networking sites and articles.
  ◦ Employees or members representing the organization via social media outlets must conduct themselves at all times as representatives of the organization and in accordance with all human resource policies.
  ◦ Employees found in violation of the policy may be subject to disciplinary action, up to and including termination of employment.
• Provide definitions to avoid misunderstandings within the policy. Such definitions can be outlined as follows.
  ◦ For the purpose of this organization's social media policy, the following terms are defined:
    ▪ **Social media.** Social media is content created by individuals using accessible and scalable technologies through the Internet. Examples of social media include Facebook, blogs, Twitter, Really Simple Syndication, YouTube, Instagram, LinkedIn, SnapChat, and so on. A blog (an abridgment of the term web log) is a website with regular entries of commentary, descriptions of events, or other material, such as graphics or video.
    ▪ **The organization author.** An authorized organization employee that creates and is responsible for posted articles and information on social media sites.
    ▪ **Article.** An original posting of content to the organization's social media site by an organization author.
    ▪ **Commenter.** A veterinary practice employee and/or member of the public who submits a comment for posting in response to the content of a particular article or social media content.
    ▪ **Comment.** A response to a veterinary practice's article or social media content submitted by a commenter.
    ▪ **Organization moderator.** An authorized veterinary employee who reviews, authorizes, and allows content submitted by veterinary authors and public commentators to be posted to your veterinary practice's social media sites.
• When possible, provide guidance for the employee who will be participating in social networking initiatives for the practice.

MOBILE TELEPHONE AND TABLET USAGE POLICY

• Cell phones and tablets can become a big problem for veterinary practices.
• Proper policies should be in place to prevent cell phone usage during company time.
• Cell phone or tablet cameras should be strictly prohibited within the practice and not used on company time.
• Many employees utilize cell phone or tablet cameras to take photos of clients' pets and/or employees within the practice and can become an invasion of privacy.

10.25. DIGITAL COMMUNICATION POLICIES FOR STAFF

• Employees who take photos of patients without consent can put the practice in an at-risk situation for legal problems (see 13.5 – Privacy Policy and Confidentiality).
• Without appropriate instructions not to do so, employees could utilize images taken from their cell phone and/or tablet camera and post them online without consent.
• Develop a policy within the practice to cover inappropriate cell phone and/or tablet use. See Examples section.

INTERNET USE POLICY

• One of the biggest mistakes in computer networking is the failure to set up proper policies and procedures to protect your network.
• Regulating the use of your system is the key to keeping your data secure (see 10.24 – Internet Use Policy).
• Most practice systems today are connected to the Internet for conducting medical research, sending e-mails, transmitting laboratory results, digital radiographs, and more.
• Having your server connected to the Internet is also important for every practice to fully utilize their practice management software and integration capabilities.
• If your system is not protected properly you may encounter major problems that can ruin your system and the financial investment you have made in it.
• Proper policies and procedures must be taken to keep the system secure, reliable, and functional.



EXAMPLES

SAMPLE INTERNET USE POLICY

Internet use on company time is authorized to conduct company business only. Internet use brings the possibility of breaches to the security of confidential company information. Internet use also creates the possibility of contamination of our system with viruses or spyware. Spyware allows unauthorized people, outside the company, to gain potential access to company passwords and other confidential information.

Removing such programs from the company network requires IT staff to invest time and attention that is better devoted elsewhere. For this reason, and to assure the use of work time appropriately for work, we ask staff members to limit Internet use.

Additionally, under no circumstances may company computers or other electronic equipment be used to obtain, view, or reach any pornographic, or otherwise immoral, unethical, or nonbusiness-related Internet sites. Doing so can lead to disciplinary action up to and including termination of employment.

SAMPLE CELL PHONE AND TABLET USAGE POLICY

• **Section 1: Use of cell phones or similar devices.** Our company policy of cell phone usage is outlined as follows. Each employee is required to adhere to this policy while employed at the practice.
  ◦ **Section 1(a): General use at work.** While on company time, cell phones are not permitted for use.
  ◦ **Section 1(b): Unsafe work situations.** Requires that in unsafe work situations (e.g., restraining a pet, cleaning, moving heavy objects) cell phones must not be used (whether on company time or not).
  ◦ **Section 1(c): Use while driving.** As a company, we have an absolute ban on employee use of cell phones while driving on company-related business.
• **Section 2: No use of camera phones.** Camera phones can present risks to the company, potentially compromising customer information, patient identity, trade secrets, or the privacy of other employees. The uses of cameras of any type are completely prohibited on premises. In addition, as a company we enforce the Florida State Video Voyeurism Law, Statue 810.145. This law prohibits the recording or disseminating of images of an individual's "private areas" without consent, when the recording was made in a location that the person expected would be private. If an employee is accused of voyeurism, a company official will refer all instances to the proper local authorities.
• **Section 3: Special responsibilities of managerial staff.** As a company we emphasize the importance of management providing a good example of cell phone use, and in guarding against excessive or inappropriate use of such phones by their employees. If a member of our managerial staff is witnessed using a cell phone inappropriately, please report all instances to the company administrator or owner.



CAUTIONS

Ensure the practice develops the appropriate policies to protect client and patient confidentiality. Do not wait until it is too late.



MISCELLANEOUS

ABBREVIATIONS

IT: Information technology

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N/A

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Section 11

Facility Management, Design and Construction

11.1. CONTEMPLATING PRACTICE OWNERSHIP: GETTING STARTED



BASICS

OVERVIEW

At some point in the career of most veterinarians there is contemplation over whether practice ownership might be a serious consideration. Approximately one-quarter of veterinarians practice as owners, and typically less than one-third of veterinarians seriously consider practice ownership somewhere in their future. But still, most veterinarians will at least give the matter some thought throughout their careers.

Contemplating practice ownership can be capricious, considering on a whim what it might be like to own a veterinary practice, and fantasies are acceptable at this stage of the game. However, when contemplating anything more tangible, it is important to realize that the time for daydreams is over, and serious thought needs to be devoted to strategic planning and finances. Owning a veterinary practice is much more than just financing a place to deliver veterinary medicine. It is a business and, as such, it will need to provide a return on investment (ROI) sufficient to justify risking time, effort, and money on the project.

Interestingly, you do not actually need preexisting business acumen to consider owning a veterinary practice. Many veterinarians without any inherent business skills have operated successful veterinary businesses. But you must be prepared to put together a team of professional with the skills you do need (see 1.17 – Practice Management Support Professionals) to help guide you on your desired path.

TERMS DEFINED

Benefit Stream: Any level of revenue (income), cash flow, or earnings (profit) generated by a business entity.

Brand: The idea or image of a product or service that consumers connect with, by identifying the name, logo, slogan, or design of the company. It is a differentiating feature from other businesses.

Trade Area: The geographic area around a business reflecting where most clients will originate. In most instances, it is inferred that about 80% of clients will come from this trade area. This concept is used in potential customer mapping, and also in noncompete agreements.



ISSUES AND OPTIONS

Contemplating practice ownership can be a fun pastime, but there are also some very real reasons why it is worth exploring the notion.

WHY CONSIDER BEING A PRACTICE OWNER?

- There are many reasons why veterinarians want to be practice owners, but the most convincing reason is typically related to compensation.
- Owner veterinarians likely pay themselves the same as they would employed veterinarians (associates) performing essentially the same services at the same level of expertise, but this is not the end of the compensation available.
- Owner veterinarians provide oversight for the business aspects of the practice, and for that they are entitled to management compensation, reflecting the time and expertise they devote to this process.
- Owner veterinarians are also entitled to a variety of perquisites (perks) associated with business ownership [see 7.17 – Perquisites (Perks) of Practice Ownership], including a variety of potential benefits, as well as preferred tax treatment (the ability to deduct from taxes many business-related expenses that employed veterinarians are not entitled to deduct).
- In most cases, if the practice is profitable, the majority of that profit accrues to the benefit of the owners of the business. In fact, the ROI for a profitable practice may far exceed the compensation payable based on production.
- Owner veterinarians also have the prospect of reaping the rewards of their efforts when they decide to sell the practice. This ROI can be substantial, especially if the business has a record of profitability, one of the most important components of a business's valuation (see 14.13 – Determining a Practice's Worth).
- Over the lifetime ownership of a profitable veterinary practice, owners stand to gain substantially more than those veterinarians simply employed by the practice.

WHY THINK TWICE ABOUT PRACTICE OWNERSHIP?

- Many veterinarians may think that the most attractive part of practice ownership is being able to be your own boss, but this is a double-edged sword.
- Being your own boss often means being the boss of others as well, and this is the aspect of practice ownership that tends to cause the most headaches for veterinary business owners.
- Being the boss also means taking ultimate responsibility for building the practice brand, and for ensuring the profitability of the practice so that bills can be paid with enough left over to justify the investment made. If a veterinary practice is not profitable, or poorly profitable, then the owners are assuming the risk for the venture without sufficient reward for such risk assumption.
- Veterinarians may be concerned with the debt component of contemplating a practice, but if you have put together the right team of professionals to assist, there should be a good chance that the practice will deliver on its projections.
- Still, if the idea of incurring debt keeps you up at night, there are options for working as a veterinarian that carry no such risk. However, it is this risk that allows owner veterinarians to become entitled to those benefits already discussed.
- Perhaps one of the most important things to consider when contemplating practice ownership is the illiquidity of the investment. Once you own a veterinary practice, if you decide that ownership is actually not for you, selling the business is rarely immediate. A liquid investment is typically one that can be converted to cash within three business days, and clearly this is not the case with a veterinary practice.

FIRST THINGS FIRST

- For at least some veterinarians, the consideration of owning a practice may originate from bad experiences working for another practice. In fact, there may even be a temptation to leave that practice and establish a competitive practice nearby, even in the same trade area. Fight this temptation!
- Like any major investment, decisions should be made on the basis of strategic planning and sober reasoning, and spite is rarely a good enough reason to assume the risks of practice ownership (see 14.5 – Strategic Planning and Implementation).
- Things worth pondering initially are the type of practice to be considered, a general geographic location that would be desirable, and a potential timeline for action.
- Another point worth considering early in the process is whether you want to build a practice from the ground up or buy one already in existence. Some veterinarians may like the idea of creating their own practice footprint with all the features they want, but the biggest problem with this option is that you also need to create an entirely new client base, and that is typically much harder than new owners envision. The advantage of purchasing a clinic already in existence is that it has a ready-made client base, and so it should have cash flow right from day one of ownership.

NEXT STEPS

- Once there is some serious intent behind proceeding with practice ownership, it is typically worth engaging a consultant that can help frame the other questions that need to be contemplated (see 1.17 – Practice Management Support Professionals).

11.1. CONTEMPLATING PRACTICE OWNERSHIP: GETTING STARTED

• Once you select a consultant with which you are comfortable, and they understand at least the basic aspects of what you are hoping to accomplish with practice ownership, they can help build a framework for proceeding.
• At some point early in the process, there will be a need for a business plan (see 14.10 – Business Plans) and pro forma documents about anticipated cash flow in the new venture. This will be needed by potential lenders, but will also be needed in the strategic planning process.
• This initial phase can also serve as a sanity check for potential new owners. There may be a tendency to build an extravagant hospital with all the bells and whistles, but a consultant can help keep the process realistic, so cash flows can be reasonably predicted and defensible. By using benchmarks (see 7.6 – Benchmarking), consultants can help new owners set realistic expectations for what the new practice is likely to deliver.
• An important role of a consultant can also be to help ensure that the novice owner has assembled a reasonable team to meet the coming challenge. This might include individuals with expertise in accounting, valuation, insurance, and law, and those with specific expertise in veterinary lending, demographic assessment, human resource issues, and so on.

THE LONG GAME

• Practice ownership is a long-term investment, so it should not be approached as a whim. In most cases, the time horizon is greater than 10 years between acquisition and sale.
• That being said, whenever approaching such a long-term investment, it is worth considering an exit plan from the very start (see 14.21 – Succession Planning).
• Succession planning works best when considering that exit strategy. For instance, if the concept is to demonstrate five years of revenue growth and profitability and then sell to a corporate entity, it is worthwhile to be aware of what the corporates are looking to buy (e.g., free-standing clinic? Three or more full-time-equivalent veterinarians? Revenue generation per full-time-equivalent veterinarian?). Buying priorities can change over time, but good fundamentals tend to serve most business owners well.
• When it does come time to transfer ownership of the practice, remember that one of the most important aspects of practice valuation is profitability. New buyers will want to purchase a benefit stream, and minimize any risk associated with that benefit stream. Retirement may be a time for slowing down, but the practice should ideally be sold when revenue and profitability are still growing.

EXAMPLES

N/A

CAUTIONS

• Owning a veterinary practice is an investment, and all investments come with risks. Veterinarians can and do lose money on veterinary practice investments, especially if they lose sight of the fact that a veterinary practice needs to be profitable in addition to being a place where veterinary medicine is delivered.
• Economic shocks, such as recessions, can occur and can affect many businesses, including veterinary practices.
• It is sometimes said anecdotally that veterinary medicine is recession proof, but this is a mischaracterization. Businesses that deliver valued services tend to fare well, even during recessions, and this includes veterinary practices. Businesses that provide less valued services can suffer during recessions, and this includes veterinary practices.
• It is sometimes disheartening to veterinarians that it is not necessarily the quality of medicine practiced that determines the value of a veterinary practice. While the quality of medicine practiced is important in value delivery to clients, it is the profitability of the business that is the main driver of practice value. Potential practice owners would do well to appreciate this reality.

MISCELLANEOUS

ABBREVIATIONS

ROI: Return on investment

References

N/A

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11.2. Building, Buying, or Leasing?



BASICS

OVERVIEW

With the exception of mobile or traveling veterinarians, any veterinarian considering owning a hospital is faced with the decision of whether to buy, build, or lease the property needed to operate the business.

Understanding the costs and benefits of the three primary means of holding real estate allows the sole-practitioner veterinarian or ownership group to make an informed decision for the best option. Careful consideration of the specific circumstances of each option will lead to the best possible decision depending on the local market, the long-term interests of the owner(s), and the growth potential of the practice.

TERMS DEFINED

Base Rent: The rent charged by a landlord without any additional expenses, often expressed on a dollars per square-foot, per year basis. The base rent can vary widely, but most typically, in 2016 US dollars, is $20 to $40 per square foot ($2150 to $430 per square meter) per year.

Build-out: The interior construction necessary before a tenant is able to use the space. Some landlords are willing to provide an upfront, lump-sum cash allowance to provide for a portion of the build-out expenses, effectively incorporating the financing for build-out into the term of the lease.

Double Net Lease: A lease in which the property taxes and building insurance are the responsibility of the tenant, but the landlord covers the costs of any structural repairs or common-area maintenance. Also referred to as Net-Net.

Escalation: Automatic increases to the base rent amount that occur at set times over the term of the lease.

General Contractor: A builder that subcontracts for the majority or all of the trades associated with the construction of a freestanding building, renovation, or the build-out of a lease space. Although many contractors self-perform certain aspects of construction, their most important role is organizing and contracting with the specialty contractors needed for a construction project.

Lease Type: A general classification of a type of commercial property lease dependent upon assignment of costs to either the landlord (lessor) or to the tenant (lessee). The costs above and beyond the base rent rate often include property taxes, insurance, and building maintenance and repair.

SBA 504 Loan: A loan program administered by the Small Business Administration (SBA). These loans are guaranteed by the U.S. government and cover up to 40% of the project cost, with another 50% financed conventionally, and a low 10% down payment from the owner. Although there are restrictions, SBA loans are a good option for many small business owners to cover a portion of their construction financing.

Single Net Lease: A relatively uncommon form for a commercial lease agreement in which only the cost of property taxes is passed through to the tenant. Also referred to as Net.

Triple Net Lease: An expression describing a commercial real estate lease based on the terms that the tenant is responsible for a base rent plus the property taxes, building insurance, and building maintenance and repair costs. This type of lease is common for single-tenant, freestanding buildings. Also referred to as Net-Net-Net.

Veterinary-Specific Lender: Any of a number of banks or mortgage brokers/lenders that specialize in servicing the veterinary industry. Many large banks operate specific divisions that cater to veterinarians. Just like dentists and other professionals, veterinary practices operate in a known risk range that is often desirable to minimize a bank's exposure to bad debt.



ISSUES AND OPTIONS

A licensed architect and a contractor will be required to obtain the required permits and to build a veterinary hospital regardless of whether the plan for the hospital is to build, buy, or lease (see 11.7 – The Construction Process and Working with Architects).

- Building options include construction of a new freestanding building, tenant build-out of a generic leased space, or the renovation of and/or additions to an existing building in order to repurpose the building to house a veterinary practice. Renovations or additions can be performed either for a leased property or for a property that has been purchased.
- Options for buying real estate can range from purchasing a small commercial condominium to purchasing a large freestanding building or established veterinary practice.
- Buying the building or space needed to operate a business provides an investment opportunity to establish equity in the real estate market. In most situations, the veterinary practice pays rent to a separate business entity that is typically owned by the same individual(s) – that is, the practice owner(s); the lease terms usually dictate that the tenant covers all costs associated with the mortgage payments and the property.
- It can be much quicker to build-out a tenant space than to build a new freestanding building. Most tenant improvements can be constructed in three to six months, whereas new buildings commonly take a year to build. It often takes up to two years from the closing on a piece of land to move-in day for a new building when including time for design, city approvals, and construction.
- Buying real estate requires more commitment of capital than leasing. This can be a barrier for many veterinarians, especially those just starting out.
- Most start-up veterinary practices tend to be built in leased spaces in multitenant commercial buildings, such as strip malls. Lease terms can range from 5 to 20 years as a base time frame, with options for extensions to the lease term often built into the contract.
- One advantage of building a new, freestanding hospital is the ability to build exactly what is needed to suit a specific vision and to build it without compromise.
- Owning the real estate affords a practice owner the option of retaining ownership of the property as an income opportunity after retirement even if the practice is sold. Corporate veterinary practice consolidators often prefer not to hold real estate, allowing them to maximize their resources for buying practices. Obtaining rental property income from new practice owners can be an important part of an exit strategy plan.
- When planning to buy a piece of property on which to build a veterinary practice, first determine how much land is needed and if the specific property is zoned to allow veterinary use (see 11.8 – Zoning and Permitting). In most cases, lot size should be about four to five times the building size to allow for parking, landscaping, required setbacks, and other zoning requirements. For example, an 8,000-ft^2 (750-m^2) building would require a property that is between three-quarters of an acre and one acre. One acre (0.4 ha) equals 43,560 ft^2 (4,047 m^2). Consider a larger property if future expansion is anticipated.
- Be sure to check with the local planning and building department to verify that the use will be permitted and to see if there are any specific restrictions on the property.
- Be especially diligent if the plan includes any boarding services or a 24-hour emergency hospital. These are highly regulated uses in most places.
- As a rule of thumb, the older the building, the more difficult and expensive it will be to remodel. When planning for the build-out of a lease space in a strip mall, look for a newly built shopping center where

being the first tenant is an option. Tenant improvements in a new building are usually much easier to design and build, plus the locations tend to be near growing-population areas, which will be good for business growth.



EXAMPLES

- A new, start-up, small animal practice with one or two doctors typically needs between 1,200 and 3,000 ft^2 (110–280 m^2) of building area. In this size range, there are typically many options available for lease spaces in retail centers or small commercial buildings. For a first-time practice owner, this is often the best option.
- Established, multidoctor general practices can range in size from 5,000 to 10,000 ft^2 (465–930 m^2). In this size range, there are fewer commercial lease spaces available, and either leasing or building a dedicated, freestanding building becomes more viable.
- Large specialty referral and emergency hospitals can start at 10,000 ft^2 (930 m^2) and be as large as 30,000 ft^2 (2,790 m^2) or more. At this size there are few lease spaces available, and there are many benefits to building a new freestanding hospital specifically for this use.



CAUTIONS

- When paying for improvements to a leased property, it can be a good idea to deliberately select materials and make design decisions based on the anticipated time of the property lease. Beware of spending large sums of money to improve someone else's building and then not being able to reap the full benefit.
- Before agreeing to lease or purchase any property, be sure to have it inspected to ensure that it meets expectations and is suitable for the intended use. When planning extensive renovations to a property, it may be prudent to pay for some upfront design work or a review by an architect or builder to avoid surprises.
- Beware that certain changes in the use of an existing building can trigger requirements to make upgrades to meet current building code requirements. Some upgrades could be so prohibitive that the property simply may not be practical to use as a veterinary hospital.



MISCELLANEOUS

ABBREVIATIONS

SBA: Small Business Administration

References

N/A

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11.3. ASSET OWNERSHIP



BASICS

OVERVIEW

• Many veterinarians believe that the success of their practice is measured by how big a facility they own and the latest and most expensive equipment they have.
• Although owning the real estate can be a good investment and is a good way to build equity, it is not necessary to own the building in which your practice is located if the location is right and the price is right and a whole host of other variables are right (see 11.2 – Building, Buying, or Leasing?).
• Owning equipment is good for your practice if the practice makes money as a result of the investment in the equipment. Many times, however, when making decisions about acquiring real estate and/or expensive equipment, very simple techniques are not always used to determine if the investments should be undertaken (see 7.1 – Time Value of Money).
• Because of the long period of time involved in making these types of long-range decisions, it is important to utilize more sophisticated techniques to help in the decision-making process.

TERMS DEFINED

Breakeven Point: The point at which the initial money spent is recovered through cash inflows from the property. Can be a valid decision-making tool for short-term investments not requiring a large outflow of cash.
Economic Life: The number of years over which cash is expected to be returned from an investment in property.
Future Value of Money: Amount that a given amount of invested cash will be worth at the end of a given period of time when earning a stated rate of interest. This presumes that the interest earned will be reinvested in the property and not withdrawn or spent.
Limited Liability Company (LLC): Business entity formed under the state laws of the state in which you live. Each statute is different, but generally the LLC is made up of members who actively manage the business but have no personal liability for its debt or obligations (unless signed on as personal guarantor for a mortgage, for example).
Present Value of Money: The present value of an amount of money that is expected to be received at a specified time in the future is the amount that if invested today at a specified interest rate would accumulate to that given amount.
Return on Investment: The present value of the net cash earned compared with the net investment in the property.



ISSUES AND OPTIONS

• In order to more accurately decide if money invested over the long term is a good investment for your practice, a number of variables need to be known:
  ◦ When and how much cash is invested (cash outflow)?
  ◦ When and how much cash is recovered (cash inflow)?
  ◦ What is the required rate of return or discount rate? (How much would you like to earn from the investment?)
  ◦ How long do you expect the property to be of value to your economic life?
• The important cash outflows are the incremental expenditures of money directly traceable to the item you are purchasing. This can include direct purchase of the item, shipping and handling, construction costs, installation, training special supplies, maintenance and expected repairs, property taxes, and so on – all items that need to be factored into the total cash outflows.
• The important cash inflows reflect the cash received that can be directly related to the purchase of the property or item. It does not matter what type of increase in cash is represented by the cash inflow – it could be a savings over a current way of doing something, cash received from the sale of a similar type asset that is being replaced or is no longer needed, or incremental income received as a result of owning this particular piece of equipment or property.
• The required rate of return represents the amount of money that you would like to receive as a result of owning this investment. Although there are sophisticated methods for determining the required rate of return, for your purposes you get to choose the rate. If the investment has an element of risk associated with it, such as a very new piece of equipment that carries a high price tag, the cost of the procedure is expensive, and your clients will need to be educated on the advantage of using the procedure, you might want to have a very high rate of return. If the property is a good investment with very little risk associated with it, such as good real estate in a very good location, your rate of return might be comparable to a risk-free investment, such as Treasury bonds.
• The economic life is simply how long you expect the property to be of value to you – real estate may be 25 or 30 years, but an ultrasound machine may be five years. (It may still be serviceable, but new technology could make it less desirable for use.)
• If inflation remains in the 2% range, for purposes of doing these calculations you can safely ignore any impact of inflation on your decision. With higher rates of inflation, however, using an appropriate and possibly changing discount rate to apply to the cash inflows and outflows in subsequent years will, in effect, account for the effect of inflation.



EXAMPLES

Putting this all together:
• You must have access to a present value table for doing these calculations. These can be accessed in Excel, several sites on the Internet (e.g., https://www.www.accountingcoach.com/present-value-of-a-single-amount/explanation3), or any good finance or accounting textbook (see 7.1 – Time Value of Money).
• Initial outflow of cash upon purchase of the asset is always multiplied by 1 to determine its present value. This basically represents the amount spent for the property in today's dollars. For subsequent years, going to the present value table, you will find a factor that you will multiply times the amount of inflow or outflow during that year. In our example (see Tables 11-3-1 and 11-3-2), $1,200 would be multiplied by 0.826, which represents the present value factor for a 10% return (the desired return we want to receive from our investment) to determine the present-day value of the $1,200 we will receive in year 2. The cash inflows for each subsequent year would be multiplied by the appropriate present value factor and then added together for each year to obtain the net present value of the income stream for each purchase.

Table 11-3-1. Typical analysis for determining when initial cash investment is recaptured.

Investment	Initial amount invested	Cash 1	Inflows 2	By year 3
A	$1,000		$1,200	
B	$1,000	$600	$ 400	$200
C	$1,000	$200	$ 400	$600
D	$1,000	$400	$ 400	$400

Table 11-3-2.

Investment	Cash outflow	Year 1 cash inflow	Present value factor	Year 2 cash inflow	Present value factor	Year 3 cash inflow	Present value factor total	Total
A	$1,000	$0	0	$1,200	0.826	$0	0	$ 991
B	$1,000	$600	0.909	$ 400	0.826	$200	0.751	$1,026
C	$1,000	$200	0.909	$ 400	0.826	$600	0.751	$ 962
D	$1,000	$400	0.909	$ 400	0.826	$400	0.751	$ 994

The net present value of each of these investments, assuming a desired rate of return of 10%, is as follows:

- The only investment that will meet our desired return of at least 10% is option B. If we had used the typical method of analyzing returns (the breakeven method), when can we recoup our investment? Options A and B will both return our initial investment by the end of year 2. Option A will appear to be the better investment because we get our money back a bit quicker; however, option B actually returns our money at the desired investment return of greater than 10% while investment A's return was slightly less than 10%. For larger investments over a longer period of time, calculating the present value of the inflow and outflows of cash together with a desired rate of return on the money invested is the best way to accurately evaluate the benefit of your investment.
- In the case of real estate, once the decision is made to purchase the real estate, who owns it? In most cases, the real estate is generally not owned by the practice. Even though, in some states, rent paid to the landlord is subject to sales tax (be sure to check this with the laws of your state), in most situations it is better to have the property owned by an LLC, even if the ownership of the LLC mirrors the ownership of the practice. Owning the real estate in the LLC insulates to a great extent a valuable asset, should the practice be named in a lawsuit.
- If the real estate is owned in a separate entity, it is generally easier and cleaner to monitor the actual operating results of the practice. Although this may not mean much when evaluating the day-to-day running of the practice, should you need to value the practice for purposes of admitting an associate, retiring, or simply selling the practice to move on to other challenges, this becomes much more of an issue.
- In sophisticated financial and estate planning, some financial planners suggest separate entities, frequently a Family Limited Partnership, for ownership of the equipment and then leasing it to the practice (see 14.22 – Gifting Practice Ownership). This can work; in situations where estate and tax planning are of major concern, this is a technique that can be explored. For most practices, however, this method is beyond the level of accounting time and effort that can be and is expended to make it work efficiently.
- Bottom line for most practices, if real estate is present, is that it is best owned in an LLC, and the practice would be responsible for day-to-day operation of the hospital, including owning the equipment.
- A basic saying in sales is that facts tell, emotions sell. Basically, this means that we rarely go to a conference and wander through the exhibit hall with all of these facts and calculations done ahead of time. We easily fall prey to the salesman's pitch about why this piece of shiny equipment is something you have to have. Same with real estate; falling in love with a lovely piece of property can be very seductive. That said, please, before you sign on the dotted line, talk to your accountant or practice advisor and run the numbers just to be sure that you are not biting off more than you can chew. Evaluating a purchase ahead of time can possibly alert you to additional things you may have to do to make the purchase decision a good one, such as remodeling an existing building, getting additional training, and so forth. Being forewarned is always a good thing.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

LLC: Limited liability company

References

Accounting Coach. www.accountingcoach.com/present-value-of-a-single-amount/explanation3

Recommended Reading

N/A

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11.4. FINANCING BASICS



BASICS

OVERVIEW

• Once a suitable practice has been found for purchase or the decision has been made to build a new structure and the price is right, financing it is the next important step.
• Veterinary practices are expensive undertakings, and it is important to have access to more money than just the purchase price.

TERMS DEFINED

Credit Report: Listing of all outstanding debt you have and your history of paying on that debt.
Fair Isaac Credit Organization (FICO) Score: Score calculated using a computer model that compares the information in your credit report with what is on the credit report of thousands of other customers. This assesses a number of factors, such as past payment history, amount of outstanding debt, age of the credit, types of credit, and changes in amount of outstanding credit. The score can range from a low of 300 to a high of 850. The higher the credit score, the lower the credit risk.
Niche Lender: Lender who has a particular expertise or area of interest for lending money. Factors other than availability of collateral and down payment are considered when evaluating a loan. Veterinarians are considered one of the best credit risks because, as a profession, they have a high payback history. There is a subcategory of lenders that lend only or primarily to veterinarians because of this fact.
Small Business Administration (SBA): Independent agency of the executive branch of the US Government. Through its loan program, the SBA is a major provider of funds for borrowers who fit their lending requirements. Although independent lenders or banks provide the actual funds, the lender receives, in essence, a guarantee by the government that the loan will be repaid. Therefore, when a business applies for and receives an SBA loan, they are actually applying for a commercial loan, structured according to SBA requirements, which ultimately receives a guarantee that the SBA portion of the loan will be repaid. As such, the loan must also meet the underwriting requirements of the lending institution.
Traditional Lender: Generally, banks, brokerage houses, or other sources that lend money. Collateral for the loan, down payment, and ability to service the debt from cash flow are deciding factors in willingness to loan money for a purchase.



ISSUES AND OPTIONS

FEASIBILITY STUDY

• The key to knowing if the price being considered for a practice is correct or not is to do a feasibility study based on the facts of the particular case. The purpose of the feasibility study is to determine if, using historical financial results of the practice, the asking price for the practice is workable.
• This is accomplished by taking the cash generated by the practice for the last complete tax year (this is not necessarily the same as the net income because certain items like depreciation are a paper transaction, not always a cash outflow) and evaluating whether it can cover the debt service (interest and principal payment) associated with the new loan at the anticipated interest rate over the stated length of time. The cash available will also need to cover the desired income requirements for the owner(s). Most purchasers do not take a cut in pay to become a practice owner. However, assuming that you are immediately going to have a substantially higher lifestyle is not realistic.
• The feasibility study shows you whether or not, given the past performance of the practice, the cash flow from the practice will be able to support the debt service that will need to be paid on the note being assumed to purchase the practice. It will also highlight if there will be enough cash available to pay a reasonable salary – enough to cover lifestyle expenses, including student debt.
• If the practice passes the feasibility test, the purchase decision can move forward. If the answer is no, the practice cannot support both the debt service and income needs, then it will be necessary to evaluate the asking price of the practice and income needs. The debt service is not going to be extremely flexible. If the margins are very tight, the purchase decision is probably not a good fit. If, however, your income needs are flexible, there may be some benefit to moving forward.
• If the income needs are realistic, keep looking. If the income needs are very high right now, the time may not be right for you to purchase a practice. There is a risk with purchasing a practice and taking on managing its day-to-day operation. If the margins are very tight, either keep looking for a practice that has more of a cushion, rethink your budget, or continue as an employed veterinarian (associate) until you can get all the pieces to fit.

FORECAST

• If the feasibility study, based on past performance, supports that the practice purchase is a good "fit," it will be necessary to prepare a two-year forecast based on the best estimate of what changes you will bring to the practice. With the help of a consultant skilled in preparing realistic forecasts for veterinary practices, you will need to prepare a month-by-month forecast of revenue and expenses for the first 12 months, and then a forecast of the second year's revenue and expenses.
• The forecast will become part of the loan package. This package will also include a brief description of the practice you are purchasing and how you will operate it, a short introduction of yourself, a formal request for the amount of money you will need, and a commentary on how you will pay it back. Included with the financial forecast is a brief outline of the assumptions you used to develop the numbers presented.
• Traditional banks are generally reluctant to loan money on veterinary practices unless the borrower has substantial assets available to serve as collateral. Because a substantial part of the value of a veterinary hospital consists of goodwill, an intangible asset, most traditional lenders do not consider them a good risk despite the excellent reputation veterinarians have for honoring their debts.
• Because veterinarians are known as excellent credit risks, an entire industry of niche lenders has developed who basically lend only to veterinarians. These lenders understand the veterinary profession and, as such, are generally very competitive in the proposals they make. Many of these lenders have specific lending requirements, and if you are a "fit" for them then you may be able to achieve your goal of practice ownership with very little of your own money invested in the practice.
• After the loan package is finalized, submit it to various lenders. Shopping for your loan is no different than contacting several banks when you are considering making any major purchase. In addition to the information you will be providing, the prospective lender will be researching your credit history. Your credit report will be obtained and reviewed. Also, your FICO score will be measured. Be sure you are aware of how FICO scores are calculated so that you do not do something that will have an adverse impact on your score. FICO scores are measured at a given moment in time. History counts, but so do actions taken just prior to the date being counted.
• Different lenders, even within the niche lender community, have different markets that they serve. Many use SBA financing, but not all. Some work with partial buy-ins, some only want to do deals where 100% of the practice is being purchased. Some do start-up practices, and some only do existing practice purchases. It will make your lender choice more efficient if you clarify with the lenders you are intending to use that they are interested in the type of loan you are requesting.



EXAMPLES

N/A



CAUTIONS

• There will be differences in the proposals that you get back. Be sure that you have your accountant or practice consultants help you evaluate each of the proposals to be sure you understand the pros and cons of each.
• The terms and costs of each proposal may be very different, and unless you understand what you are signing, going for the lowest rate may not be the best deal for you.
• Make sure you have a clear understanding of any fees, closing costs, legal fees, or other hidden costs that are associated with the deal you are considering. Clarify up front how much money you will be expected to bring to the closing table.

EXISTING VERSUS START-UP PRACTICES

• Although much of this discussion relates to purchasing an existing practice, much of the same information applies to starting a practice from the ground up.
• Some may think that forecasts for start-up practices are nothing more than crystal ball reading. However, people who are skilled in doing veterinary practice forecasts can generally provide you with a fairly realistic assessment of your proposed practice's potential.
• A demographic study of the area will provide beneficial information to aid in the development of the forecast (see 6.8 – Demographic Assessment). Once the forecast is prepared, a loan package will be put together and submitted to niche lenders for their consideration. At that point, it is really no different than evaluating proposals relating to the purchase of an existing practice.

SELLER FINANCING

• Seller financing used to be the way many veterinary practices changed hands. This is no longer the case, although it can be very beneficial in some circumstances. If you consider seller financing for part or all of the deal, make sure you have a competent transactional/real estate attorney draw up the paperwork involved with the deal. If the seller's attorney writes the contract, have your own attorney review it to be sure your interests are protected.
• Seller financing, if handled correctly, can be very beneficial. With some lenders, seller-financed portions of the loan count as borrower equity. This may change, for the better, the interest rate you are able to obtain. Remember, for seller financing to work well, you must treat it the same way you would treat any other third-party financing: make your payments on time, and do not avoid talking with them if your circumstances change and you do in fact need special considerations. Trips to Europe and bigger houses and new cars for you are not circumstances that would justify not honoring your payments to your seller on their note.



MISCELLANEOUS

ABBREVIATIONS

FICO: Fair Isaac Credit Organization
SBA: Small Business Administration

References

N/A

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Small Business Administration. www.sba.gov.

www.bankrate.com. This is a very useful site for obtaining basic information regarding mortgage rates, home equity loans, credit card rates, investments, and many areas that affect your personal financial picture.

www.Equifax.com, www.Experian.com, www.Transunion.com. These are the website addresses for the three major credit reporting companies. In addition to providing you with your credit report, these sites offer information about your report and credit score, information on how to handle disputes or report discrepancies in your report.

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11.5. SELECTING A SITE



BASICS

OVERVIEW

• "Location, location, location." Although this phrase is often overused, it is still true when it comes to selecting a site for a veterinary hospital. Ease of access, visibility, and the quality of the neighborhood are all significant factors for success.
• A perfect site is one that would be simple for clients to find, provide easy access to and from major roads or highways, and be conveniently located near other stores and services. Clients should be able to step out of their cars with their pets and family and feel safe, comfortable, and protected from the elements. The front entrance should be easy to find and close to the parking area.

TERMS DEFINED

Catchment Area: Area from which a business draws its clientele. Also known as *trade area*.
Market Viability: Determination of the probable success of a business venture based on an evaluation of demand, price, and quality of goods or services.



ISSUES AND OPTIONS

MARKET VIABILITY

• Knowing the market area is critical in establishing the services and facility that will likely be successful. Rule-of-thumb assumptions:
  ◦ The area from which the practice draws clients is typically a five-mile radius or a 10-minute drive from the probable location in a suburban site (see 1.4 – Veterinary Trade Areas).
  ◦ The radius becomes three miles in urban areas and 10 miles in more rural areas.
  ◦ A population of approximately 10,000 can support one veterinarian.
• A qualified veterinary practice management consultant can supply information about the existing and potential market around the site, including the number of pets in the area and the median income of households (see 6.8 – Demographic Assessment). Useful information includes the number and size of households, the amount of disposable income, geographic boundaries to your catchment area, who your competition is, and where they are located.
• Sources for helping you determine market viability:
  ◦ The American Veterinary Medical Association publishes a *U.S. Pet Ownership and Demographics Sourcebook* every five years.[1]
  ◦ Companies that provide demographic information about any area in the country, including age, family status, income, and population (see 6.8 – Demographic Assessment).
  ◦ County highway departments have maps that show roads, natural features, and other elements that may affect your catchment area.

SITE SUITABILITY

• Every practice is unique, and facility size varies significantly based on location and services (see 11.6 – How Large Should a Clinic Be?). However, as a quick rule of thumb, you will need approximately:
  ◦ 1,500 to 2,500 ft^2 (140–230 m^2) of building per doctor for outpatient clinics and 2,500 to 3,500 ft^2 (230–325 m^2) of building per doctor for hospitals with inpatient wards;
  ◦ a site that is four to five times the size of the building.
• Many sites may look to be optimal at first glance, but after closer examination the requirements for zoning setbacks, utility and road easements, stormwater retention ponds, landscape buffers, and parking requirements may leave you with limited space for your building (Figure 11-5-1).

SITE RESTRICTIONS AND COMPLEXITY

• Sites that are steep, irregular in shape, or those with poor soils can make the design and construction of the parking lots, buildings and foundations, and handicap access more complex and almost always more expensive.
• Building on steep sites will typically require additional excavation, fill, retaining walls, stairs, handicap ramps, and more foundation than a comparable building on a flat site.
• Sites with poor soils may require complex and costly foundation systems to adequately support the building.
• High water tables below the site can cause problems with buildings and can be expensive to remedy.
• Flood zones can restrict the location or size of buildings. The Federal Emergency Management Agency typically requires that the floor level of your building be a minimum of one to two feet (30–60 cm) above the flood elevation.
• Make sure that the potential site has adequate space for stormwater retention. Water that sheds off new and impervious surfaces, such as roofs, sidewalks, and parking lots, will need to be held in a retention pond and then released offsite at historical rates.
• Beware of building setback requirements as determined by local zoning codes. Setbacks can range from 0 to 30 ft (0–9 m) or more from property lines. Building codes can have setback requirements that are in addition to zoning restrictions.

PARKING

The space necessary for parking can be two or more times the size of the building, so parking becomes a significant factor when configuring the layout of a site.
• Parking spaces should always be planned to fit within the boundaries of your site. Only on rare occasions are you allowed to fulfill your parking requirements on the street or on adjacent sites.
• The number of spaces that you want may not be the same as is required by code. In some instances, owners would prefer more building than parking spaces.
• Many locations require landscaped setbacks and buffers around parking areas.
• The daily ebb and flow of clients coming to the hospital should be considered when planning parking. Circulation should be planned around the morning and afternoon rush to avoid traffic congestion.
• To avoid traffic jams, veterinary hospitals that are combined with large boarding kennels should have some separation to allow hospital clients to park and boarding clients to drop off their pets.
• Although each municipality has a different approach to determining the number of required parking spaces, the following rules of thumb can help you estimate your parking needs:
  ◦ One on-site parking space for each 250 ft^2 (23 m^2) of building is a typical parking ratio in many communities.
  ◦ Parking spaces are typically 9 ft × 20 ft (2.7 m × 6 m) and drive aisles are typically 24 ft (7.3 m) wide.
  ◦ Each parking space, combined with the space required for drive aisles, adds up to approximately 400 ft^2 (37 m^2) per space.

BUILDING ISSUES

The types of services you offer and your practice style can affect the size and shape of your building and how it fits onto a site.
• Many owners prefer separate entries and exits. Specialty referral and emergency hospitals will frequently have multiple entrances, which can affect the building shape, parking layout, and site circulation.
• Boarding kennels need additional site space for pick up and drop off, outdoor exercise, and relief.
• Space should be planned around the perimeter of buildings for deliveries, trash storage, fire and trash truck access, mechanical equipment, and electrical transformers.

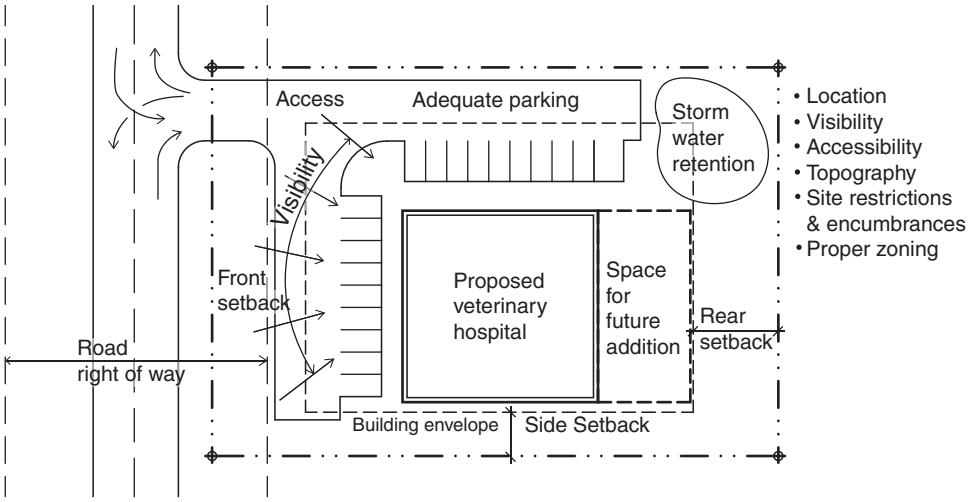


Figure 11-5-1.

Site plan.

EXAMPLES

• An average-sized, two-doctor practice would require a building that is 3,000–5,000 ft^2 (465–560 m^2). A site large enough for a facility of this size would need to be about 15,000–25,000 ft^2 (1,394–2,322 m^2). One acre equals 43,560 ft^2 (4,047 m^2) and 1 ha equals 10,000 m^2 or 2.47 acres. The site area needs to be adjusted if extra space for future expansion is being considered.
• A 4,800 ft^2 (445 m^2) building is planned. Dividing this square footage by 250 ft^2 (23 m^2) of building for each parking space equals approximately 20 parking spaces. At 400 ft^2 (37 m^2) per space, the total area for the parking lot, not including sidewalks, equals approximately 8,000 ft^2 (745 m^2).

CAUTIONS

• Think location, visibility, and access when looking for a site.
• Determine the zoning of the site before moving forward with any of the other steps in this section (see 11.8 – Zoning and Permitting). Obtaining the wrong site can translate into a lot of wasted time, money, and effort, or the inability to build your dream.
• Look for sites in areas where potential or planned growth is expected to occur. You can consult with the planning department to learn about areas of projected growth, new subdivisions, or annexations and new roads, interchanges, and future improvements to highways.
• Be aware of future road widening and/or neighborhood improvement projects that can take large swaths of land from a site.
• Look for sites that are located near established businesses and shopping centers, and take advantage of the collective draw of these businesses.
• Look for sites that will allow future expansion. Many practices are limited by their inability to grow to meet the demand for additional services.
• The soil conditions and the topography of a site can have a significant impact on the cost and complexity of construction.
• Research a prospective site for the zoning restrictions, including setbacks, encumbrances, easements, buffers, special districts, and covenants.
• Determine the type, size, capacity, and availability of services available to a site. Bringing utilities to a site, drilling wells, building septic systems, or tapping into nearby sewer, water, gas, and electrical systems is expensive.
• Request a site survey, soils investigation report, and an Environmental Protection Agency (EPA) Level One survey from the seller. To avoid inheriting the previous owner's environmental problems, you should at least obtain the EPA report prior to purchase.
• Be certain that the seller has clear title to the land and that there are no outstanding liens or other legal encumbrances on the property.
• Be aware of the extent and elevation of flood zones on your site.

MISCELLANEOUS

ABBREVIATIONS

EPA: Environmental Protection Agency

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11.6. How Large Should a Clinic Be?

BASICS

OVERVIEW

• When considering the construction of a new veterinary hospital or the expansion of an existing one, how large the facility needs to be to provide the services you wish to supply is one of the most important considerations. However, consider it likely that your first choice of dimensions will likely exceed the budget and/or the space available.
• To ascertain the facility size that meets your needs is a multistep process that includes input from you, your staff, and your banker, accountant, management consultant, architect, and contractor.

TERMS DEFINED

N/A

ISSUES AND OPTIONS

VARIABLES TO CONSIDER

• Your budget.
• Your wish lists.
• Facility type. What services would you like to offer?
• Practice style. What is your approach to veterinary medicine?
• Current needs versus future growth.
• Site limitations (Figure 11-6-1).

ESTIMATING SIZE

• The following rules of thumb are approximations based on historical averages and can be swayed by many factors that can affect building size. These rules are useful for a point of departure into the initial planning phase of a project:
  ◦ Allow approximately two exam rooms per doctor and 1,000–1,200 ft^2 (93–112 m^2) of total hospital square footage (area) per exam room. This formula applies to hospitals up to about 6,000 ft^2 (557 m^2).
  ◦ Use a multiplier of approximately 1,000 ft^2 (93 m^2) per exam room when planning larger facilities that may have numerous doctors and/or exam rooms.
• The following are some factors that can affect these formulas:
  ◦ To save square footage (building area), some practice owners are willing to work in tighter quarters. They will compromise on circulation space, support spaces, and office space.
  ◦ Pet resort and retail areas are space intensive. If adding these to your hospital, calculate their space needs separate from the hospital space needs (see 11.20 – Pet Boarding and Luxury Accommodations).
  ◦ Specialized practices, such as feline practices, or practices providing a specialty, such as oncology, will vary from the rule-of-thumb averages.
  ◦ Specialty referral hospitals that can include large equipment including, computed tomography machines, magnetic resonance imaging machines, and so on are proportionately larger than general practice hospitals (see 11.19 – Referral and Emergency Facilities).
  ◦ Sites with extreme conditions or significant limitations will control the size of the hospital you can build.

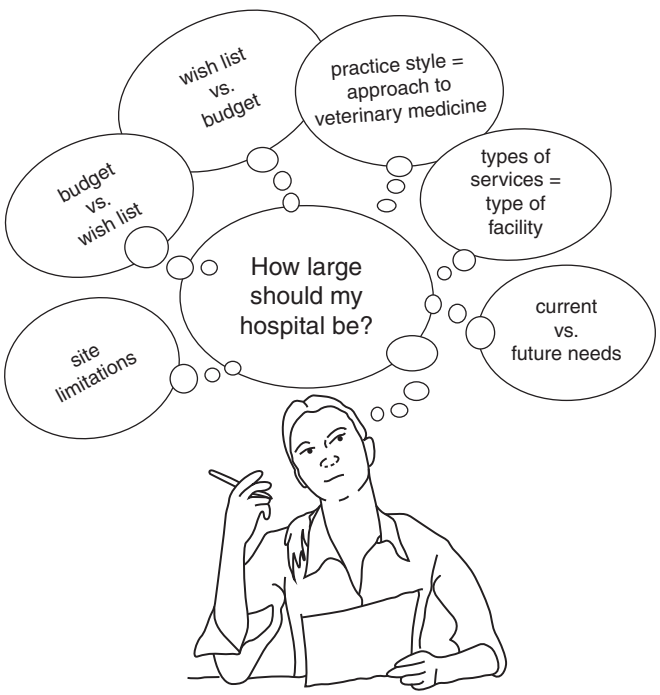


Figure 11-6-1.

Thought bubble.

BUDGET

• Your budget is probably the single most significant factor in determining the size of your hospital. When estimating your budget, you will need to determine your ability to not only pay for construction and development costs, but also for new equipment, additional staff, utilities, maintenance and upkeep, relocation costs, and advertising.
• Approximate construction costs in US dollars for veterinary facilities in 2018:
  ◦ A new freestanding hospital: $275 to $400+ per square foot ($2,989 to $4,306 per square meter).
  ◦ The build-out of a lease space: $150 to $250 per square foot ($1,614 to $$2,691per square meter).
  ◦ Remodeling an existing hospital: extremely variable, depending on the scope of construction, with $50 per square foot representing repainting and replacing finishes and greater than the cost of new construction representing complex, multiphase renovations.
• These costs can vary significantly based on location in the country, quality of construction, design features, level and durability of finishes, capacity and quality of mechanical systems, and the availability of materials and labor.
• Excluding the purchase of the site, the overall cost of the project will be approximately one and a third times the cost of constructing the building.

HOSPITAL ARRANGEMENT/ORGANIZATION

• The way you practice veterinary medicine and your traffic flow of clients, patients, and staff can greatly affect the size of your facility (see 11.13 – Client/Patient Flow).
• Certain facility types and practice styles will require a reallocation of spaces; some spaces may be used more intensively, and others may be eliminated altogether.

LARGE VERSUS SMALL FACILITIES

• Because of high construction and site development costs, some veterinarians prefer to build smaller hospitals. This approach works for some projects where there are few other options, but a new freestanding hospital should be no smaller than 2,500–3,000 ft^2 (232–279 m^2) or you will begin to see significant increases in costs per square foot (square meter).
• Advantages of small facilities. Smaller facilities generate lower overall project and construction costs, require less staff and management, and need less maintenance and upkeep than larger facilities. Also, the odds of finding a site in a desirable location are increased because of the availability of irregularly shaped or leftover sites.

• Disadvantages of small facilities. With smaller facilities, you will pay higher construction costs per square foot (square meter) compared with larger facilities, and the ability to be flexible and to expand will be limited. There are also diminishing returns on continually shrinking the footprint, because the minimum size of rooms, bathrooms, halls, and doors is restricted by building code and accessibility standards. The resulting reduction in square footage (building area) will ultimately be deducted from the medical and procedural areas of your hospital.
• Advantages of larger facilities. Larger facilities can handle more patients and can support a larger variety of services. They allow greater flexibility and have more expansion potential. Greater square footage (building area) also improves circulation and maneuvering ability.
• Disadvantages of larger facilities. With larger facilities, you will need a larger site that will require higher site development costs. The added size will also require higher start-up and operational costs, more staff, more managers, and a more efficient management style.

MULTISTORY HOSPITALS

• Building more than one story seems like a logical way to gain square footage (building area) or to minimize the size of the building footprint. However, any advantage to be gained by multiple levels is offset by the added cost and complexity of stairways, elevator purchase and installation, and mechanical systems.
• When veterinary hospitals are built with more than one story, the common approach is to locate offices and conference rooms on a second story and/or kennels and storage on a basement level.
• If the size and cost of the site will allow, the optimum layout for a veterinary hospital is to spread out horizontally and have everything on one level.
• If land cost is extremely high or the size of the site and/or the zoning requirements are very restrictive, a multistory hospital may be your best option.

ANCILLARY AND SUPPORT SPACES

• It is important to allow plenty of space for mechanical, plumbing, storage, and support spaces. Because these spaces do not directly generate revenue, it is easy to underestimate the amount of space needed for these areas or to overlook them entirely.
• All hospitals need adequate space for medical supply and food storage, boilers, water heaters and pumps, electrical panels, phone boards, housekeeping vacuum systems, and freezers.
• Space for computer equipment and other new technology should be figured with your current and future needs in mind.



EXAMPLES

• Hospitals with an outpatient focus tend to have less square footage (area) per exam room. They often will have more exam rooms, larger treatment areas, less surgical spaces, more short-term holding space for day patients, and fewer long-term wards (see 11.12 – Designing with the Patient in Mind).
• Hospitals with an inpatient focus will have larger consultation rooms and fewer exam rooms. There will be more concentration on specialty and surgical spaces, and more ward space is needed for longer term hospitalization.
• Specialty referral and emergency hospitals tend to be more departmental and have a combination of inpatient and outpatient facilities (see 11.19 – Referral and Emergency Facilities). Because exam rooms are usually shared between the various functions in these facilities, the total hospital square footage (building area) will often increase to 1,200–1,500 ft^2 (112–139 m^2) per exam room as opposed to the average of 1,000–1,200 ft^2 (93–112 m^2) per exam room.



CAUTIONS

• Regardless of your budget, remain open minded during the planning phase of your project.
• Although you need to be realistic about what you can afford, keep in mind that you will be living and working in this building for many years.
• Plan for today and for future change.
• Keep expansion needs in mind. The ability to expand and change over time is key.
• Design your facility with open and flexible interior spaces that will allow you to easily meet future needs or industry changes.
• When short on funds, build the maximum-sized shell you can afford and finish the minimum amount of interior space required to start. Continue to finish spaces as needed and as more funds are available.
• Develop a realistic master plan that will help you stay focused on your goals. It will also help to minimize haphazard changes and additions to your facility.
• Be sure to include staffing and management changes when planning your new facility.
• Seek the help of veterinary practice managers, accountants, bankers, or lenders, architects, and contractors who have experience with the planning, programming, design, and construction of veterinary medical facilities.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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11.7. The Construction Process and Working with Architects

BASICS

OVERVIEW

Some of the first questions you may ask yourself when considering a construction project are "Why do I need an architect?" and "What does an architect do?"

The architect's role in the construction process is to orchestrate the project from initial concept to final completion. In simplified terms, a construction project only requires an owner, an architect, and a contractor. Understanding the responsibilities and limitations of each participant will help create a successful project.

TERMS DEFINED

American Institute of Architects (AIA): A professional organization for architects. The AIA publishes industry standard contracts and other forms that are used for construction projects.

Architect: In order to be called an architect, an individual must be registered by a specific state to practice architecture. Each state issues licenses separately. However, the examination and qualifications are roughly equivalent.

Bridging Documents: Drawings and other documents that are more developed than schematic drawings, yet still not completely engineered permit and construction drawings. Bridging documents may be prepared by a veterinary-specific architect in order to convey the important aspects of veterinary design to a builder or another architect not familiar with veterinary hospital design requirements.

Contract Administration: Also referred to as *construction administration*, this is the work performed by the architect during the construction phase of the project. During this time, the architect assists the owner to be sure the project is being built according to the plans and the owner's requirements. The architect also answers contractor questions and helps resolve any differences between the owner and contractor that may arise.

Contract Documents (CDs): The final drawings and detailed specifications that will be used to construct the building. Technically, these documents also include other items, such as the agreement between the owner and the contractor and the general conditions of the contract, which define many of the responsibilities of the parties to the contract. The key point to remember is that the drawings and specifications form a part of the contract between the owner and the contractor.

Design Team: Refers to the architect and the architect's consulting engineers.

Programming: Information-gathering process during which the design team gathers information from the owner regarding his or her needs. The product of programming may be a list of rooms and room sizes that may be referred to as the "program" or the "program plan."

Schematic Design: These drawings typically indicate the general layout and design of the building and include floor plans drawn to scale, elevations or a perspective drawing illustrating the exterior building appearance, and a site plan.

ISSUES AND OPTIONS

- Veterinary-specific design architect. Veterinary-specific design architects have the experience to quickly establish a concise yet comprehensive program, develop an efficient plan, and carry through the details of a project to create a successful veterinary facility. They offer expertise in programming and layout. They understand how a veterinary hospital works and are able to create a design with a space-efficient floor plan that flows appropriately for a hospital's needs. They have knowledge of veterinary-specific equipment, materials, and mechanical systems, and their knowledge of veterinary procedures allows them to design rooms to accommodate the required equipment. In most cases, a national design firm will contract with a local architect to assist with their services during the actual construction process.
- Local architect. A local architect may be someone you know or someone who is referred to you in your local community who has the advantage of understanding your local jurisdiction. In some places, it is indispensable to have someone help shepherd a project through the red tape. If you wish to work with someone local, you may have a veterinary-specific architect provide plan reviews on a consulting basis or provide an initial schematic design to be completed by your local architect. A local architect can more easily and frequently have access to on-site conditions; therefore, having one involved during the design and construction of remodeling projects is smart. For this same reason, a local architect is typically used for construction administration when a veterinary-specific architect has been responsible for the CDs and is located in another state.
- Design–build firm. Some firms offer design and construction services as one package. This option eliminates the checks and balances that are inherent to a traditional owner/architect/contractor-type process but may offer better cost control since there is a single party that has some latitude to make design decisions that directly impact construction cost. Design–build firms are typically led by contractors, with either in-house staff architects or architects hired as consultants by the construction company.
- Being able to communicate clearly with your architect is important. A quality relationship with your architect will ensure a satisfying experience. If you are choosing a veterinary-specific architect, the firm may be in a different state. Therefore, you may become acquainted with an architect during telephone conversations, which usually works just fine. Be sure that your architect listens to you and is willing to answer your questions with clear explanations that include as much detail as you would like to have.
- The AIA-B101, "Standard Form of Agreement Between Owner and Architect," lists in detail most of the services that an architect may offer. For small to medium-size projects, the AIA B104, "Standard Abbreviated Form of Agreement Between Owner and Architect" may be all that is needed. These contracts establish the roles and responsibilities of each of the parties to the agreement.
- As the owner, some of the responsibilities that you are typically responsible for include:
  - Establish a budget. The budget may be established with the architect's assistance during negotiation or, better yet, with the help of a contractor. It may be one of the most important pieces of information that you give your architect.
  - Provide a program for the project. To you, this means telling your architect what you need and working out the details together. Then your architect develops a more formal program for your approval.
  - Provide your architect with site survey and soils information and, in some cases, contract directly with a civil engineering firm to provide site design services.
  - The services that an architect may provide include:
    - Evaluation and planning services. Further evaluation of the owner's budget to develop a project program and initial site evaluation. Consulting services may be provided as needed.
    - Design services. This is the bulk of the architect's work. Products include the schematic design and final construction drawings and specifications.
    - Contract administration services. The architect administers the contract between the owner and the contractor by assisting the owner, answering questions from the contractor, and helping resolve any differences that may arise (see Figure 11-7-1).

11.7. THE CONSTRUCTION PROCESS AND WORKING WITH ARCHITECTS

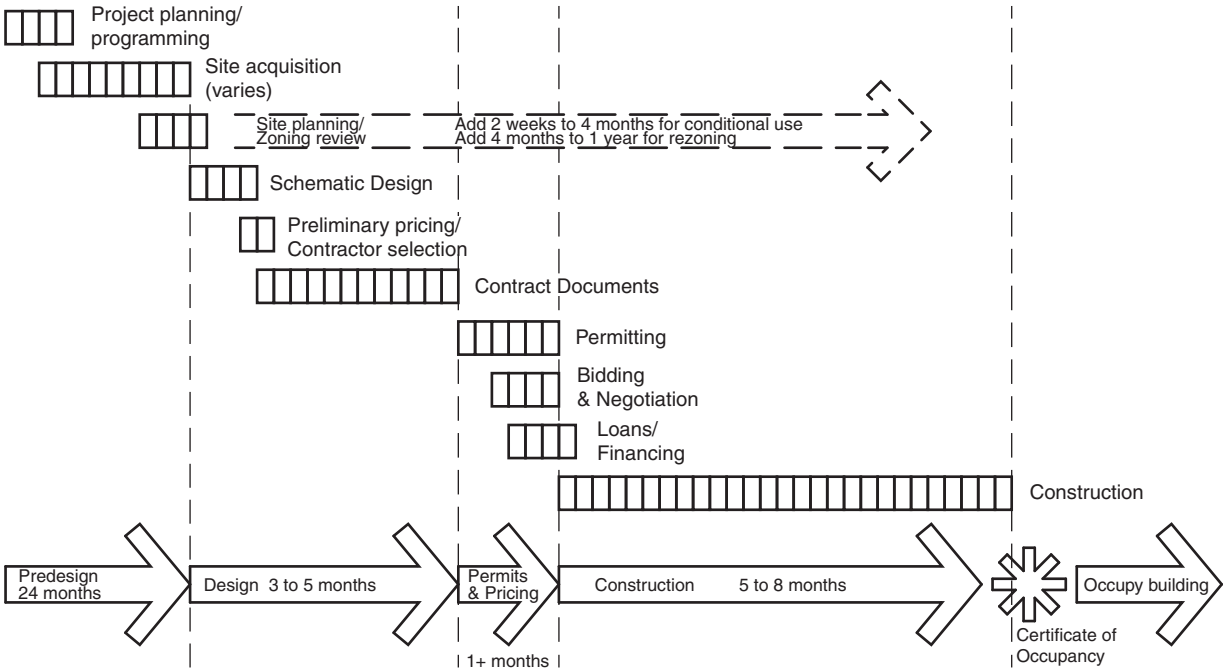


Figure 11-7-1.

Project timeline.

EXAMPLES

In the traditional construction process, the architect works with the owner to develop the design and complete the construction drawings. Then the contractor bids the work, and the owner and contractor enter into an agreement for the actual construction. During construction, the architect's role is to act as an independent third party to make interpretations of the CDs as needed and to act as an intermediary between the contractor and owner. The architect also has the responsibility to review the construction for compliance with the CDs and review the contractor's payment requests. Meanwhile, the contractor and his crew construct the building through its completion.

CAUTIONS

- You may spend significantly more time educating an architect who does not have any experience with veterinary facilities than you would with a veterinary-specific design architect. The veterinary expert can help you avoid costly mistakes and can streamline the process for you.
- Be sure to hire an architect who is a good listener. Your architect is your representative throughout the design and construction process. Having someone you can trust to make decisions in your best interests will make a successful project much easier.
- Consider negotiating with a general contractor early in the design process. A good contractor can provide reliable pricing from an architect's early drawings. Your contractor can also provide valuable input during completion of the design and help avoid any surprises at the time of bidding.
- Design–build eliminates the architect's role of independently representing your interests during the project and, for this reason, can be risky.

MISCELLANEOUS

ABBREVIATIONS

AIA: American Institute of Architects
CD: Contract document

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N/A

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11.8. ZONING AND PERMITTING



BASICS

OVERVIEW

• The mission of local building departments is to preserve and maintain safe, desirable, and livable communities by controlling the physical development of the land. Originally, building officials were primarily responsible for life safety issues. More recently, their role has expanded to also include the creation, enforcement, and management of site development standards and the separation of uses such as schools and adult establishments or industrial and residential areas. Many jurisdictions now include the review of design esthetics as a means to maintain community consistency and property values.
• Each step of the process with your zoning and building departments, as you construct your building and ultimately move in, will require some form of review and approval. Although the process can be daunting and confusing, your architect, engineers, and contractor along with the planning and zoning and building officials should be able to help you through the steps.

TERMS DEFINED

Americans With Disabilities Act (ADA): Includes building requirements to ensure appropriate access for everyone, especially those with handicaps.
Conditional Use: A zoning term meaning some level of city, administrative, and/or public review, input, and approval with "conditions" is required before submitting construction drawings.
Not Allowed: Zoning term meaning specific businesses or uses are not allowed on a site as zoned.
Planning, Zoning, Building, and Permitting Departments: Municipal entities that control, enforce, and maintain the physical development of land.
Use By Right: Zoning term meaning no review process is required to proceed with the submittal of construction drawings.



ISSUES AND OPTIONS

MUNICIPAL DEPARTMENTS

• Unless you are in a very small community or rural area, most municipalities will separate planning and zoning, and building and permitting, and fire into different departments.
• Planning and zoning includes site access, building placement, parking, landscape, grading, drainage, and building type, size, and design.
• Building and permitting includes building function and occupancy, appropriate design of structural, mechanical, and electrical systems, safe exiting, fire separation, and ADA accessibility issues.
• Fire departments review compliance with fire codes, fire protection systems, access by fire trucks and fire department personnel on the project site, placement of fire extinguishers, and other criteria.
• Large municipalities may have more separations than those already described.

THE ZONING PROCESS

• Most locations assign zones that delineate specific restrictions or requirements. They are typically separated out as Use By Right, allowed as a Conditional Use, or Not Allowed (Figure 11-8-1).
• Very few of the sites available today are zoned to include veterinary facilities as a Use By Right. Most veterinary hospitals tend to fall into the Conditional Use category under the business/commercial or industrial zones and the Not Allowed category in residential areas. On rare occasions, you may be able to rezone a particular parcel, but it often requires a significant amount of time and typically proof of "hardship" to obtain a zoning change.
• Conditional Use is a common process, although it is not entirely risk free. Prior to submitting construction drawings to the building department, owners must justify that their project fits into the goals of the community and neighborhood.
• Documentation required includes a written statement describing the project and its compatibility with the site, architectural site design drawings showing building placement, exterior elevation drawings showing the design of the building, its materials, and massing, and civil engineering drawings for grading and drainage, utilities, and stormwater management. Landscape design drawings, traffic, lighting, noise studies, and the design of the signage may also be required.

Whenever there are regulations that are subject to interpretation or when there is neighborhood input, you run the risk of having your project rejected. Some of the risks include:
• The amount of time it takes to obtain approval may be excessive because of the required documentation or the need to resubmit information. Typical veterinary hospital approval can take from several weeks to several months. On rare occasions, it can take up to a year or more.
• Hiring attorneys, architects, engineers, and other consultants to create required information is expensive. It is typically an out-of-pocket expense that can be lost if the project is rejected.
• The conditions may be too restrictive for your needs. For example, some locations do not allow overnight housing of animals.

THE PROCESS

• The process of obtaining a building permit starts in the zoning department. If the site is zoned as Use By Right, or once adjustments to the zoning requirements have been approved, the next step is to

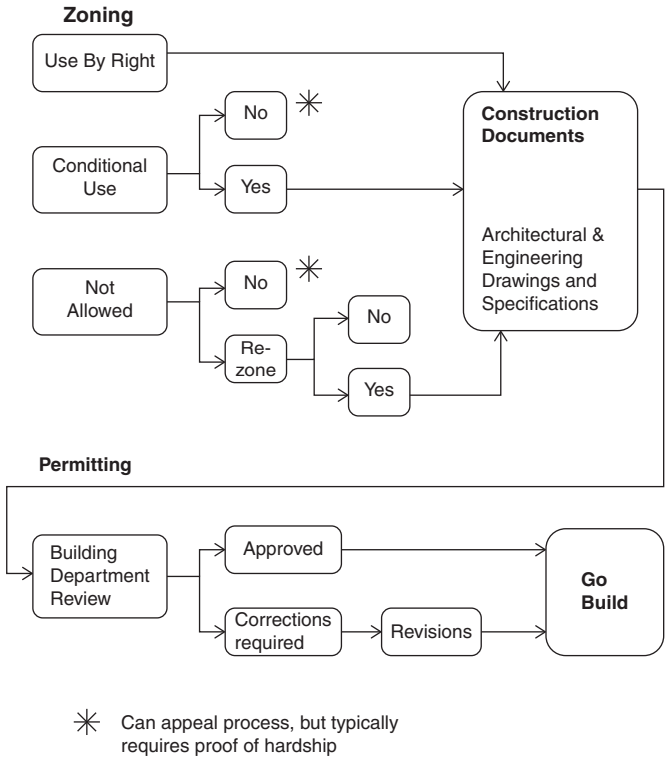


Figure 11-8-1.

Zoning permit.

move into the construction drawing phase to create the documents that will be submitted to the building department for review.
• The package of construction documents, including drawings and specifications, will be submitted to the building department for review. While there, many departments, including planning and zoning, building, fire, and others will review the information. Some locations may require the combined input of city, county, and federal agencies. This process can take three weeks to several months before a permit is released.
• Most jurisdictions have adopted an international building code that is intended to consolidate the massive amount of information contained in disparate older codes. Many states and municipalities have added or deleted certain amendments to the code to adjust for local needs. For example, California has specific earthquake and accessibility requirements, and Florida concentrates on hurricanes.
• Once you have cleared all of the regulatory hurdles, you can start into the construction phase of your project. As your building starts to take shape, there will be various inspections along the way. As your building nears completion, there will be a final inspection. After passing that last hurdle, a Certificate of Occupancy will be issued.



EXAMPLES

An owner wanted to build a veterinary hospital combined with a boarding kennel on a parcel of ground between an office park and residential areas, where veterinary hospital is a Conditional Use. After months of work and a significant amount of money invested, the owner was able to meet all the conditions and had obtained the recommendation of the city planning staff. One condition of approval of the project was that dogs would not be housed outside due to the proximity of the project to adjacent residences, so the project proceeded with indoor dog boarding components.



CAUTIONS

PLANNING AND ZONING

• Do your due diligence and verify the zoning of a particular site prior to purchase or you could end up with a site that will not allow a veterinary hospital building.
• If the site is not zoned as Use By Right, find out what the process is for Conditional Use. You should expect that any type of review process could take a considerable amount of time.
• Watch for zoning overlay districts, historic districts, and other restrictions that are applied in addition to the base zoning requirements for a particular site. Be aware that there may be regulations administered by county, state, and federal agencies that are in addition to your local jurisdiction.
• Get all the zoning information pertaining to your project in writing from the appropriate zoning official. Do not make the mistake of basing your decisions on someone's opinion.
• Residential zones adjacent to commercial zones routinely require buffers that may consume a significant amount of your site.
• If you are in a large city or other location with onerous or complex regulatory requirements, you might consider hiring an expediter to help you through the process.

BUILDING AND PERMITTING

Because the building department needs to verify that buildings are designed and built to minimum standards for life safety and durability of the building structure, they need to complete a careful review, focusing on the following:
• appropriate exiting for fire and other reasons;
• accessibility for the able and disabled to freely move into, throughout, and around the building;
• the provision of adequate facilities, including exits, corridors, and toilet fixtures;
• appropriate materials used for the building construction;
• protection of the building and structure against fire and other damage;
• appropriate sidewalks and parking;
• suitable interior environmental conditions, such as appropriate room sizes and adequate heating, ventilation, and air conditioning systems.

GENERAL

• Building codes and regulations (including the ADA) can be confusing and complex. They are also constantly revised and updated. Seek help from your architect, contractor, and building official to understand or interpret them.
• The ADA requires that buildings with certain types of occupancies, square footage, or number of occupants provide for the free and unhindered movement of those with disabilities. Building departments tend to follow the most restrictive definitions.
• Be aware that there are many development and permit fees. For example, there may be significant sewer and water tap fees in places where water is scarce, so tap size and the number of fixtures can greatly affect your cost.
• Be prepared for the building department review process to take three weeks to several months, depending on the jurisdiction. Find out how long local permits take to obtain and schedule accordingly.
• Take advantage of the services of your building department. Ask lots of questions and always get answers in writing.



MISCELLANEOUS

ABBREVIATIONS

ADA: Americans with Disabilities Act

References

N/A

Recommended Reading

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11.9. MANAGING CONSTRUCTION COSTS



BASICS

OVERVIEW

• Effectively managing construction costs begins with an understanding of what kinds of costs are included in every construction project. It also requires clear communication between all parties involved, including the owner, the design team, and the builder.
• Veterinary care facilities are relatively expensive to construct when compared with typical commercial projects and are comparable to human care facilities in terms of construction cost.
• Construction cost is typically quoted in dollars per square foot (cost per square meter) of building area. When dealing with cost per square foot (square meter) numbers, it is important to first know what is included in the number. Many nonbuilding costs are usually excluded from this number, but they still must be budgeted as part of the total construction project.
• The US national average costs for construction in 2013 are approximately $250 + per square foot ($2,700 per square meter) for new freestanding buildings and $175 per square foot ($1,900 per square meter) for the build-out of a lease space. Because of its very nature, the cost of remodeling can vary significantly depending on the extent of work done. The average cost for remodeling projects is typically approximately $125 per square foot ($1,350 per square meter).
• Establishing your budget is always the first big step when considering a construction project. One rule of thumb is that the amount of money you borrow should not exceed one year's gross billing. Although this may seem aggressive, most banks are willing to lend to this level.
• One of the most successful ways to manage construction cost is to involve a contractor during the design of your facility. Contractors can offer expertise in cost estimating that takes into account local economic factors. They can also make cost-saving suggestions during design.

TERMS DEFINED

Allowance: Dollar amount assigned to a specific scope of work within a construction project to be used when the final requirements are not determined prior to bidding. For example, if the owner chooses to select carpet during construction, an allowance may be carried in a bid to cover the cost of materials. If the owner chooses carpet that is less expensive than the amount carried in an allowance, a credit will be due to the owner for the difference in cost.
Alternate: In construction, an option built into a design that may affect the cost of construction. Alternates may be included in a project as either an "add" alternate or a "deduct" alternate. When alternates can be identified early, the contractor can price them as options for the owner to choose from when the project finally bids. If the bids are below the budget, the owner may elect to add in some of the options or alternates that were previously thought to be unaffordable. Likewise, if the bid cost is higher than expected, deducting some of the alternates may allow the project to be brought into budget without going back to the drawing board.
Bid: Formal proposal from a contractor to build a defined scope of work, for a fixed price, in a fixed schedule.
Budget: Although a pro forma serves as the tool used to express the total project budget, usually the budget is directly related to building cost or the bid.
Building Cost: When building cost is quoted, it is important to understand what exactly is included. Typically, building cost does not include any soft costs, land costs, site work, or furnishings and equipment.
Change Order: Contractual change to either the time allowed by the contract for construction or a change to the cost to be paid.
Contingency: An amount of money, often a percentage of the total construction cost, which is set aside for unknown and/or unexpected costs. By carrying a construction contingency, an owner will have a special fund to accommodate unforeseen conditions (especially on remodels), design omissions, or other changes required during construction. It is also a good idea to carry a design contingency during the design phase estimate to cover items that have not yet been anticipated but will eventually be included in the final project.
Estimate: An opinion of probable construction cost prepared prior to the completion of the final pricing or bid documents. Estimates may be prepared by architects, engineers, cost-estimating consultants, or general contractors.
Hard Costs: Cost of tangible items. This typically includes land cost, building construction cost, and furnishings and equipment.
Initial Cost: Cost of materials and labor directly related to the initial construction of a project.
Life-Cycle Cost: Total cost of owning the facility, including initial costs and operating/maintenance costs.
Operating/Maintenance Costs: Ongoing costs incurred when you own a facility.
Pro Forma: Detailed analysis of the financial aspects of a project, summarizing hard costs, soft costs, financing costs, and operating expenses. A pro forma should always be prepared to determine the financial feasibility of a construction project.
Scope Creep: This is the trend of adding more and more into a design or the project's scope of work. Obviously, costs escalate as the scope grows. Establishing a budget for a fixed program and sticking to it can eliminate this situation.
Soft Costs: Cost of intangible items that may include fees to regulatory agencies, any legal fees, financing costs, design fees, insurance costs, and relocation expenses.
Total Project Cost: Combined total of soft costs and hard costs.



ISSUES AND OPTIONS

Because the majority of decisions that affect a project's cost are made prior to the start of construction, managing costs must begin at the earliest stage of design. Some of the initial issues that affect construction costs are listed here, with more detailed descriptions of their effects on construction cost.

GENERAL PROJECT LOCATION

• Regional differences in the construction industry are quite broad, and the general location of a project significantly affects the cost of construction.
• In general, construction costs in the southern states are less than they are in the northern part of the country. This is due to construction requirements such as additional insulation in colder climates as well as the cost of labor differences, especially in areas where there are trade unions.
• The latest edition of one popular construction cost-estimating guide includes location cost factors that vary from 66% to 134% of the national average. If you consider a baseline construction cost for new construction equal to $250 per square foot ($2,700 per square meter), this would equate to a range of roughly $165 to $335 per square foot ($1,775 to $3,600 per square meter). When national data suggest a range of more than 100% variance between the least expensive and the most expensive locations, it is important to understand the local economic characteristics when considering the cost of a project (Figure 11-9-1).

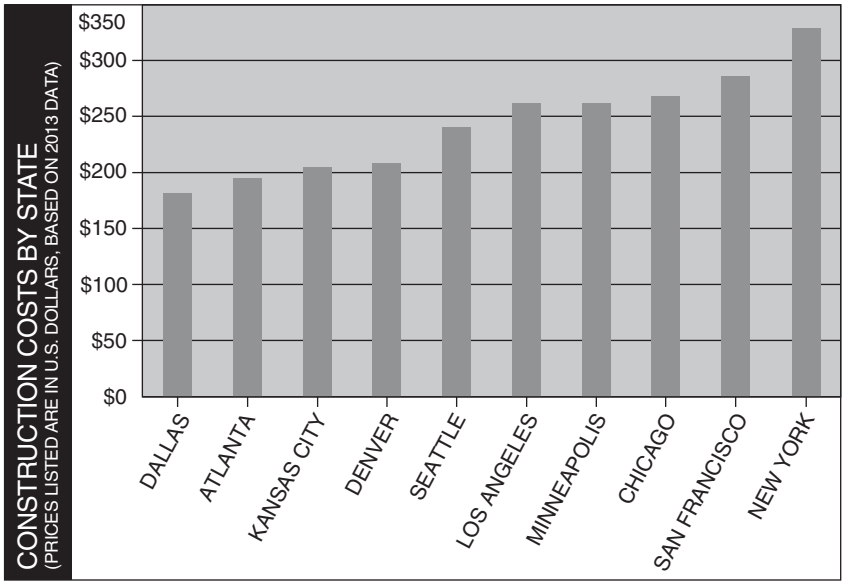


Figure 11-9-1.

Comparison of construction costs per square foot across the United States.

NEW, REMODEL, OR LEASEHOLD?

• New, freestanding buildings offer the greatest potential for meeting all your needs. A completely new facility can be extremely rewarding in terms of both professional and emotional satisfaction. It will be at the highest financial cost, however.

• Remodels have the advantage of realizing the value and maintaining the equity of an existing facility, usually with some compromises. Evaluating your needs and goals against the potential of an existing facility can fairly quickly determine the feasibility of a remodeling project.

• For smaller practices – less than about 3,000 ft^2 (280 m^2) – building out a lease space can be the best option. On freestanding projects of this size, the land and development costs usually take up too large a proportion of the total cost to make building them feasible.

CONSIDER YOUR PROFIT CENTERS

• When developing your program, carefully consider your profit centers (see 9.5 – Profit Centers). Animal boarding space is expensive to build due to the durable finishes that are required. Additionally, boarding is not as profitable as medical services (see 9.20 – Kennel Management as a Profit Center). When faced with squeezing square footage (building area) from a program, always try to first cut the spaces that will be the most expensive to build or the spaces that will generate the least revenue for your practice.

• An architect should be able to propose creative ways to make spaces flexible in order to serve multiple functions. Square footage (total building area) can be reduced if exam rooms can be used for treatment during nonpeak client hours. Recovery alcoves within the treatment area may decrease the need for separate ward space. Circulation through spaces rather than halls reduces the amount of dedicated, nonrevenue-generating circulation space.

SPECIFIC SITE SELECTION

• Government or municipal requirements can have significant impact on the cost of a project. There are many creative taxes or fees that municipalities charge on new construction projects. These may include water tap fees, sewer access fees, plan review and building construction permit fees, as well as other special assessments or taxes. Zoning requirements typically dictate how much building can be built on a particular area of land, how much parking needs to be provided, and detailed landscaping requirements. Likewise, seemingly innocuous design guidelines can have dramatic effects on the cost of a building. Some design guidelines restrict what exterior building materials may be used. For example, guidelines may require using more expensive brick rather than allowing the use of less expensive materials such as stucco or wood siding.

• Soil conditions at the specific site must be considered when designing a building. The ground must be capable of supporting the new structure with an acceptable amount of movement. Building structures can be designed to withstand almost any soil conditions; however, the costs escalate when special provisions are needed. The most common soil conditions that may require more expensive structural solutions include soil with inadequate capacity to bear the weight of the structure or soils that change volume when moisture levels change.

• In the interest of life safety, building codes require structures to withstand the forces of nature such as wind, snow, or earthquakes. Depending upon the specific project location and conditions, the impact on cost can vary from insignificant to substantial.

LEVEL OF FINISH

• For any construction project, there is a range between the high and low ends of what a facility of a given square footage (building area) can cost. The quality of the finish materials, the extent of built-in cabinetry, and the quality and number of other custom items may make a difference of $5–$10 per square foot ($55–$110 per square meter).

• One way to accurately identify these costs is to allow for "alternates." You may specify a porcelain tile floor in your lobby reception, with an alternate to be priced for stained and sealed concrete. When the project is bid, you can determine whether or not the tile is within your budget.

• Establishing a shopping list of alternates is one method of managing the project budget and construction costs.

• It is recommended that, throughout the design process, you keep in mind acceptable trade-offs in materials or finishes that can be implemented as cost-control alternatives.

CONSIDER LIFE-CYCLE COSTS

• For some items, the difference in initial costs and long-term costs can be substantial. Long-term costs can accumulate in the form of regular operating costs, scheduled maintenance, or utility costs.

11.9. MANAGING CONSTRUCTION COSTS

• Operating costs are the day-to-day costs of working in a facility. Simple examples could be the cost of automatic watering dog bowls or a commercial-grade dishwasher. Although there is a higher initial cost associated with this equipment, the long-term savings in manpower may make the initial expenditure worthwhile.
• The materials and equipment that you choose can affect costs for periodic maintenance. Weigh the cost of periodic maintenance against the higher cost for materials or equipment requiring less maintenance. For example, you will save on the initial cost for a stained concrete floor versus a porcelain tile floor, but the concrete floor will need to be periodically resealed and the porcelain tile floor will not.
• One of the biggest life-cycle costs is utility usage. In veterinary facilities, it is desirable to have a high number of air changes and to exhaust 100% of the air from animal wards. All of the energy used to heat or cool the air is wasted when it is exhausted from the building. Energy recovery mechanical units can "recycle" the heating and, to some extent, the cooling from the air and help temper the fresh air that you are supplying. Although energy recovery units have an initial cost associated with them, they usually pay for themselves in utility savings within a few years. A mechanical engineer can provide calculations of energy usage with and without energy recovery for consideration during your design process.



EXAMPLES

A breakdown of total project cost by percentage may look like this (Figure 11-9-2):
• 60% building construction cost
• 22% land cost
• 7% architectural and engineering fees
• 8% interest, insurance, and fees
• 3% contingencies.

A more comprehensive list of the costs associated with a construction project may include the following.

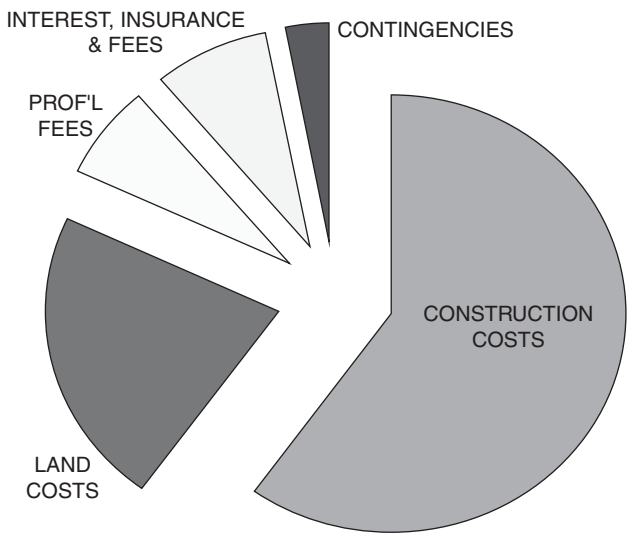


Figure 11-9-2.
Total projected costs for a building project.

• Pre-design services:
  ◦ site selection study;
  ◦ concept plan;
  ◦ legal fees (including site acquisition negotiation and contract review);
  ◦ environmental studies;
  ◦ survey (meets and bounds, improvement, topographic);
  ◦ title commitment;
  ◦ planning and zoning review and application (filing fees, consultant fees, legal fees);
  ◦ land cost;
• Financing costs:
  ◦ construction loan (processing and origination fees and interest-only payments);
  ◦ permanent loan processing and origination fees.
• Site-related costs:
  ◦ soils report;
  ◦ additional hazardous waste studies;
  ◦ improvements to right-of-way;
  ◦ development fees;
  ◦ tap and utility fees (water, gas, electric, and sewer);
  ◦ utility upgrade costs.
• Site and building costs:
  ◦ site development (including landscaping, fencing and site walls, and site clearing);
  ◦ building construction cost;
  ◦ building systems, furnishings, and equipment (emergency generator, power-wash system, central vacuum, and medical gas);
  ◦ building department application (including plan review and permit fees);
  ◦ builder's risk insurance;
  ◦ owner-required testing and inspection services;
  ◦ design fees for architectural, structural, mechanical plumbing, and heating, ventilation, and air conditioning, electrical, interiors, landscaping, and civil engineering.
• Equipment:
  ◦ veterinary built-in equipment (including exam and surgery lights, tubs and tub tables, cages and runs, and x-ray equipment; see 9.10 – Medical Equipment and Fixtures);
  ◦ veterinary medical equipment for lab, pharmacy, surgery, dental prep, and treatment;
  ◦ telephone and communications systems;
  ◦ computer systems.
• Furnishings:
  ◦ furniture;
  ◦ signage;
  ◦ educational systems;
  ◦ retail display.
• Relocation costs:
  ◦ moving cost;
  ◦ transition costs.

Table 11-9-1 shows a sample pro forma for a 6,000 ft^2 (560 m^2) veterinary hospital.



CAUTIONS

• Even though it may be tempting to try to cut corners by eliminating or reducing the work of some of the professionals involved in a construction project, it is not recommended.
• A construction project is a time-consuming proposition for an owner, even without wearing the additional hats of designer or builder.

Table 11-9-1. Sample pro forma.

Hard costs	
• land costs	$500,000.00
• building cost (6,000 $ft^2 \times \$200/ft^2$)	$1,200,000.00
Total hard costs	$1,700,000.00
Soft costs	
• architectural fees	$84,000.00
• engineering fees	$36,000.00
• regulatory and utility	$8,000.00
• financing costs	$76,250.00
• contingency	$36,000.00
Total soft costs	$245,250.00
Total project costs	$1,945,250.00
Financing	
• equity (20%)	$389,050.00
• permanent loan	$1,556,200.00
• loan payment per year (20 years, 7.5%)	$147,655.00
• return on equity per year (5%)	$19,453.00
Total annual financing costs	$167,108.00
Operating expenses per year	
• real estate taxes	$12,000.00
• insurance	$6,000.00
• utilities	$9,000.00
• maintenance	$4,500.00
Total annual operating expenses	$31,500.00
Required cash flow or "rent"	
• annual cash flow (financing and operating)	$31,500.00
• monthly cash flow/rent	$16,551.00

• Any money saved on fees will be multiplied when it comes back in the form of your own time, stress, and real costs of adding items left out.
• Beware of scope creep (see Terms Defined section). Renovation and remodel projects are especially vulnerable to scope creep since it is easy to want to update everything when making significant changes to parts of the hospital. Try to carefully prioritize the project scope for remodels. Depending on the specific needs, the most important areas to focus on may be the client areas as part of a facelift or modernization, work areas that can improve efficiency or overall capacity, or necessary maintenance items to extend the life of the hospital or minimize future operational costs. Always attempt to identify the anticipated return on the investment for the specific scope of work before including in the project.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

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11.10. PRACTICE RENOVATIONS



BASICS

OVERVIEW

• The primary reason veterinarians choose to renovate their facilities is to accommodate hospital growth. This growth can be due to additional staffing, new services, or the need for more treatment capacity.
• There are also a number of other factors that come into play when considering a renovation, such as the desire to rejuvenate an outdated facility, the need to attract and/or retain staff, and transition planning for retiring practice owners.
• To navigate through the remodeling process with the least anxiety and confusion, start with a clear plan and select the best team and process to carry out this plan.
• Generally, small veterinary renovations can be delivered using some variation of the design–build method, while most large and complex renovation projects are often delivered via negotiated bid or design–bid–build.

TERMS DEFINED

Design–Bid–Build: A conventional or typical project delivery method in which the owner contracts with separate entities for the design and construction of a project. A benefit of this method is that the design team is impartial and looks out for the interest of the owner. It also uses competition to improve the efficiency and quality for owners.
Design–Build: This project delivery method uses a single entity known as the design–builder or design–build contractor to retain both design and construction services. This delivery method is used to prioritize costs and timeline and thereby to minimize the risks for the project owner. A downside to this system is that the owner sacrifices control and sometimes project quality.
Negotiated Bid: In some circumstances, it is a benefit to the owner to hire the contractor early and negotiate the project scope and cost. The benefit of this method is it maintains control for the owner and yet reduces unknowns. However, this method may not yield the lowest cost, as it is less competitive than design–bid–build.



ISSUES AND OPTIONS

KEY FACTORS

There are several key factors that can initiate a hospital renovation:
• More floor space is required to accommodate growth. Most often this is manifest in the need for more examination rooms to move clients through without clogging the lobby, or additional treatment and procedural space.
• There is a perceived need to stay competitive. Sometimes the opening of a new practice nearby may trigger thoughts of renovating.
• The décor is outdated and does not equate to the high quality of medicine that is currently being practiced.
• There is a desire to increase productivity by enhancing the traffic flow of the hospital (see 11.13 – Client/Patient Flow).
• The hospital is now part of a corporation, and the company has set aside funds to remodel/renovate the practice due to any of the aforementioned reasons.
• There is a plan to either sell the practice or bring on a new associate, and renovating will make the hospital more desirable.

MAYBE A RENOVATION IS NOT THE ANSWER

If the practice is considering a very difficult renovation, sometimes it is less expensive to start fresh than it is to renovate. If an existing facility is so outdated that the expense to renovate outweighs what it would cost to build new, stop and consider the alternatives. Look at such things as existing structural members/walls that are too costly to move, site limitations relating to required parking capacities, and dilapidated heating, ventilation, and air-conditioning (HVAC) or roofing systems that would be expensive to replace.

WHERE TO START

One way to get the most from a remodel is to focus on the most positive attributes of the practice. Identify what makes the practice different and sets it apart from the rest:
• Observe the waiting area during the busiest times of day from the viewpoint of a client.
• Visit other hospitals.
• Form strategies to make positive changes and maximize inherent strengths.
• Survey staff, friends, and clients with questions about improving customer service, patient care, and work flow.

Your primary design goals will affect the overall layout of the floor plan (see 11.12 – Designing with the Patient in Mind). Combining this with the architectural style to be achieved will lead the design team down a more direct path. As an example, if your practice focuses on the client experience, your renovation may prioritize improving greeting and examination areas.
• Get finances in order by putting together a business plan or updating the current one (see 14.10 – Business Plans). There are numerous accountants and practice consultants who are experts in the veterinary industry. Generally, total debt load should not exceed gross billing per year, although this metric may vary slightly depending on the growth potential of the practice and the timeline for paying off the debt (see 14.19 – Debt Management).
• Begin to assemble a team. Selecting the right people to work with through this process is critical. The ability of the team to work with the owner and each other will lead to the best overall outcome.
  ◦ The three major delivery methods for construction projects are design–bid–build, design–build, and negotiated bid (see Terms Defined section). Understand the pros and cons of each method and select the one that is best suited for the project.
  ◦ Note that in some jurisdictions the process of going through the building department and receiving a building permit can be difficult. The right team, including architect, engineers, and contractor, can ease the process involved in navigating this road.

TYPES OF PRACTICE RENOVATIONS

For small interior facelifts consider the following.
• Enhance lighting:
  ◦ Add skylights or windows to brighten interior rooms with natural light.
  ◦ Replace old fluorescent lighting with new LED lighting for better light output and quality.
  ◦ Add task, accent, undercounter, or high-output lights in poorly lit areas.
  ◦ Install dimmer switches on your new LED lights in animal housing areas and other rooms, such as special procedures rooms, for gradual lighting transitions.
• Use or add color:
  ◦ Put color on walls where it can easily be repainted, and choose neutral colors for more permanent cabinetry.
  ◦ When repainting, repaint everything with a well-coordinated color scheme.
  ◦ Install colorful interior signage and well-selected artwork.
• Increase transparency:
  ◦ Open interior spaces with view windows or glass partitions.
  ◦ Use glass or partial-glass doors whenever possible.
  ◦ Replace solid partitions with frosted glass windows/walls where daylight can be shared but views need to be controlled.
• Interior designers or architectural firms with experience in color palette selection can be very helpful in selecting a current look and color scheme.

• Designers often work with three-dimensional models for developing the drawings. These illustrate how the space will be configured and can help you as the client visualize the space better. Three-dimensional model views can be enhanced into renderings for use as a marketing tool for staff and clients.

Large-scale remodels can include rearranging or repurposing rooms and/or adding an addition:

• If the renovation includes an addition, site expansion, site limitations, and parking capacity need to be considered.
• Order a complete analysis of the existing building systems, such as heating, air-conditioning, electrical, plumbing, and structural, to understand their limitations and capabilities.
• Have your architect review current building codes to determine the requirements for bringing the existing building up to code as required by the scope of the renovation.
• Your architect should also review accessibility standards for current compliance. Numerous regulations can affect the design of a renovation to an existing building based on the Americans with Disabilities Act.

HOW TO MINIMIZE THE IMPACT OF RENOVATION

Key steps to keep the hospital open and functioning during renovation include:

• Identify key decision-makers.
  ◦ Carefully select a few key people to make the remodeling decisions for the hospital, or for specific portions of the hospital, during renovation. Fewer decision-makers and more people maintaining the operations of the hospital will keep the process focused.
  ◦ Enlist one person or a small team to be a liaison or owner's representative to order and coordinate the delivery of new equipment and to communicate on a regular basis with the design and construction team. Depending upon the size of the project, it is not always in the best interest of the practice to select the hospital manager or an associate, as coordinating the renovation requirements may be very time consuming.
• Have a clear plan for the renovation process, including timeline for construction, phasing, parking adjustments, and desired outcome.
  ◦ Print the design and post it in the lobby and staff break room along with the timeline and upcoming action items to keep your staff on the same page and to inform your clients.
  ◦ Work with the design team regarding construction phasing and expected downtimes. Being prepared for such occurrences as power turn-offs to the building will help decrease any stress or anxiety that may occur.
• Communicate, communicate, communicate by updating the hospital team regularly on the progress of the project and what they should expect next.



EXAMPLES

N/A



CAUTIONS

• Careful planning of the infrastructure for all of the equipment while leaving enough flexibility in the design to allow for future changes in technology is a difficult but very important task.
• Finding finishes that are durable, affordable, and safe for the animals is one of the biggest hurdles in a renovation project.
• Good sound control is of key importance to client comfort, animal recovery, and the overall perception of the practice (see 11.15 – Noise and Odor Control).
• Quality design of the HVAC systems is required for patient health and odor control (see 11.16 – Heating, Ventilation, and Air Conditioning and 11.15 – Noise and Odor Control).



MISCELLANEOUS

ABBREVIATIONS

HVAC: Heating, ventilation, and air conditioning

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N/A

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11.11. LEASEHOLD IMPROVEMENTS



BASICS

OVERVIEW

• Lease spaces in shopping centers have always made sense to veterinarians who are trying to establish a new practice, expand into new markets with satellite clinics, or those who are unable to invest money in a new freestanding facility. Lease spaces are even more attractive during downturns in the economy.
• Lease spaces usually make more sense when the budget or building program for a new hospital is less than 2,500–3,000 ft^2 (230–280 m^2). Site development and building shell costs can make a small, freestanding facility prohibitively expensive.
• A space leased within a shopping center will have significantly lower start-up costs, because the building shell and site are typically the responsibility of the developer and/or landlord. And, although you will pay for the maintenance and upkeep of the exterior of the building and of the site with your rent, this cost will be spread out between the various tenants, resulting in lower operational costs.
• As with anything to do with real estate and business, location is a prime factor. Ease of access, parking, visibility, and signage are important concerns. Along with location, an existing shopping center may have a proven track record and established anchor tenants to attract clients. Plus, a new shopping center is likely to be built in an area that is experiencing growth.

TERMS DEFINED

Demising Walls: Walls that separate a tenant's suite from another tenant's suite, typically in retail shopping centers and commercial buildings with multiple tenants.
Freestanding Building: An unattached building with its own site that includes parking, landscaping, and utilities. Examples would include veterinary hospitals located on individual lots or on a pad site in a development.
Noncompete Clause: In this case, it would be a contractual agreement between a landlord and a tenant to restrict a specific type of tenant from the development. For example, this type of agreement would not allow the introduction of a new PetSmart or large veterinary hospital into the same shopping center as an original, small-scale veterinary clinic.



ISSUES AND OPTIONS

ADVANTAGES OF LEASING

• The income generated versus dollars invested is often greater in lease spaces than in freestanding veterinary hospitals.
• There are significantly lower start-up costs in lease spaces than in freestanding veterinary hospitals.
• The owners of a shopping center are typically responsible for the maintenance and upkeep of the exterior of the building, thus freeing you to concentrate on the interior.
• It is usually easier to close out or relocate a practice in a lease space.
• A lease space allows you to benefit from the collective draw of a shopping center, especially when there are desirable anchor tenants.

DISADVANTAGES OF LEASING

• You will not be able to build equity in the real estate due to leasing rather than owning.
• Many of the improvements you make to the space will be left behind when you leave.
• After you leave, the improvements you have made will make it easier for another veterinarian to take over the space.
• You will have little control over the look, image, and quality of other tenants in the shopping center.
• Economic and demographic changes over time can have an effect (positive or negative) on the quality of the shopping center, tenants, and surrounding neighborhood.
• Many lease spaces are divided in a way that creates deep and narrow units, because building frontage is very valuable, and therefore more expensive. This arrangement can be less than optimal for the layout and flow of veterinary hospitals and tends to lead to dark interior spaces.
• It is more difficult for your business to be visible and recognizable in a shopping center, because most developments have strict design standards that result in spaces and signage that tend to look the same.

CONTRACT/LEASE ISSUES

• Know lease terms such as net, double net, triple net, and gross, and how they affect your costs and responsibilities. Most lease rates in the United States are expressed in terms of dollars per square foot per year.
• It is strongly recommended that you and your legal counsel thoroughly review the lease prior to signing anything.
• Try to include the following into your lease agreement:
  ◦ A tenant finish allowance to help you pay for the build-out of the space.
  ◦ A noncompete clause to keep similar types of businesses from moving into the same shopping center.
  ◦ First right of refusal for adjacent spaces to allow you to expand in the future.
  ◦ Limitation of rent increases to the same percentage as that of inflation.
• Define the ownership of built-in items. It is commonly understood that items attached to the building remain with the building when you leave. Dog runs, surgery lights, wet tables, and so on are examples of items that are typically attached to the building.
• Remember that everything is negotiable. Your negotiating power will be better when times are economically slow or in areas that are not in high demand.

LEASE SPACE SELECTION ISSUES

• Make sure the site is zoned to include veterinary hospitals. Check to see if there are additional restrictions, such as how long your patients would be allowed to stay or if boarding of animals is permitted.
• Do not assume that the landlord or leasing agent knows the zoning regulations. Find out directly from your local building/zoning department.
• Look for spaces with the most frontage to maximize your exposure and to give you the most opportunities to bring in light.
• Look for spaces that have access to the outside at the back of the building for staff, deliveries, trash, and animal removal. Some spaces only have one door in the front.
• Make certain that services such as water, sewer, and electrical are adequate for your needs.
• In shopping centers that are preleasing before construction or are under construction:
  ◦ If the space has not been constructed yet, ask that the concrete floors not be poured before you are able to install plumbing and conduit. Otherwise, you will be paying to saw-cut and patch the new floors.
  ◦ Request that the developer/landlord provide openings for additional roof penetrations. Most lease spaces typically come with only one heating, ventilation, and air-conditioning unit, and you will likely need three or more units plus exhaust fans, vents, and skylights.
• Lease space selection issues are illustrated in Figure 11-11-1.

LEASE SPACE HOSPITAL DESIGN ISSUES

• Keep the spaces as simple and as open as possible. Resist the urge to break the space into many small rooms.
• Because many lease spaces tend to be deep and narrow, try to incorporate multiuse and multipurpose spaces to keep the hospital open. Instead of long corridors, incorporate circulation space into and through such rooms as treatment. When corridors are necessary,

11.11. LEASEHOLD IMPROVEMENTS

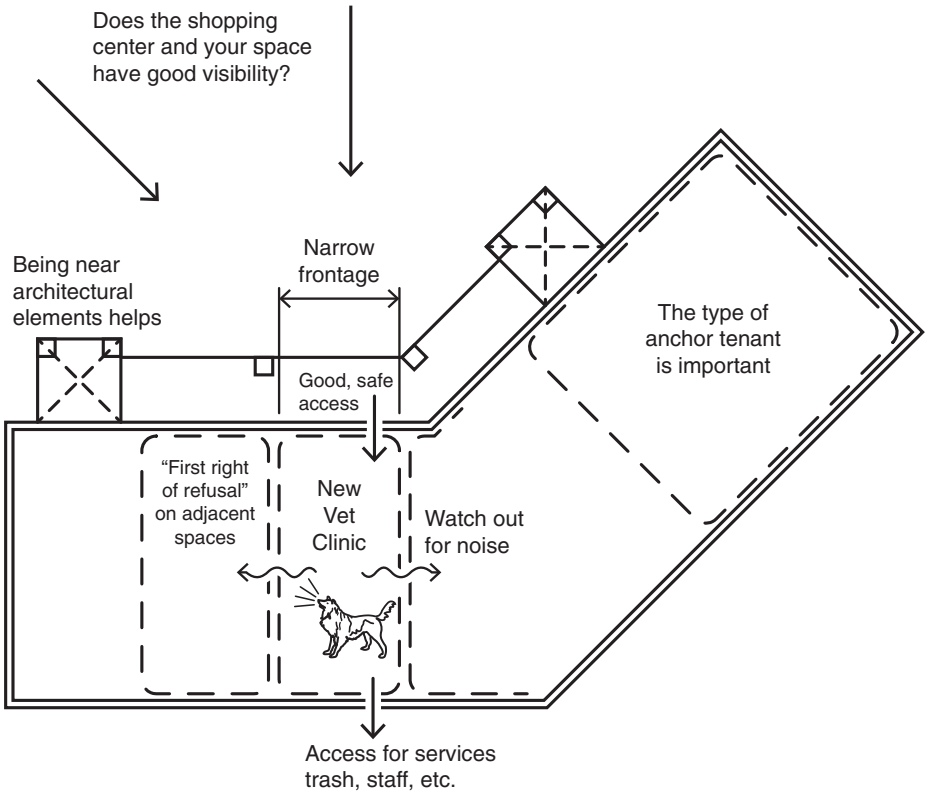


Figure 11-11-1.

Lease space.

try to combine lab, pharmacy, charting stations, and storage along each side.
- When walls are necessary, use interior windows to bring in light and give a more open feel.
- Consider installing skylights in treatment or other locations that do not have any access to exterior windows (see Fig. 11-11-1).
- Design the floor plan to minimize the noise impact to your neighbors (see 11.15 – Noise and Odor Control). It is better to locate the dog kennel on an outside wall or next to your neighbor's storeroom than on a wall adjacent to a yoga studio.
- Demising walls between tenants need to be designed and built to meet specific performance criteria to minimize the crossover of noise. Even tiny pinholes can transmit a significant amount of noise.

EXAMPLES

N/A

CAUTIONS

- When shopping for lease space, your mantra should be "location, visibility, access, frontage."
- Do your due diligence.
  - Verify that the property is zoned for a veterinary facility.
  - Know and understand the terms of the lease and have it reviewed by your attorney. Otherwise, you may end up being responsible for more than you think.
- Look for ways to stand out in a crowd.
  - Locate your hospital near unique building features or focal points, such as towers or portals.
  - Locate in a corner space.
  - If allowed, use awnings, bright colors, and unique architectural shapes that are easily seen from the exterior.
- Expect that some of your investment will be left behind when you leave.
- Look to the future for expansion needs.
  - Is your layout such that you can expand into the next space without having to change the arrangement of your existing hospital?
  - A first right of refusal agreement with your landlord on adjacent spaces will give you the opportunity to expand when the adjacent spaces become available.

MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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11.12. DESIGNING WITH THE PATIENT IN MIND



BASICS

OVERVIEW

Animals are susceptible to anxiety and stress in hospital settings. Stress is a result of many factors, some of which can be controlled. Benefits of designing spaces that reduce stress include:

- a calmer environment;
- improved patient outcomes;
- lowered risk of secondary infections and disease;
- happier clients.

This chapter outlines strategies for designing low-stress environments for cats, dogs, and horses.

TERMS DEFINED

Air Change/Hour: The number of times the entire air volume of a room is completely removed and replaced within one hour.
Cortisol: A steroid hormone produced by the adrenal gland in animals and people in response to stress. Cortisol can be measured in the blood, so it is an indicator of stress responses in scientific studies.
Cubic Feet Per Minute/Cubic Meters Per Minute: The volume of air supplied or exhausted by the heating, ventilation, and air-conditioning system within one minute.



ISSUES AND OPTIONS

THE BIG PICTURE

Stress can be very damaging to animals. Upper respiratory infection in sheltered cats directly correlates to stress;[1] the longer a cat is housed, the more likely it is to develop an upper respiratory infection. Stress effects are not as severe in veterinary settings, because animals are housed for briefer periods and generally in less crowded conditions, but many of the same risk factors apply.

STRESS REDUCTION

It is important to acknowledge stress reduction as an overall goal in the design of a veterinary hospital. Strategies include the following.

- Reduce chaos. Animals that are housed and treated in loud and chaotic environments are stressed and often difficult to handle. Strive to create a calmer environment:
  - Design the hospital traffic flow to discourage circulation through treatment areas and animal housing areas (see 11.13 – Client/Patient Flow).
  - Recover animals from anesthesia in enclosed, quiet wards when possible.
  - In large hospitals, create treatment areas inside critical patient wards.
  - Reduce noise, including reverberant noise, and noise from air-handling equipment (see 11.15 – Noise and Odor Control).
  - Give pets as much choice as possible. For example, provide several methods for examining dogs, such as lift tables and cleanable mats for floor examinations, to eliminate forceful handling.
  - Enrich the exam and housing environments with pheromone dispensers and soft music or white noise.
- Go natural. Animals, like people, respond better to environments that are more natural (see 11.18 – Sustainable Design for Veterinary Practices).
  - Natural daylight has been proven to shorten recovery times, improve employee morale, and increase efficiency in human hospital settings.[2]
  - Use indoor/outdoor settings. Many animals and humans prefer to be in quasi-outdoor settings. This concept may be limited by your climate and other factors, but it can be incorporated in varying degrees, such as:
    - covered outdoor exam areas;
    - operable windows to allow for natural ventilation in patient wards.
- House according to species and risk. Even in the smallest hospital, it is best to separate cats from dogs and critical patients from others.

STRATEGIES FOR CATS

When cats are stressed, they tend to suppress normal behaviors, such as grooming, eating, drinking, play, and resting, rather than show abnormal behaviors.[3] It is important to recognize these subtle cues and prevent conditions that cause stress. Fortunately, cats respond well to improvements in housing configurations and designs. Some strategies that have been demonstrated to work include the following.

- Allocate enough space, especially if you plan to house cats for any length of time. Studies show that individually housed cats need at least 9 ft^2 (0.9 m^2) of space to reduce blood cortisol levels.[1]
- Enrich the space that you are providing to the level that is appropriate for the situation. In a boarding situation it is best to provide the cat with a separated litter compartment, a hiding box, and multiple levels. In a medical ward this may not be possible, but a towel placed in the cage and a screen over a portion of the door can provide the cat with some comfort and defensible space.
- Select "quiet latches" on cage doors that do not make a clattering noise when closed. Most manufacturers offer this type of latch.
- Provide a window in the back of the cage, and when possible place cats against outside walls where they can see out. Cats respond well to windows in the back of cages even when there is no view, because the cage feels less claustrophobic.
- Ventilate through cages to control odors in the space in general, cut down on overall air-handling requirements, and provide better air quality for the cats (see 11.16 – Heating, Ventilation, and Air Conditioning).

STRATEGIES FOR DOGS

Many studies have been conducted in both animal welfare and animal laboratory settings on strategies to reduce stress in housed dogs.

Stressed dogs show a variety of stereotypic behaviors, such as excessive barking. These behaviors can increase in severity depending upon the dog, the environment, and the length of time the dog is housed. Dogs, like cats, respond well to environmental enhancements, such as the following:

- Avoid housing dogs across an aisle from other dogs.
- Develop enclosures that are wider and less deep. Dogs react poorly to narrow enclosures.
- Cut down on unpleasant stimulation. A veterinary hospital that has taken this concept to its natural conclusion and has developed fully enclosed rooms for its housed dogs has reported a 95% decrease in the rate of postsurgical sedation when placing dogs in this quieter setting. Another benefit is that clients are more comfortable with the care that their pets are receiving.
- Provide natural daylight in animal ward spaces. If possible, provide windows low on the wall to let in more light and allow the dogs to look out.
- Provide enough air flow to remove odors and reduce humidity.
- Include radiant heating in the slab. Place the radiant heating in a portion of the run to provide the dog with a choice about whether to lie on a warm or cool slab.
- Use individual drains rather than trench drains to cut down on odors and cross-contamination.
- Locate wards close to exterior doors and provide convenient and sanitary exterior dog-walking areas to encourage staff to take the dogs out frequently.

STRATEGIES FOR HORSES

- The key to designing low-stress housing for horses is to develop solutions that are as much like the natural environment as possible within the limitations of the population that is being housed. Natural ventilation is appropriate in barns housing healthy horses, whereas horses that have communicable diseases must be housed in mechanically ventilated environments.
- Highly managed environments need a lot of attention to detail to protect the horses' wellbeing. If you plan to hose clean the stalls, then they must be designed with completely sealed surfaces to prevent harboring dangerous pathogens such as salmonella, which grow well in damp and porous surfaces.
- The following design guidelines apply to all equine environments:
  - In the northern hemisphere, equine wards are best oriented on an east–west axis, with the long direction facing north and south. Locate storage and prep areas on the north side and allow the horses to benefit from the southern exposure. Overhangs can be designed to allow the lower winter sun into the stall while shielding from the hot summer sun.
  - Design for the local climate, and learn from indigenous, traditional architecture. An example is the European shed row concept where the equine stall boxes are not enclosed within a barn. This works well in a mild climate and is the ultimate solution for natural ventilation.
- Allow horses to look out of their enclosures. This will help prevent stress and frustration behaviors.
- Prevent temperature extremes between inside and outside. Barns should be tempered just enough to support the recovery of the horse.
- Avoid drafty conditions. Poorly designed mechanically ventilated barns can increase physical discomfort.
- Incorporate natural daylight. Natural daylight will help create a space that feels less frightening and foreign to the horse.
- Design stalls/boxes to be the right size for the patient. In a medical setting, a typical 12 ft × 12 ft (3.6 m × 3.6 m) stall is not often sufficient. Larger stalls should be provided for larger breeds, mares and foals, neurological patients, and other special conditions. Studies have shown that horses can only have REM sleep when lying down.[5] (See 11.21 – Large Animal Facilities.)



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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11.13. CLIENT/PATIENT FLOW

BASICS

OVERVIEW

• The design and layout of a new hospital is key to the success of the veterinary practice.
• The size and type of hospital, the practice organization, and the types of services that are offered are critical factors in determining the layout of spaces and the circulation between them. The primary goal is to develop a solution that optimizes the organization, efficiency, and convenience for clients, patients, and staff.
• The first step in developing an efficient floor plan is to begin with a clear organizational structure that will become the basis and framework for the entire design.

TERMS DEFINED

Departmental Floor Plan: A plan with the hospital functions grouped or clustered into distinct, departmentalized areas.
Linear Floor Plan: A plan with the front, middle, and back portions of the hospital one after the other in a line.
Triangular Floor Plan: A plan with the front, middle, and back portions of the hospital in a triangular pattern.
Wayfinding: People's ability to find their way through a facility and to their selected destination.

ISSUES AND OPTIONS

ORGANIZATION AND LAYOUT

• Most veterinary facilities can be divided into three basic functional zones and numerous subzones.
• The design of mechanical systems, noise containment, and especially the movement of clients, patients, and staff are all dependent on the arrangement of these three zones.
• The zones are defined by your needs, goals, and building program, and the building program is defined by your budget, the size and shape of your space, and your imagination.

THE THREE ZONES: FRONT, MIDDLE, BACK

• The front zone is typically considered the area that will be occupied by the public (your clients). This zone commonly includes the waiting area, reception area, and exam rooms.
• The middle zone is the medical or procedural zone and typically includes the lab, pharmacy, treatment area, x-ray, surgery suite, specialty areas, and offices.
• The back zone includes the animal wards, storage, utility, and mechanical spaces.

FACILITY TYPES

The first companion animal hospitals were composed mostly of renovated houses, which worked well for one-doctor, low-volume practices. Then, as the need for additional capacity and services grew, new concepts were developed to improve efficiency.

Today's hospitals are commercial buildings, with wide circulation paths and generous room sizes. However, the organizational strategy will depend on the size of the hospital.

THE CONVENTIONAL OR LINEAR PLAN

• In small, freestanding facilities and storefront clinics of approximately 2,500 ft^2 (232 m^2) or less, the traditional front, middle, back configuration is the most efficient approach (Figure 11-13-1).
• Flow-through traffic minimizes square footage (building area) and travel distance between the front–middle and the middle–back zones.
• The conventional configuration has several drawbacks as facilities grow and increase in staff. With the through traffic passing through the middle zone, bottlenecks and traffic jams are created and become worse as the hospital grows.
• Examples of the conventional plan can be found in very small, freestanding hospitals, hospitals where the site conditions force the building to be long and narrow, and in most smaller sized lease spaces.

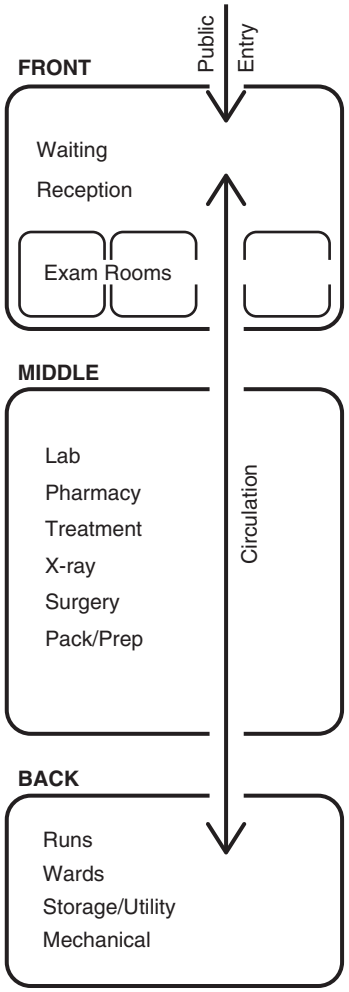


Figure 11-13-1.

Linear (front, middle, back) plan.

THE TRIANGULAR PLAN

• The triangular plan pulls the back of the clinic around to the side so that the three zones form a triangle, thus eliminating the through traffic of the conventional approach (Figure 11-13-2).
• The triangular plan allows circulation between any two zones without having to pass through the third. This scheme also shortens the distance between the front and back zones.
• Placing the workroom, lab/pharmacy, and/or a doctors' station at the center of the triangle establishes a control point for the whole hospital.
• Examples of the triangular plan include most general veterinary hospitals that are between 3,000 and 7,000 ft^2 (280–650 m^2).

THE DEPARTMENTAL PLAN

• As facilities grow or offer more diverse services, their functional requirements grow more complex. A large facility that is not well organized may feel like a maze and operate inefficiently.
• To minimize conflict, confusion, and unnecessary circulation space, it makes sense to divide large facilities into distinct areas or

11.13. CLIENT/PATIENT FLOW

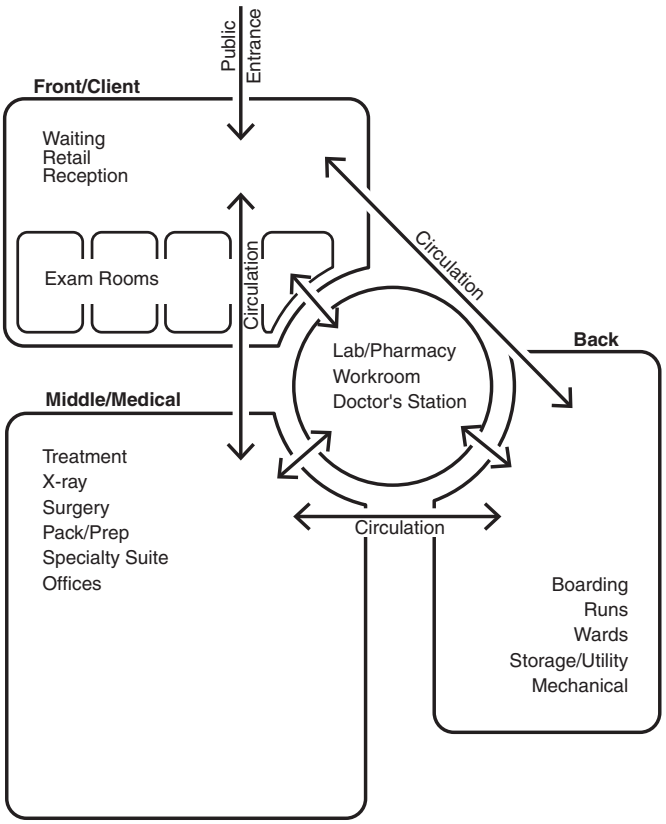


Figure 11-13-2.

Triangular plan.

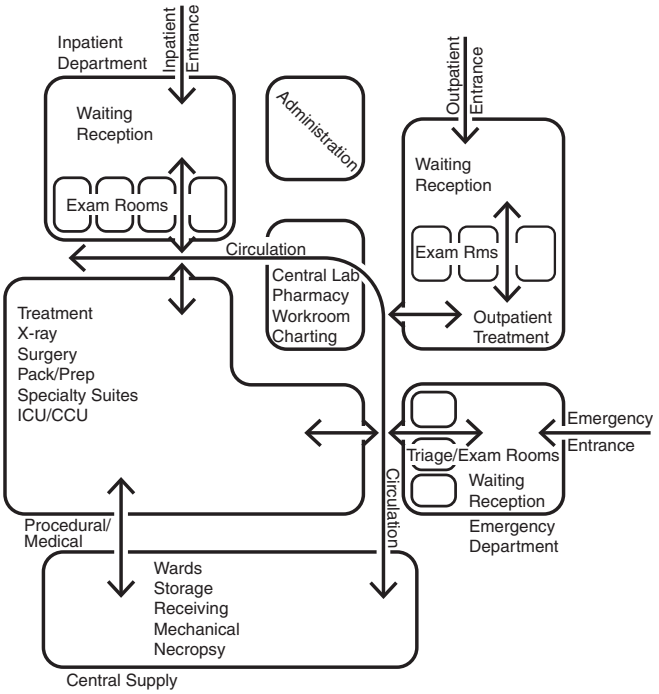


Figure 11-13-3.

Departmental plan.

departments. Spaces or functions can be clustered into groups or modules that define the various departments (Figure 11-13-3).

- Like human hospitals, the individual departments function in a semiautonomous way to help maximize staff efficiency and minimize client, patient, and staff cross-traffic.
- To operate efficiently, a large facility must have a clear circulation pattern. A racetrack type of circulation pattern will minimize complex cross-circulation and help to control traffic between and through the individual areas. It can also reduce the travel distance between departments. Another option for circulation is an oversized central spine onto which departments are connected via perpendicular hallways.
- Examples of departmental facilities include hospitals that offer separate inpatient and outpatient services, specialty referral and emergency hospitals, hospitals that are separated into species-specific departments, and large, full-service facilities.
- Veterinary hospitals offering boarding and grooming may be organized like departmental hospitals if they are operated with the hospital as a cohesive business. If the boarding and grooming services are operated separately, they may be physically separated as well.

SPACE PLANNING AND INTERIOR LAYOUT

Many of the secondary decisions made as your floor plan begins to develop can complement your overall organizational concept. These decisions will be based on your needs, practice style, design program, and budget.

WAYFINDING

Wayfinding is a term used to describe how people find their way through a space or building.

- The proper arrangement and alignment of spaces will help your clients feel oriented and help to improve the flow of people and patients.
- People often find themselves lost or disoriented in human hospitals, because the circulation paths are often arranged in and around particular functional spaces rather than the spaces being arranged around the circulation paths. The situation is made worse when the departments, rooms, corridors, and interior finishes all look the same.
- Avoid the human hospital wayfinding problem in larger veterinary hospitals with the following strategies:
  - Create easily identifiable spaces by using colors that vary by hue and intensity.
  - Create nodes (an intersection or gathering point) that are unique in color, form, and shape.
  - Vary ceiling heights or corridor widths to signal changes in circulation.
  - Avoid signage as the primary method to help people find their way.
- Because of their size and complexity, larger, full-service hospitals may function better when there are multiple points of entry and a limited amount of internal space devoted to public circulation. Although this approach requires more staff to manage, the benefit is an improvement in the flow of clients and patients, clarity of staff duties, and improved management of space. Human hospitals will have an inpatient entrance, an emergency entrance, and a separate area for diagnostics and x-ray. Outpatient services are typically provided at an offsite medical clinic. Similarly, with a full-service veterinary hospital plan, clients can freely access the public side of the various departments, but only the patients and staff are able to circulate internally.

THE RECEPTION AREA

The first experience your clients have in your practice will take place in the reception area. Overcrowding and congestion at the reception desk, combined with confusing flow patterns, can lead to undesirable pet interactions and client dissatisfaction.

11.13. Client/Patient Flow

• In a traditional model, your client walks in the front door, checks in with the receptionist, and then sits in the waiting area before being called into the exam room. Once the exam is complete, your client returns to the reception desk and is cashed out. This arrangement is space efficient and works for smaller hospitals, but it can also lead to congestion at the reception desk.
• Larger facilities can benefit from reception layouts that allow clients to move in a circular fashion through the facility. In this case, clients will enter at one location and check in at the reception desk. After they have received the necessary services, they check out at a cashier's station and exit through a different door. Even though this approach uses more space and requires more staff, it is better at reducing congestion by minimizing the number of times the clients and patients cross paths.

EXAM ROOMS

In older hospitals, the paths to and from the exam rooms are often vague, narrow, and congested. A common example is a hallway to the exam rooms that is so narrow that two large dogs can stop traffic until either one backs out of the way or steps into a side door. Strive for simple and spacious circulation to and from the exam rooms.
• Circular flow or one-way traffic is effective in reducing congestion in front of the exam rooms.
• Facilities with more than five or six exam rooms will benefit from grouping the rooms into pods of three or four.
  ◦ The pod configuration uses less space.
  ◦ Exam rooms grouped together can help with room scheduling.
  ◦ As an added benefit, a group of three exam rooms can be easily managed by a doctor, technician, and one other staff member.

TECHNOLOGY

Technology is playing an ever-increasing role in veterinary medicine and the design of veterinary facilities (see 11.14 – Integrating Technology). Computers, audio visual/information technology and network systems, and diagnostic equipment are becoming more sophisticated, affordable, and available. The following are some ways that technology can affect and improve on the way clients, patients, and staff move through buildings.
• Some hospitals have begun to check clients out in the privacy of an exam room rather than in the public setting of the reception desk. Besides reducing congestion at the reception desk, this approach allows the doctors and staff to speak confidentially with clients and discuss billing or other issues in a private setting.
• Paper files are not common anymore, and file space can be reduced or eliminated to make way for better circulation around reception desks.
• Instead of walking up to a receptionist sitting behind a large reception counter, your clients could be admitted by a greeter carrying a handheld device. The greeter could be stationed at a small desk, roam freely around the reception area, and meet clients at the front door or at the curb.
• Digital files and images can be pulled up in a variety of places around the hospital, meaning that workspaces can be reduced in size or made mobile, thereby eliminating the need for large, fixed desks and offices.
• Improved diagnostics are allowing medical equipment to become smaller, lighter, and more portable. Rather than bring the patient to the diagnostic equipment, the equipment is brought to the patient.

SPECIALTY REFERRAL AND EMERGENCY HOSPITALS

• One of the most beneficial floor plans for specialty referral and emergency practices is one that arranges the various functional spaces around a central core area such as central treatment or intensive care unit (see 11.19 – Referral and Emergency Facilities).
• Keep entrances separate and identifiable for clients who are not familiar with the layout of the building.
• Entrances to emergency facilities need to be secure and controlled for 24-hour access (see 12.5 – Security Issues for Hospital and Staff).

PET RESORT AND BOARDING FACILITIES

Clients who are boarding their pets usually drop them off early in the day and pick them up in the late afternoon or evening. These times tend to coincide with medical patients who are also dropped off and picked up at similar times. This usually leads to congestion in the parking lot, around the reception desk, in the waiting area, and at the cashier's counter.

Hospitals that are combined with boarding facilities can reduce congestion and improve circulation by separating parking, receiving, and check-in/cash out (see 11.20 – Pet Boarding and Luxury Accommodations).
• Provide additional space in the parking lot for vehicles to queue, maneuver, park, turn around, and exit.
• Consider providing a curbside concierge service to meet people at their cars during peak hours. This helps reduce the number of people who must park their vehicles and walk into the facility.
• Develop ways to make the check-in and checkout process hassle free, such as is described in the next section.
• Provide animal holding near the front for pets being dropped off or picked up. This will help reduce the number of times the receptionist or a staff member will have to run back and forth between the front and the kennels.



EXAMPLES

The following case study of a facility incorporates many of the aforementioned concepts. This full-service veterinary facility includes general medicine and is separated into inpatient and outpatient services, a separate emergency clinic, and a pet resort.
• A central entrance and reception area serves the general hospital and its separate inpatient and outpatient departments. The emergency hospital has its own easily recognized entrance, secure entry vestibule, and reception area. This layout has the dual function of allowing severe cases to bypass the people waiting for routine medical services and making it easier to secure the emergency clinic after hours.
• The staff entrance is at the back of the hospital, allowing for clear separation between the flow of staff and the flow of clients.
• The central treatment area is the hub of the medical portion of the building, and the various departments and entrances radiate out from that point. This scheme serves the clients by giving them entrances that are clear and identifiable, and circulation patterns that are simple to follow.
• The pet resort has its own entrance and check-in area and offers curbside concierge services to save clients extra steps.



CAUTIONS

• Start with a clear organizational framework to help achieve optimum efficiency.
• Start at the front of the building. Proceed step by step through the facility, looking at it from the perspective of the client, the patient, and the staff.
• Look for ways to optimize the check-in and checkout process.
• Spend extra time with your design team on the layout of the exam rooms, as this will often drive the organization of the rest of the hospital.
• Determine the best way for patients to move efficiently through your facility. Communicate with your design team about how patients should be separated (inpatient versus outpatient, by species, etc.).

• Determine the number of staff members needed to safely and efficiently operate your facility.
• Study several floor plans to see how others have solved their design problems.
• Know your needs, goals, and budget, and be realistic.
• Keep the future in mind when making your decisions. A master plan outlining future expansion options can help to keep the growth of your facility on track, particularly when you believe that an expansion could be in your future.
• Approach your project with an open mind. A rigid approach will lead to rigid solutions.
• Factor in the need for, and cost of, more staff members to manage your facility as it grows.
• When your program grows, you will need to think bigger when organizing spaces, utilizing staff, and managing your facility.
• Look at the human hospital model for examples of organization, efficiency, and future trends.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

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11.14. INTEGRATING TECHNOLOGY



BASICS

OVERVIEW

• Technology plays an increasing role across all industries, and veterinary practices are no exception. Current technology and future trends can impact building infrastructure with telephones, computer systems, audio/visual, diagnostic, and treatment systems, imaging equipment, and fire and security systems. Because imaging and diagnostic equipment is becoming increasingly digital in nature, images can easily be saved to a computer for input into a medical file or be transmitted across the Internet for outside consultation, revolutionizing the way veterinary medicine is practiced.
• It is now possible to combine invoicing/billing, scheduling, client information and education, medical diagnostics and protocol, practice performance monitoring, inventory management, and diagnostic laboratory capabilities into an interactive computer format. It is currently possible to digitize images and information received from the otoscope, ophthalmoscope, endoscope, ultrasound, or x-ray and import this information into a medical file or a client handout. It is also possible to transmit this same information to specialists via the Internet for consultation.
• As advanced imaging and diagnostics become increasingly accessible, it is likely to have an impact on the general nature of veterinary hospitals. Even though treatment areas serve as the hub of current veterinary practices, imaging and diagnostics could have a larger role in the hospital of the future. Miniaturization will move advanced diagnostics into the exam room and may cause the typical 8 ft × 10 ft (2.5 m × 3 m) exam room to grow slightly, whereas treatment areas correspondingly shrink.
• Until recently, veterinarians could not afford the equipment and training necessary to offer oncology services to their clients. However, through time shares, the advent of smaller magnetic resonance imaging (MRI) machines for veterinary medicine, and the growing availability of used and reconditioned computed tomography (CT) scan machines and linear accelerators, oncology is becoming one of the largest emerging fields of veterinary medicine.
• Furthermore, because veterinarians now practice oncology, there will be more and continued research for better diagnostic equipment. Even though CT scan machines and MRIs are invaluable imaging tools, human medicine is already exploring the combination of metabolic and anatomic imaging in positron emission tomography/CT machines. Although these machines are not yet affordable, they demonstrate the continual evolution of diagnostic imaging.
• Integrating this new technology into the infrastructure of a traditional veterinary practice requires some careful consideration. With ever-increasing miniaturization, flexibility is a must. For example, a particular piece of equipment that you are planning to purchase may end up being one-third its current size by the time you actually buy it.

TERMS DEFINED

Bluetooth: Short-range wireless technology used for connecting mobile devices, such as a wireless electrocardiograph.
Computer Networking: Provides basic connectivity between invoicing/billing systems, patient records, building security, building controls systems, and digital diagnostics equipment.
IEEE 802.11: Currently the most widely used standard for wireless radio-frequency (RF) data transmission.
Linear Accelerator: Device most commonly used to deliver highly focused beams of x-ray radiation in oncology treatments.
Local Area Network (LAN): Connection of computers, printers, and other network devices in a localized area, such as within a single facility.
Nomadic Computer: Portable, wireless computer system, such as a tablet- or notebook-type personal computer or personal digital assistant. Nomadic computers and wireless networks can provide flexibility in a veterinary hospital.
Tablet Computer: Any of a number of portable computers, approximately the same size as a notebook computer, in which the display screen serves as a touch-sensitive input device. The most common example is the iPad by Apple Computers.
Uninterruptible Power Supply (UPS): A battery pack used to provide temporary power to critical systems in the case of a power outage.
Wide Area Network (WAN): A computer network that spans a wider area than a LAN, usually connecting several LANs together. The Internet could be described as the largest WAN in the world. Smaller, private WANs that span large geographical areas operated by governments, universities, and large corporations serve as other examples.
Wired Equivalent Privacy: An encryption protocol defined in IEEE 802.11, which is used to provide security of data transmissions over a wireless network.



ISSUES AND OPTIONS

PLANNING FOR TECHNOLOGY SHOULD INCLUDE:

• Spatial considerations for the various types of equipment.
• The cost of training personnel and/or the hiring of people who specialize in the operation and maintenance of various systems.
• An understanding of the initial and long-term system maintenance costs. Complex and specialized systems are often more temperamental and tend to require more attention and maintenance.
• Special consideration during the early phases of design to help "future proof" your facility for the inevitable changes. Flexibility is the simplest way to keep up with technology that is ever changing (Figure 11-14-1).

INTEGRATING COMPUTER SYSTEMS

• A small LAN requires a network data server computer that is no larger than a typical desktop personal computer.
• The network server is best located in a centrally located data/communications closet. Owing to the amount of heat generated from the computer and networking equipment, the information technology closet typically requires an exhaust fan as a minimum means of keeping it cool and often needs dedicated supplemental air conditioning (see 11.16 – Heating, Ventilation, and Air Conditioning).



Figure 11-14-1.

Digital ultrasound in exam room of West Houston Veterinary Medical Associates, Houston, Texas. Photo courtesy of M3 Photographic.



Figure 11-14-2.

Computers in treatment area of Upstate Veterinary Specialists, Greenville, South Carolina. Photo courtesy of David Dietrich Photography.

• Other network equipment that should be located in the data/communications closet includes a network switch and a single UPS or more for computer network and telephone equipment.
• A 4 ft × 4 ft (1.2 m × 1.2 m) plywood panel on the wall is recommended for mounting all telephone and computer cable terminations.
• Data ports should be provided throughout the hospital for network-linked computer terminals and current or future network-capable devices.
• Connectivity may be either via cabling, wireless technology, or a combination of both. Wired networks have the advantage of better speed, consistency of signal, and security, whereas wireless systems allow the use of nomadic computers and ease of installation in renovations.
• Mobile, networked notebook or tablet computers may reduce or eliminate the need for stationary, fixed location computers (Figure 11-14-2).

INTEGRATING X-RAY EQUIPMENT

• A typical x-ray room should be approximately 9 ft × 12 ft (2.7 m × 3.7 m).
• American Animal Hospital Association Standards of Accreditation require that practice team members remain outside the room during exposure.
• A state-licensed physicist is required to prepare a shielding analysis and plan to protect other building occupants from scatter radiation.
• Digital x-ray is eliminating the need for darkrooms and film storage (see 9.8 – Digital Imaging Systems in Practice).
• Even if you do not plan to go digital right away, any new veterinary hospital should include data ports in the x-ray room.

INTEGRATING SPECIALIZED IMAGING EQUIPMENT

• **CT scanner.** A CT scanner requires shielding similar to an x-ray. Minimum space requirements for the CT scanner room will be approximately 16 ft × 18 ft (4.9 m × 5.5 m). It also requires a 6 ft × 10 ft (1.8 m × 3 m) control room and a 6 ft × 8 ft (1.8 m × 2.4 m) equipment closet. More robust "multislice" scanners require larger rooms than single-slice or dual-slice scanners. If creating a room the correct size for the installation of a dual-slice CT scanner, consider creating an oversized room instead to accommodate a future upgrade to a multislice CT.
• **MRI.** MRI requires RF shielding rather than radiation shielding. MRI is also affected by ferrous metal located within approximately 16 ft (4.8 m) of the facility. This includes the building framework, electrical fixtures, conduit, and even cars and trucks that may pass by outside. An equipment room with a raised computer room floor is needed to house all of the MRI computer equipment. The computer room should be located immediately adjacent to the scan room and requires a dedicated cooling system capable of maintaining temperature and humidity levels (Figure 11-14-3).

LINEAR ACCELERATORS

• Linear accelerators may have the most extensive and complex shielding and isolation requirements of any machine used in veterinary medicine.

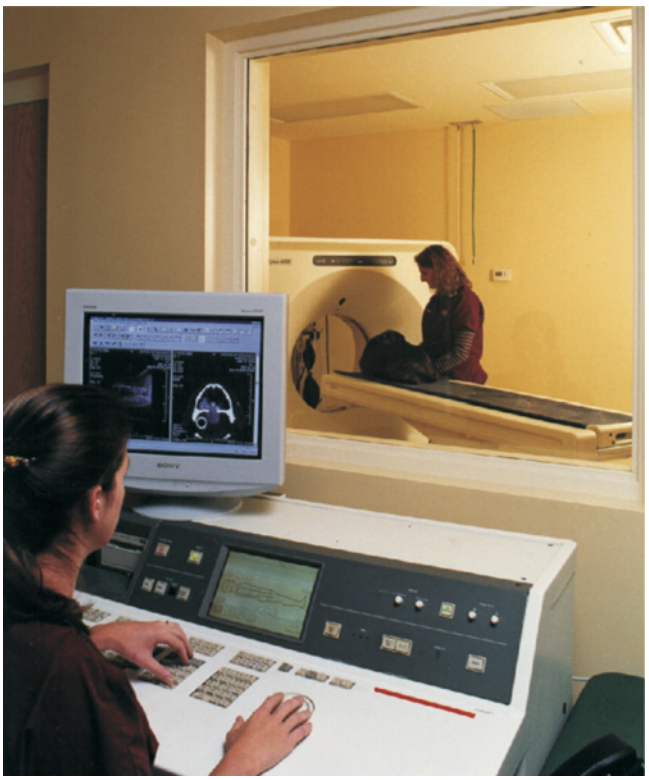


Figure 11-14-3.

CT scanner in specialty referral practice. Upstate Veterinary Specialists, Greenville, South Carolina. Photo courtesy of David Dietrich Photography.

11.14. INTEGRATING TECHNOLOGY



Figure 11-14-4.

Linear accelerator in specialty referral practice. Florida Veterinary Specialists, Tampa, Florida.

• A clear floor space of as much as 20 ft (6 m) on all sides is required. Excluding the control room, the space may be 35 ft (3.25 m) square and 16 ft (4.9 m) high.
• Shielding can consist of several feet (1 m) of concrete around and over the equipment in a vault-like assembly (Figure 11-14-4).

SECURITY SYSTEMS AND ELECTRONIC ACCESS CONTROL DEVICES

• Physical building security and information security needs are growing with all of the added technology in veterinary practices.
• With current electronic access control systems, you can program access to your hospital on an individual basis or on a per door basis (see 12.5 – Security Issues for Hospital and Staff). Either keypads or proximity card readers can be used. Computer connections to the access control devices may be either through wired or wireless connections to allow programming changes.
• Most electronic access systems include tracking capabilities.

HEATING, VENTILATION, AND AIR CONDITIONING AND ELECTRICAL ISSUES

• Much of today's increased technology and equipment can put unusual loads on your electrical and heating, ventilation, and air-conditioning (HVAC) systems (see 11.16: Heating, Ventilation, and Air Conditioning).
• It is possible that the electrical service available at your site may not be compatible with the needs of your specialized equipment, necessitating the installation of an onsite transformer. Always contact the equipment supplier to obtain detailed electrical requirements, including voltage, amperage, phase, and duration of need.
• Specialty equipment tends to create heat, thus requiring an increased cooling need in the space where it is located. Thermostatically controlled exhaust fans or additional cooling may need to be provided in computer rooms or rooms with other specialty equipment.
• Advanced lighting control systems integrated with day-lighting schemes can be an important part of energy-wise "green" buildings (see 11.18 – Sustainable Design for Veterinary Practice).
• For larger facilities, direct digital control of HVAC systems can provide direct, easy to understand feedback on how these systems are functioning and give you the capability to make adjustments as needed.

EXAMPLES

• A great way to use a computer network is as an interface to a digital camera monitoring system. Advanced computer systems now have the capability to transmit video camera imaging onto any computer monitor, including the capability to organize and display multiple, remote, live camera images. If your practice is focused on inpatient care, consider providing a website where your clients can log on and see live images of their pets. Facilities offering boarding can use this same technology to allow clients to see images of their boarded companions. Video cameras can display live or taped images, including an operating room overview, endoscopic camera views, and digital x-rays. In addition, large, flat-screen wall monitors can be located in surgery suites and public areas for staff teaching or client viewing. A surgeon could view and discuss real-time images sent from the lab, or x-ray images could be pulled up at a moment's notice. Veterinarians can now use their computers to monitor staff, provide building security, and educate their clients about procedures by providing images from surgery, treatment, endoscopy, and dentistry.
• The use of nomadic computers has the potential to completely eliminate the reception desk from the lobby of a veterinary hospital. It is possible that a greeter with a wireless tablet computer can check in clients while greeting each animal without the barrier of the reception desk. In the same way, checkout can be performed in the more private setting of the exam room rather than at a corner of the reception desk.
• Flat-panel, touch-screen nurse call systems are currently being used in human healthcare. These systems speed interaction and communication between the staff members. Coupled with an infrared locating system, it is possible to keep track of staff, patients, and equipment. It is also possible for a greeter with a wireless headphone to roam the facility and at the same time be responsible for the front greeter desk, because infrared sensors can sense when a client comes through the front door.

CAUTIONS

• It is easy to become overwhelmed by the array of new medical equipment on today's market. Some are merely tools. Others may revolutionize the way you practice medicine.
• If you are planning a renovation or are building a new hospital, you have an excellent opportunity to educate yourself and make conscious choices about which technologies you would like to integrate into your facility.
• Although there are practical limitations to how much time can be spent chasing every new or improved technology, some of these technologies can create many opportunities for veterinarians.

MISCELLANEOUS

ABBREVIATIONS

CT: Computed tomography
HVAC: Heating, ventilation, and air conditioning
LAN: Local area network
MRI: Magnetic resonance imaging
RF: Radio-frequency

UPS: Uninterruptible power supply
WAN: Wide area network

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N/A

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11.15. NOISE AND ODOR CONTROL

BASICS

OVERVIEW

• Clients form opinions about a veterinary hospital based on their first experiences. If the hospital smells bad and is noisy, the clients will be less likely to believe in the quality of care that their pets will receive.
• Noise and odors can also have negative effects on the hospital staff. For example, if the noise in the kennels is deafening, staff members are less likely to spend enough time cleaning kennels and caring for the animals.
• The following outlines the basics of noise and odor in veterinary settings and offers design guidelines for mitigating their negative effects.

TERMS DEFINED

Decibel (dB): A measure of the intensity of sound, based on the human ear. The lowest end of audible sound is marked by 0 dB. The sound intensity created by a jet engine is 140 dB. An increase of 10 dB represents a *perceived* doubling of the sound. For example, a sound measuring 80 dB will seem twice as loud as a sound measuring 70 dB.
Noise Reduction Coefficient (NRC): An empirically derived rating for materials or material assemblies that describes the percentage of noise absorption measured at 250, 500, 1,000, and 2,000 Hz. For example, a ceiling material that has an NRC rating of 0.55 absorbs 55% of reverberant sound waves. A material that has an NRC rating of 1.0 absorbs 100% of reverberant sound waves.
Reverberant Sound: Sound waves that bounce off surfaces.
Sound Transmission Class (STC): An empirically derived rating for materials or material assemblies that describes the number of decibels "screened" when noise passes through. For example, a wall that has an STC of 45 will screen 45 dB of sound. If the sound is 65 dB, then 20 dB will be audible on the other side of the wall. Generally, walls with greater mass screen more noise.

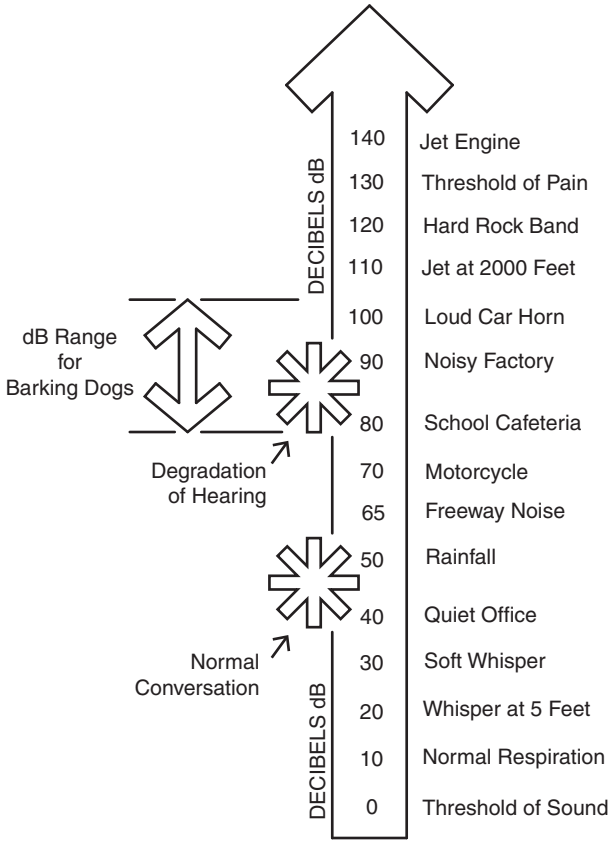


Figure 11-15-1.

Decibel range.

ISSUES AND OPTIONS

NOISE

Veterinary hospitals can be noisy. Fortunately, there are many design tools available to control noise within rooms and throughout the facility. The noisiest areas are often the dog wards and runs. The simplest first approach is to discuss what can be done to prevent excessive barking. Dogs may bark because of stress, or because people or dogs are passing their enclosures, or simply because other dogs are barking. Figure 11-15-1 shows a decibel scale with relative sound intensities.

Options

• Consider layout options that minimize the number of dogs that are housed across an aisle from one another.
• Install isolation panels or walls between runs to prevent barrier aggression.
• Add natural light through windows and skylights to create a more pleasing environment.
• Play soft music or audio books for the dogs.
• If the hospital offers boarding, provide an outdoor or indoor area for exercise.
• Minimize unnecessary artificial noise within the dog run rooms.
• Prevent placing air-handling equipment directly over animal ward spaces to prevent the rumbling noises that are created by this equipment.

After taking preventative measures, the next step is to develop ways to mitigate the effects of noise. There are five methods for reducing noise: absorption; isolation; dissipation; masking; and heating, ventilation, and air-conditioning (HVAC) design.

ABSORPTION

The first line of defense is to absorb noise near the source with materials such as sound baffles, acoustical wall panels, and acoustical panel ceilings that have high NRC ratings. However, high NRC ratings and water and bacteria resistance are opposing forces for materials. This is due to the fact that absorptive materials need to be somewhat porous, making them difficult to clean (Figure 11-15-2).

Options

• Do a thorough study of the market options to find the materials that balance sound-absorbing qualities with cleanability, durability, and water resistance. It may be necessary to get advice from an architect or contractor and from materials manufacturers.
• Hang the sound absorptive materials high on the walls and from the ceiling, where they will be out of the way and less likely to be damaged.

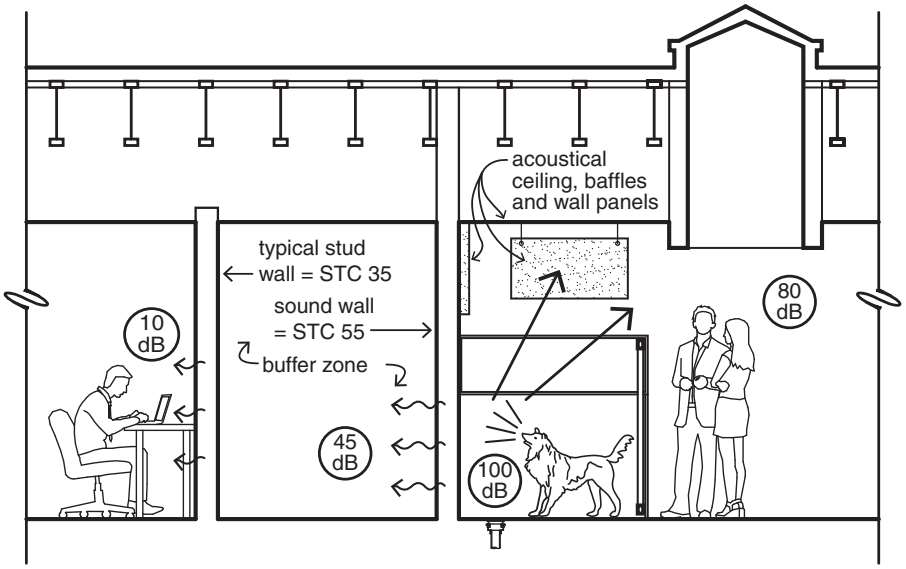


Figure 11-15-2.

Buffer zone to control noise.

• Dogs can generate 100 dB of sound in kennel areas. It is important to use some sound absorptive materials in the dog run rooms that have NRC ratings of 0.70–1.0. A good choice for ceilings is a cleanable, moisture-resistant ceiling panel that has an NRC of at least 0.70. Pair this with acoustical wall panels with NRC ratings of 0.85 to 1.0. The material used for acoustical baffles and panels can be fabric, polyvinyl chloride or nylon, Styrofoam, or perforated wood or metal. Predictably, NRC ratings drop in materials with increased cleanability.

ISOLATION

Even in the best scenario, sound absorption is limited to reverberant sound. It is not possible to absorb the noise as it is originally produced. Therefore, the next goal is to isolate the sound before it causes a problem. Sound isolation is measured with the STC rating.

Options

• Design the facility with sound walls and traps so sound does not travel freely from the original source to another room. Walls with a high STC will effectively screen much of the noise; however, they may not screen enough. For example, if the dogs generate 100 dB of sound in the kennels, the walls would need to screen 100 dB. This is not practical or even feasible. Fortunately, there are other options.
• One of the best ways to isolate noise is to use rooms such as halls and storage rooms as buffers between loud rooms and quiet rooms. For example, if the kennel is generating 100 dB and the STC rating of the first wall is 55, then 45 dB of noise will escape into the buffer zone. However, if the next wall has an STC of 35, then only 10 dB of noise will escape into the quiet rooms, which will be barely perceptible.
• Design sound walls to extend above the ceiling all the way up so they are tight to the structural or roof decking. An excellent sound wall will be completely ineffective if sound can "flank" the wall by traveling up through the ceiling and dropping into the adjacent space. Seal the sound wall completely to the structural deck.
• The following is a list of the STC of various materials and assemblies:
  ◦ 4 in. (10.16 cm) stud wall with drywall on both sides, STC of 35;
  ◦ 6 in. (15.24 cm) stud wall with staggered studs and two layers of drywall both sides, STC of 58;
  ◦ 8 in. (20.32 cm) concrete block wall with voids filled, STC of 55;
  ◦ 1/8 in. (3.175 mm) thick glass (i.e., a window), STC of 25;
  ◦ typical solid-core wood or hollow metal door, STC of 45;
  ◦ typical hollow-core wood door, STC of 35.
• A door or window can negate the acoustical isolation properties of a wall. Therefore, if it is important to isolate noise between two rooms, locate doors and windows on other walls, choose doors and window assemblies that isolate sound well, and install weather-stripping around the doors.
• A window with two layers of glass separated by a 1 in. (2.54 cm) air space has an STC of 45, which is much better than the 25 rating of a regular window.

DISSIPATION

In nature, sound dissipates very quickly, because there are few reverberant surfaces. A simple logarithm explains the relationship of decibels to distance:

$$\text{Decibels of Change} = 20 \times \log\left(\frac{\text{distance 1}}{\text{distance 2}}\right)$$

More simply, sound intensity decreases at a rate of approximately 6 dB for every doubling of distance.

Options

• Dissipation may not be a useful method for reducing noise within a room, because the distances are small. For example, raising the ceiling height in a dog run room from 8 to 12 ft (2.44 m to 3.66 m) will only result in a 3 dB reduction in the noise being reflected from the ceiling.
• Within an entire facility, dissipation can be a useful tool. For example, assume that the dog runs are located 80 ft (24.38 m) from the offices, and the noise in the kennels, 10 ft (3 m) from the dogs, is 100 dB. By the time the sound reaches the offices, it will be 18 dB

11.15. Noise and Odor Control

lower, regardless of other factors. This decrease may not be relevant by itself, but when paired with sound isolation walls and absorptive materials it may complement the overall scheme to reduce noise in certain areas of the hospital.

MASKING

Sound is not additive. If the constant level of noise in a room is 45 dB, adding a white background noise at 30 dB does not create a 75 dB cacophony. Therefore, masking with background sounds may be a good last resort method for reducing noise within a room.

Options

Some hotel lobbies have waterfalls or fountains to provide a gentle level of white noise that can mask conversations and clattering of luggage. Music also works. There is some evidence that dogs may be calmed by music or audiobooks played in kennel areas.

HVAC SYSTEM DESIGN

- HVAC ducts that cross from one sound area to another can be a source of noise leaks. Ducts that cross from room to room within a sound area can also transmit noise between rooms.
- Design the HVAC system so that ducts do not penetrate across sound walls or between sound areas (see 11.16 – Heating, Ventilation, and Air Conditioning).
- If a penetration is necessary:
  - Install a sound attenuator in the duct at the point of penetration.
  - Install acoustical lead inside ducts to contain noise within the duct.
  - Avoid duct layouts that provide a "straight shot" from one sound area to another. In mitigating a sound problem, it is often helpful to add bends in the ducts to reflect some of the sound waves back toward the source of the problem.
  - Seal carefully around duct penetrations through sound assemblies.

ODOR

Controlling odor is very important in a veterinary hospital. Strong odors can create an unpleasant environment for people and animals, and can send the wrong message to clients. Odor can also be an indication of a sanitation problem. The following are guidelines for eliminating and preventing odors.

ELIMINATE THE SOURCE OF ODORS

- Clean the runs and cage areas frequently and thoroughly.
- Remove organic material before disinfecting.
- Size and select floor drains carefully. For example, if you are scooping the runs prior to washing them, a small floor drain will suffice. If you plan to wash waste down drains, the drains must be large and smooth, with appropriate grates that will allow the waste to go through without being a hazard to dog paws. Drains should be located in the backs of enclosures.
- Clean first, then disinfect. Follow the manufacturer's guidelines for the contact time and dilution rate of the disinfectant.
- Locate hose bibs in convenient locations.

SELECT APPROPRIATE MATERIALS AND INSTALL THEM PROPERLY

- Use nonporous finishes for walls and floors.
- Cove floor materials up the walls 6 in. (15.24 cm) to eliminate the "joint" between the floor and wall. This is especially important in medical areas, restrooms, and all animal wards (see 11.17 – Flooring).
- Use seamless floor materials in all medical and ward areas.
- Invest in durable finishes, especially in animal wards. Damaged or degraded finishes will more readily trap bacteria and fungus.
- Seal every material transition carefully to prevent water and dirt from working its way behind surfaces.
- Provide exhaust fans in the following rooms to remove odors near their sources: laboratory, exam rooms, restrooms. Integrate exhaust with the air-handling system for these rooms: dental rooms, bathing and grooming, animal wards, isolation wards.
- Pressurize the air to keep odors where they belong. For example, it is recommended that the HVAC system be designed to remove more air from a dog run room than is supplied. This will give the room a negative air pressure. When the door to the room is opened, air from other areas will rush into the room to equalize the pressure. This will keep odors from flowing out of the room into other spaces. In general, all animal areas should have negative pressure. Isolation should have the most negative pressure to prevent the spread of disease. Public areas, such as reception and waiting, should have positive pressure to prevent odors flowing in from other areas of the hospital.



EXAMPLES

In a hypothetical example, a veterinary team is working with their architect to design the dog ward for their new hospital. They have used the tools available to mitigate unpleasant noise and odors. The following are some design features of the new ward, based on the results of their discussions.

- **Noise control:**
  - The run layout minimizes cross-barking.
  - The ward is located away from other commotion.
  - Natural lighting enhances the room and helps to create a pleasant environment.
  - Acoustic panels are placed on the wall above 7 ft (2.13 m) to absorb reverberant sound. The acoustical ceiling balances a moderate NRC value with cleanability.
  - The walls are designed to be sound assemblies with an STC of 55. The sound walls extend to the roof deck, and all penetrations are sealed.
  - A hall is located as a buffer zone between the ward and an adjacent office area.
- **Odor control:**
  - The ward is designed with a good, convenient cleaning system.
  - The walls and floors are finished with nonporous, durable products. Joints are minimized, and each transition between materials is sealed carefully.
  - A generous amount of air is exhausted from the ward. The ward is negatively pressured to prevent odors from escaping to other rooms.

In this example, the new ward is designed to be a pleasant space that integrates well into the overall design of the hospital. A hospital that seeks to minimize unpleasant noise and odors will be more professional, enjoyable, and comfortable.



CAUTIONS

NOISE

- When designing a sound isolation wall, it is critical to eliminate all openings that might permit leaks. A sound wall is only as good as the weakest link, and even a 2 in. (5.08 cm) square hole will completely negate the sound isolation qualities of a wall. An architect can help with a plan to route piping, electrics, and ducts to reduce penetrations

through sound walls. Where it is necessary to penetrate a sound assembly, the penetration should be completely sealed on all edges with an insulating material.

- Rule of thumb: *if light can penetrate, sound can penetrate.*
- Use caution when using dissipation as an argument to plan outdoor runs for a hospital. Although it may be true that the noise from the barking dogs will be greatly diminished over the broad spaces of the outdoors, the laws of dissipation will be thrown out of balance by many factors, such as wind speed and direction, temperature, and humidity.

ODORS

- Many veterinary hospitals use high-pressure water spray systems effectively. However, if you decide to use this type of system, be sure the finishes in the run area are tough enough to hold up to the water pressure. Some high-pressure systems can damage less-durable finishes. This damage can create an environment for bacteria to grow, thus defeating the purpose of the cleaning system. Consult with an architect to select materials that are compatible with high-pressure cleaning systems.
- It is important to solve the source of an odor problem first rather than relying on treating the symptoms. Many electronic air deodorizers and air disinfectant systems are available on today's market. These systems are expensive and, depending upon whom you ask, may not be effective. If you choose to invest in an air treatment system, do thorough research to ensure that the system has been successful in other veterinary hospitals.



MISCELLANEOUS

ABBREVIATIONS

dB: Decibel
HVAC: Heating, ventilation, and air conditioning
NRC: Noise reduction coefficient
STC: Sound transmission class

References

N/A

Recommended Reading

N/A

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11.16. HEATING, VENTILATION, AND AIR CONDITIONING



BASICS

OVERVIEW

• Heating, ventilation, and air conditioning (HVAC) design for animal care is constantly evolving. This evolution is driven primarily by three factors: higher standards for animal housing, concerns about indoor air quality, and building code requirements for energy efficiency.
• Today's veterinary hospitals have complex and sophisticated HVAC systems. These systems require a significant initial investment. Veterinarians who are planning to build or renovate a hospital must understand the basics of HVAC design to make informed decisions.

TERMS DEFINED

Air Change/Hour: The number of times the entire air volume of a room is completely removed and replaced within one hour.
Cubic Feet/Minute (CFM), Cubic Meters/Minute (m^3/min): The volume of air supplied or exhausted by the HVAC system within one minute.
Energy Recovery Ventilator (ERV): An ERV recycles energy by "preconditioning" the air that goes into the building with the air that is exhausted. The two channels of air pass next to one another to facilitate thermal exchange, but they remain physically separate to prevent contamination.
Exhaust Air: Exhaust air is mechanically exhausted to the outside without being reused by the HVAC unit.
Fan Coil System: In a fan coil system, hot and cold water is supplied from a remote boiler and chiller to fan coil units, which are mounted in each room. Fan coil systems are not practical for most veterinary hospitals, because they are relatively expensive and may not provide sufficient exhaust for rooms such as animal wards. However, they are often used in retrofits, because they are space efficient.
Heat Pumps: A mechanical system that moves heat from one place to another. For example, in heating mode, heat is collected from the outside and moved to the inside of a building. In cooling mode, heat is collected from the inside and moved to the outside of a building. Heat pumps may derive heat from air (air source), ground (ground source), or via a commercial water source, such as a boiler and chiller system.
In-Floor Radiant Heat Systems: Some veterinary hospitals supplement their HVAC system in animal wards with in-floor radiant heat to provide therapeutic floor surfaces and decrease floor drying time.
Rooftop Unit (RTU): This is a term used to define a prepackaged HVAC unit that combines gas-powered heating, a fan unit, and cooling. RTUs are often combined with ERVs, which reduces the RTU's required capacity. RTUs are the most common solution for veterinary hospitals.



ISSUES AND OPTIONS

A good HVAC system prevents the spread of airborne disease, reduces odors, and improves the overall wellbeing of the animals and staff. Veterinary hospitals are commercial buildings, and to comply with codes they must employ a mechanically ventilated system. In older hospitals, it is common to see residential-style furnaces and separate compressors. Newer hospitals are more likely to use larger packaged air-handling equipment such as RTUs because RTUs are capable of handling much greater volumes of air than standard residential-style furnaces.

RTUs can be combined with ERVs to recover some of the energy that is lost by exhausting large volumes of air. Because of changes to energy codes and regulations, ERVs are often required in veterinary hospitals.

After the mechanical engineer chooses the system, the next step is to design each system component to create an overall healthy indoor environment that controls disease and odors:

• **HVAC zoning.** Veterinary hospitals are divided into zones that are controlled by separate HVAC units. Except for the smallest hospitals, which may only have two zones, most hospitals require a minimum of three zones to divide the following:
  ◦ The client zone. Reception, waiting, retail, exam rooms.
  ◦ The procedural zone. Treatment, surgery, laboratory, pharmacy, darkroom.
  ◦ The patient zone. Wards, runs, isolation, food prep, grooming, bathing.

  Each zone should be distinct and separate. Return air for one specific zone should not draw from an adjacent zone, which crosses odors from one zone to another (see 11.15 – Noise and Odor Control).
• **Air pressurization.** Air pressurization is very important in a veterinary hospital. In a room that is negatively pressured, more air is removed than is supplied. In a room that is positively pressured, more air is supplied than is removed. In general, the client zone should be positively pressured and the patient zone should be negatively pressured. This prevents odors and airborne diseases from wafting into public areas. Most of the procedural zone may be slightly negatively pressured or neutral, except the surgery area, which should be positively pressured to maintain an aseptic environment.
• **Exhaust air.** Air should be exhausted from:
  ◦ *Laboratory.* Install a 150 CFM (4.28 m^3/min) exhaust fan over the sink. If chemotherapy drugs are being prepared in the lab/pharmacy area, install a biological safety cabinet to meet United States Pharmacopeia standards and refer to requirements in 9.21 – Waste Management.
  ◦ *Exam room.* Install a 90 CFM (2.55 m^3/min) exhaust fan to prevent stuffy air and remove odors.
  ◦ *Bathroom.* Building codes require exhaust fans.
  ◦ *Animal wards and runs.* The best way to control disease and odors in animal rooms is to maintain negative air pressure by exhausting 110% of the air supplied to the space, via the air-handling units. This results in wasted energy, making it sensible to use energy recovery technology.
  ◦ *Isolation.* Isolation can be exhausted with a direct exhaust fan if it is only occasionally occupied, or it can be included in the overall building exhaust system with the animal wards and runs. In either case, it should be highly negatively pressured, with 120% of the supply air being removed from the space.
  ◦ *Bathing and grooming.* This room has similar exhaust requirements to an animal ward or runs.
• **Air changes/hour.** Many variables affect the number of air changes needed in a room.
  ◦ *Use.* Minimum air changes based on use:
    ▪ Animal wards and runs. Minimum 12 to 15 air changes/hour in dog wards and 20 to 25 air changes/hour for cat wards.
    ▪ Treatment and medical. Minimum eight to 10 air changes/hour.
    ▪ Client areas and staff offices. Recommended six to 10 air changes/hour, with fresh outside air making up 25–50% of returned air.
  ◦ *Number of occupants.* A cat ward with triple-stacked cages will need more air changes than the same ward with a few cats. It is helpful to compare the desired CFM, 40 CFM (1.42 m^3/min) per dog and 30 CFM (0.23 m^3/min) per cat, of air moved per animal to the overall room air changes. For example, a room that is 8 ft × 15 ft × 9 ft tall (2.5 m × 4.6 m × 2.7 m) has 1,080 ft^3 (32 m^3) of air volume. In a room of this size, 12 air changes/hour will move 12,960 ft^3 (384 m^3) of air/hour or 216 ft^3 (6.4 m^3) per minute. With five dogs in the room at 40 CFM per dog, the HVAC would

11.16. HEATING, VENTILATION, AND AIR CONDITIONING

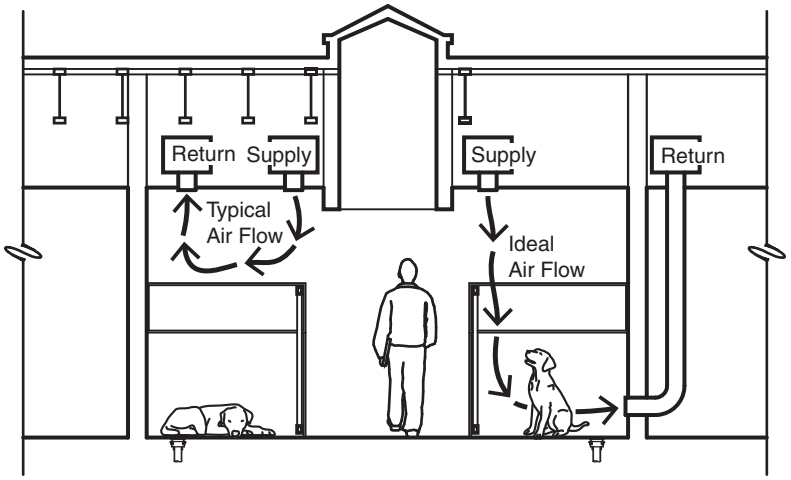


Figure 11-16-1.

Heating, ventilation, and air conditioning.

need to move 200 ft^3 (5.6 m^3) per minute. In this case, 12 air changes/hour would be adequate for proper air flow.

- **Size.** In small rooms, the HVAC system is moving a small volume of air. Increasing the number of air changes can create the same *perceived* air movement as in a larger room.
- **Equipment.** Motorized and electronic equipment creates heat. Compile an equipment list for each room so the HVAC engineer can adjust the airflow as necessary.

EXAMPLES

To take HVAC design to the next level, look beyond the numbers. *How* is the air moving? Does the air movement accomplish the goal of maximizing health and comfort? Figure 11-16-1 illustrates a simple way to improve airflow in animal areas: exhaust through the animal cages or runs.

CAUTIONS

- **Costs.** The costs of modern HVAC systems can be intimidating. Some components, such as energy recovery units, pay for themselves in lower utility bills and higher efficiency.
- **Space requirements.** Modern HVAC units are heavy and take up space, which can be problematic for small hospitals. RTUs and ERVs are too large to place in attics or closets. If the site is restrictive, the unit can be mounted on a portion of flat roof. If a sloped roof is important to the design, choose a site large enough to accommodate exterior pad-mounted units. In either case, the units will not be attractive and should be screened from view.
- **Maintenance.** It is important to keep up with recommended maintenance. A simple example is changing filters clogged by pet hair and dander, which restricts airflow.

MISCELLANEOUS

ABBREVIATIONS

CFM: Cubic feet per minute (m^3/min: cubic meters per minute)
ERV: Energy recovery ventilator
HVAC: Heating, ventilation, and air conditioning
RTU: Rooftop unit

References

N/A

Recommended Reading

N/A

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11.17. FLOORING

BASICS

OVERVIEW

Of the myriad commercial flooring materials, only a few are truly appropriate for use in veterinary facilities. When evaluating any flooring material, the specific qualities that must be considered include durability, cost (including initial, maintenance, and replacement costs), maintenance needs, resilience under foot, slip resistance, noise absorption, and appearance.

Because the available materials that are appropriate for use in veterinary facilities exhibit all of these properties in varying levels, you need to understand what the differences are and which qualities you need from a flooring material in each area of your hospital.

TERMS DEFINED

Resilient: Capable of absorbing impact without permanent deformation. Resilient flooring materials tend to be more comfortable under foot, especially during extended periods of standing, as may be experienced in treatment or surgery areas.

Resinous: Self-leveling, or troweled-on, liquid-applied flooring materials consisting of epoxy, acrylic, or urethane resins.

ISSUES AND OPTIONS

ACID-STAINED AND SEALED CONCRETE

- Acid-stained concrete offers warmth in appearance, similar to natural stone, at a fraction of the cost.
- Stained concrete may be used effectively in lobbies or other low-maintenance areas. However, it does require periodic resealing, especially in high-traffic areas.
- If cracking occurs due to drying, shrinking, or with slight building movement, these cracks will be visible when using exposed concrete as flooring. These cracks may also impact the ability to adequately sanitize the floor.

CERAMIC TILE

Options

- Porcelain pavers
- Unglazed quarry tile
- Clay pavers
- Mosaic tile.

Issues

- Ceramic tiles used for flooring are most often unglazed for slip resistance. However, crystalline-glazed clay tiles have an uneven surface that may be used for light-duty floors.

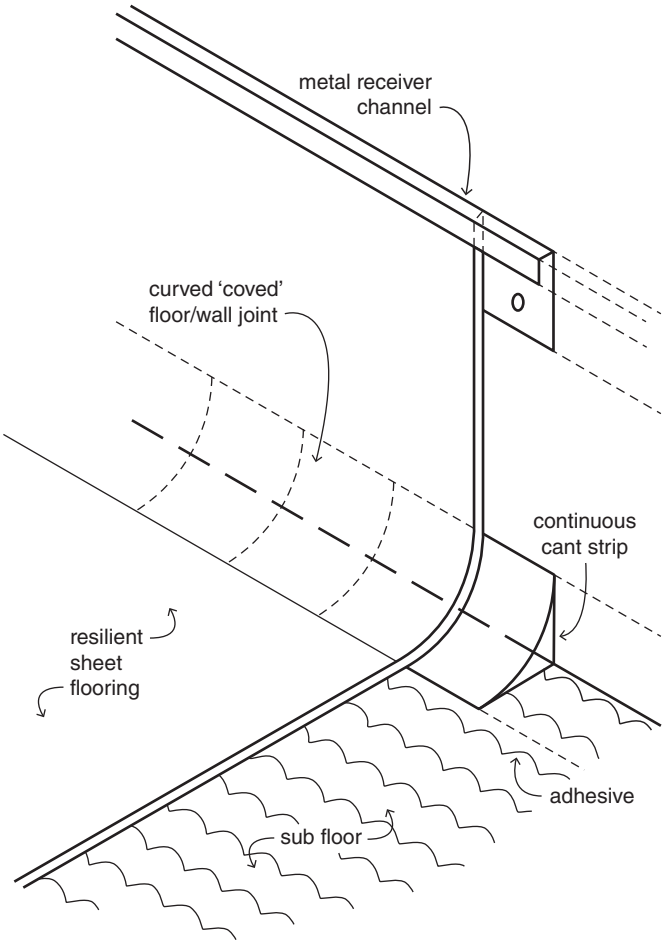


Figure 11-17-1.

Flash cove base at joint between floor and wall.

- Tiles up to 6 in.^{2} (38 cm^2) are commonly referred to as *mosaic tiles*, whereas larger tiles are referred to as *paver tiles*.
- Porcelain tiles are much harder and less permeable than clay ceramic tiles and are recommended for use in veterinary facilities. Clay ceramic tiles may be used in restrooms, break rooms, or other lower use areas.
- Epoxy grout and setting materials should be used for their higher stain resistance. Many tile installers resist working with these materials

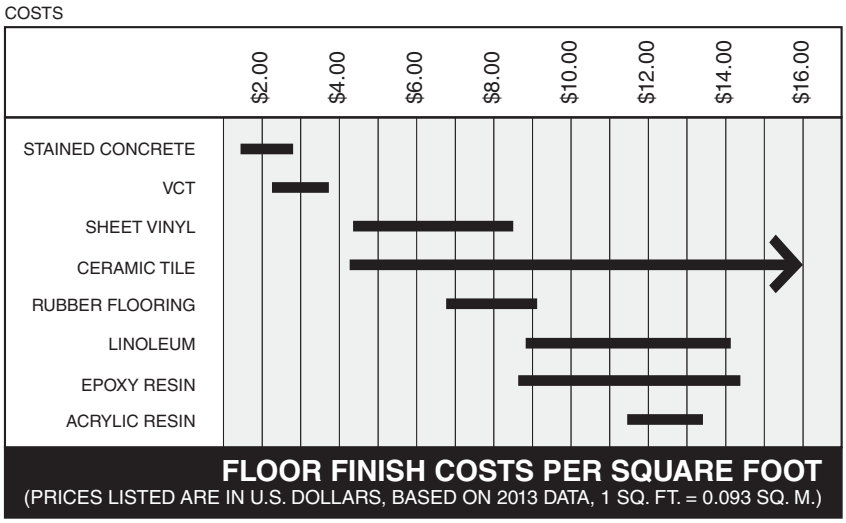


Figure 11-17-2.

Floor finish costs per square foot.

and may charge a significant premium for their use. Be assured, the additional cost is well worth it.

• Quarry tiles, like porcelain tiles, are virtually unaffected by such elements as water and chemicals, but are thicker, improving their impact resistance. Glazed quarry tiles may be slippery when wet, so only unglazed is recommended.

RESILIENT FLOORING

Options

• Sheet vinyl
• Linoleum sheet
• Vinyl composition tiles (VCTs)
• Luxury vinyl tiles (LVTs) and luxury vinyl planks (LVPs)
• Rubber tiles or rubber sheet.

Issues

• Sheet vinyl may have heat-welded seams and an integral flash cove base, which is recommended for ease of cleaning and increased sanitation, particularly when used in treatment or surgery areas. Traditionally, sheet vinyl has required stripping and waxing, but new no-wax formulations have an improved appearance with easier maintenance.

• Linoleum sheet is an environmentally friendly product, manufactured primarily from cork and linseed oil. Similar to sheet vinyl, it may be heat-welded and installed with an integral flash cove base. It may be susceptible to staining from some chemicals, so check with the manufacturer for a list of chemicals that have been tested and their adverse effects.

• When sheet flooring is used in restrooms, an integral flash cove base should always be provided to insure conformance with building code requirements for toilet room floor surfaces.

• VCTs come in 12 in. × 12 in. (30.5 cm × 30.5 cm) tiles and should only be used in areas such as offices, workrooms, and break rooms that do not require frequent cleaning. VCTs require periodic waxing to maintain an attractive appearance.

• According to most building codes, VCTs are typically not permitted to be used in restrooms due to the number of joints in the flooring that can harbor microbial growth. For the same reason, they are not recommended in locations where highly sanitary finishes are needed.

• LVTs and LVPs are increasingly popular, providing the appearance of natural materials such as stone or wood planks with the performance benefits of vinyl.

11.17. Flooring

• Rubber tiles and rubber sheet flooring are more resilient than other resilient flooring, improving comfort and somewhat decreasing noise from footfall or wheeled traffic. Rubber products are typically not as chemical resistant as VCTs or sheet vinyl, so check with the manufacturer for a list of chemicals that have been tested and their adverse effects. Seams may be heat or chemically welded for seamless installations.

RESINOUS FLOORING

Options

• Epoxy resin
• Acrylic resin (methyl methacrylate)
• Urethane
• Polymer-modified concrete toppings.

Issues

• Decorative epoxy resin flooring is typically 1/16 in. to 1/4 in. (1.5 mm × 6 mm) in thickness. A colored quartz aggregate topping provides most of the finish color. Most systems also include a urethane seal coat. The newly installed floors may be too smooth or too coarse, so samples and a mock-up should be reviewed prior to installation. A heavily textured finish provides greater slip resistance but is more difficult to keep clean.
• Acrylic resin flooring gets its appearance from colored vinyl flakes. Though more attractive than the quartz aggregate systems, it does not offer as much inherent slip resistance.
• Both epoxy and acrylic resin may present a strong odor during installation. Epoxy resin should only be installed in unoccupied, well-ventilated areas. Some acrylic resin products are available in low-odor formulations. Good ventilation should always be used when installing this type of flooring, especially when working in occupied facilities.



EXAMPLES

A scenario for a typical veterinary hospital would include the following flooring materials:
• Lobby, reception area, public restroom: porcelain paver tiles with epoxy grout or LVPs.
• Exam rooms, treatment area, isolation area, surgery suite: sheet vinyl with heat-welded seams and integral flash cove base.
• Break room, food-prep/utility rooms, back hallways: sheet vinyl with rubber wall base.
• Wards: resinous flooring with integral base.

While giving up some durability and ease of maintenance, but still an acceptable scenario, a hospital on a tighter budget may include:
• Lobby/reception area, utility/food-prep, back hallways, and wards: stained and sealed concrete.
• Restrooms, isolation, surgery suite: sheet vinyl with integral cove base.
• Exam rooms, treatment area, offices, and break room: sheet vinyl with rubber base.



CAUTIONS

• Partially due to changes made to reduce the volatile organic compounds in products, it is critical when applying flooring to concrete slabs that the concrete meet the moisture and pH limits established by the specific flooring manufacturers. In new construction, manufacturers almost always recommend vapor barriers

under slab-on-grade construction. They also recommend that moisture and pH tests be performed prior to flooring installation. If an acceptable moisture level cannot be achieved, an additional topical treatment may be needed prior to the installation. Sheet vinyl and resinous flooring materials are most sensitive to these moisture and pH levels, but manufacturers of VCTs, sheet linoleum, and most adhesives also include similar cautions. Excessive moisture, unacceptable pH levels, and improper installation can all result in failure of flooring to initially adhere or to remain adhered to the substrate.

- All hard-surface flooring materials may become slippery when wet. Therefore, special consideration is necessary when selecting flooring materials for areas that will be cleaned frequently. Obviously, highly textured floor surfaces usually provide improved slip resistance over smoother finishes. The trade-off with more highly textured flooring is more difficult cleaning. Most of the major flooring companies have test data for slip resistance, tested both wet and dry. While not necessarily helpful in quantifying any type of absolute slip resistance, the test results do provide a means of comparing the different products relative to each other.



MISCELLANEOUS

ABBREVIATIONS

LVT: Luxury vinyl tile
LVP: Luxury vinyl plank
VCT: Vinyl composition tile

References

N/A

Recommended Reading

N/A

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11.18. SUSTAINABLE DESIGN FOR VETERINARY PRACTICES



BASICS

OVERVIEW

Green building has been an important trend for long enough that many sustainable technologies are required by newer building codes and regulations. However, some technologies are better than others when applied to specialty buildings such as veterinary hospitals.

Although it is important to design hospitals that use less energy, focusing on environmentally friendly methods also provides a framework for creating healthier and more inspiring environments for animals and people.

TERMS DEFINED

Biophilic Design: Design inspired by humans' inherent need to connect with the natural world.

Carbon Footprint: A measure of the global warming potential of a given project, system, or activity using carbon dioxide equivalents.

Commissioning Agent: A professional who is hired, usually as a third party, to verify that the building mechanical, electrical, and energy systems are operating correctly.

Energy Recovery Ventilator (ERV): An ERV recycles energy by "preconditioning" the air that goes into the building with the air that is exhausted. The two channels of air pass next to one another to facilitate thermal exchange, but they remain physically separate to prevent contamination.

Photovoltaic System: A solar-powered, energy-producing system used to generate electricity.

Sustainable Design: The application of design principles that use resources responsibly and reduce negative environmental impacts.

Two-Stage Evaporative Cooling: Also known as indirect/direct evaporative cooling, the first stage of cooling precools the air without adding humidity. The second stage cools and slightly humidifies the air. This system reduces the humidity of traditional evaporative cooling by 10–30% yet reduces energy use by 60–70% compared with traditional air-conditioning systems (source of statistics: American Society of Heating, Refrigerating and Air-Conditioning Engineers).



ISSUES AND OPTIONS

SITE DESIGN

Veterinary practices generally put real estate concerns first in selecting and developing a site (see 11.5 – Selecting a Site). Land is typically purchased in an area of future growth and is developed in a way that maximizes street visibility and access. Overlaying sustainable design ideas onto land purchase and development decisions may add complexity but will bring value to the project.

- Reuse an existing building. Carl Elefante said, "The greenest building is one already built." Purchasing an existing unused office building for redevelopment is a cost-effective decision. An existing building comes with infrastructure in place, and it represents a physical investment of energy and resources. Saving money on the shell of the building can allow a practice to spend more money on other aspects of the project. A good-quality commercial building shell may reduce the cost of a typical project by 20%.
- If there is a choice, select a site with favorable orientation and dimensions. A site that is long in the east–west direction will allow for a more favorable building orientation than one that is long in the north–south direction.
- Avoid building in sensitive zones such as wetlands, flood plains, prime farmland, and wildlife areas. Avoiding these areas will also save you money.
- Avoid hilly sites. These sites will require you to move a lot of soil, which is expensive in terms of money and resources.

BUILDING ORIENTATION

- Veterinary hospitals are typically designed from the inside out. They are functionally driven, for good reason. If it is possible to challenge your design team to solve the functional concerns while also considering environmental concerns, the resulting hospital will be a better place to work and will cost less money to operate.
- Strive to create thinner or open plans, oriented on an east–west axis, that have a greater connection with the outdoors. A long axis running east–west is the best orientation for maximizing passive solar design, which translates to a reduced cooling load and energy savings for conditioned space. The following rules of thumb may be adjusted slightly based on your local conditions:
  - Place treatment, waiting, and office areas on the south side and utility spaces on the north side.
  - Use overhangs on the south to keep out the summer sun and let in the winter sun.
  - Locate large openings on the south, high openings on the north, and reduce openings on the east and west.

ENERGY USE REDUCTION

Veterinary hospitals tend to use a lot of gas, water, and electricity, which translates to high utility bills. Therefore, energy use reduction is an excellent strategy for creating a greener, more cost-effective building. Some of the methods described in the following require an initial investment, but they are the most effective over the lifetime of the building. A hospital that incorporates a broad range of energy-saving features may use 25–35% less energy than the industry baseline.

- Invest in an energy-efficient heating, ventilation, and air-conditioning (HVAC) system (see 11.16 – Heating, Ventilation, and Air Conditioning):
  - If appropriate for your location and your project, consider alternative HVAC technologies, such as ground-source heat pumps. A skilled mechanical engineer with sustainable design experience can evaluate the potential viability of alternate approaches.
  - If using traditional rooftop air handling, incorporate ERVs, even when not strictly required by code, to precondition incoming air and cut down on heating and cooling costs.
  - In dry climates, use two-stage evaporative cooling instead of traditional air conditioning.
  - Allow some temperature fluctuations in animal areas to cut down on energy usage and peak load demands. Typical ranges may be from 65 to 80 °F (18.3–26.7 °C).
  - Consider the possibility of using properly designed natural ventilation in select areas of the building during favorable days and seasons.
  - Have the building systems fine-tuned by a commissioning agent after completion of construction and prior to occupancy. This saves about 13% in energy costs in new buildings and more in high-tech buildings such as veterinary hospitals.[1]
- Reduce lighting needs, which account for the largest use of energy in commercial buildings. The best way to do this is to incorporate natural daylighting. Sunlight provides approximately 140 lumens of light for each watt of heat energy produced, making it far more efficient than artificial lighting systems.
  - Tie the artificial lighting systems into the daylight systems so the artificial lights can be dimmed and even shut off selectively when daylighting systems provide sufficient illumination.
  - Incorporate daylight into employee work areas to improve efficiency and boost morale. Daylighting has been demonstrated to shorten patient recovery times in human medical facilities.
- Use high-efficiency LED lighting fixtures.
- Reduce water use in the facility with the following strategies:
  - Plant low-maintenance, native plants in the landscape that tend to use very little water once established.

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- Install water-saving fixtures in restrooms, break rooms, and other places where water pressure is not critical.

• Clean with cold water in kennels. Disinfectants are available that sanitize in cold water. This saves money initially, because copper piping can be reduced, and using cold water also saves money and energy over time.

RESPONSIBLE RESOURCES AND TECHNOLOGIES

There are dozens of green technologies and thousands of products, so the options can be overwhelming. Here are some helpful rules of thumb.

• When considering alternative systems such as a photovoltaic system, ask a reliable local vendor to provide a cost/payback analysis. Some systems are cost effective in some regions, but this depends on many factors, such as local incentives and subsidies, climatic and site considerations, and the availability of manufacturers and installers.
• Be aware that shipping and transportation is one of the largest contributors toward a project's carbon footprint, so select green products and systems that are manufactured within the United States and ideally within a 500-mile (800-km) radius of your project.
• Use greener versions of tried and true materials. Veterinary hospitals are used harder than most building types. It is not wise to experiment with a new product until it has been used successfully in other veterinary hospitals. Fortunately, many manufacturers of durable materials, such as porcelain tiles, are diversifying and offering greener options. It is possible to select high-recycled-content tiles that are manufactured locally.

REGIONALISM

Today's high-performance buildings respond to the local environment, incorporate local materials and technologies, and are designed with some reference to local building customs. The return of regionalism is an opportunity to design an inspiring and comfortable place to work. The following are some examples of regional concepts.

• If your locale has big daily temperature swings, use thermal mass to your advantage by building with masonry or concrete. These materials are cool in the morning, absorb heat during the day, and release heat at night, thereby moderating the indoor environment. Heavy-mass materials work in extremely hot climates as well.
• Except in high latitudes, use light-colored or reflective roofing to avoid excessive heat gain. Traditions, such as reflective metal roofs in Texas, have persisted because they are so effective.
• Design deep porches in hot climates and incorporate breezeways to funnel moving air. Porches also make effective transition zones between inside and outside environments and help shield buildings from solar heat gain.
• Collect rainwater, if legal in your area, and use it to water landscaping.
• Consider incorporating photovoltaic panels in the roof design in sunny climates. If your building already faces south, it is ideally set up for sunlight harvesting.

BIOPHILIC DESIGN

As the world becomes increasingly urban, people become more disconnected from nature. The goal of biophilic design is to appeal to peoples' inherent need to connect to nature and the outdoors. A large window looking into a garden may not be a luxury if it is inspiring, energy boosting, and creates a sense of belonging. Veterinary hospitals can incorporate biophilic design in many ways. Examples could include:

• Providing a relaxing, attractive, fenced garden off an exam room to be used as an alternate exam or euthanasia space.
• Creating a view to an outside space, simply for the purpose of connection. Even a small or narrow window can bring daylight in and relax everyone who is working in the space.
• Going above and beyond with daylighting to create spaces flooded with ever-changing natural light.
• Using materials such as sustainably harvested wood to create a more natural feel.

FOLLOWING THROUGH WITH OPERATIONS

Veterinary hospitals must necessarily consume resources to operate properly and practice good medicine, including critical life-saving procedures. Beyond these necessities, there are ancillary programs that can be put in place to achieve a greener work place, including:

• Providing financial encouragement to employees to carpool, use the bus, or bike to work.
• Starting a recycling program, and even a composting program, if offered by your local municipality.
• Purchasing recycled materials for any bulk-use item, such as paper towels and office paper.
• Developing an effective waste management plan.
• Going mercury free. Mercury-free initiatives are common in human healthcare.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

ERV: Energy recovery ventilator
HVAC: Heating, ventilation, and air conditioning

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11.19. REFERRAL AND EMERGENCY FACILITIES



BASICS

OVERVIEW

• As clients seek specialty care for their pets, the number of referral and emergency hospitals is on the rise.
• Specialty referral and emergency practices have their own specific design requirements, and these requirements can be complex in hospitals that combine the two practices. However, combined practices can profit from sharing spaces and by providing one-stop resources and services.
• To plan a combined specialty referral and emergency hospital, begin by reviewing the requirements of each practice, then create a plan that minimizes duplication and maximizes efficiency.

Building flexibility into the design and room for expansion will allow the practice to keep up with ever-changing services, and practice growth.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

Specialty referral and emergency hospitals share many features. The following are characteristics common to both types of practices.

THE SITE

• A central location is important, because clients come from a wide area.
• The site must be accessible and easy to find from major roads and highways.

THE BUILDING

Clients visiting referral or emergency practices may be coming for the first time. They will feel more confident about the care their pets will receive if the building makes a good first impression.

• The hospital should appear professional yet inviting.
• A modern, professional look reflects a similar practice philosophy.
• Durable and cleanable materials are especially important.
• An efficient floor plan is critical to patient care and customer satisfaction.

THE CLIENT

Referral and emergency hospitals are places where clients may come with their families. Emergency hospital clients may not be able to leave their children at home, and referral hospital clients may have traveled a long distance to discuss or implement a specialty procedure or treatment plan. Therefore, the hospital should be able to accommodate family groups and children.
• Provide oversized examination rooms to accommodate larger groups.
• Provide a client service area where clients can get refreshments.
• Provide a comfortable long-term area for people who may stay for an entire day in the building.

SPECIAL CONSIDERATIONS FOR EMERGENCY PRACTICES

Security

Because emergency practices are open all night, security is important (see 12.5 – Security Issues for Hospital and Staff).
• Choose a site in a secure area where clients and staff feel safe after dark.
• Install bright lighting in the parking lot and on the exterior of the building.
• Design a definitive entrance so the clients do not lose any time trying to locate the main emergency entrance and so the staff can help keep an eye on clients and patients upon entering the property.
• Provide an entrance with as much transparency as possible to better facilitate the visibility and thus readiness of the staff for an arriving critical patient.
• Consider installing additional security measures to better control access into the facility when the staff has a skeleton crew at night. These could include electronic access control for interior doors to keep medical areas and staff secure, and video and electronic door locks in the main entry vestibule. A video monitor in the intensive care unit

(ICU) or treatment area to view what is going on outside the building and in other locations of the hospital can be an added security measure.
• Providing two ways out of an emergency exam room will help facilitate direct access to the back of the facility for critical patients, and it will enhance exam room safety.

Traffic Flow

Emergency hospitals need to operate efficiently with a small number of staff and many critical patients (see 11.13 – Client/Patient Flow).
• Provide a straight path from waiting to treatment/emergency room (ER) triage.
• Exam rooms can open directly into treatment/ER triage, but a small sound barrier created by a buffer such as a hallway may be warranted to help shield noise from upsetting an already worried client.
• Surgery and radiology should be immediately accessible from treatment/ER triage.
• Step-down wards need to be adjacent or close to ICU/critical care unit (CCU) to allow the skeleton crew the ability to watch over critical and noncritical patients.

Client Comfort

Clients often must wait for long periods of time in emergency hospitals. A comfortable waiting area will lessen their anxiety and will make their experience more positive.
• Dedicate a spacious, clean, cheerful area for clients to wait out of the traffic flow.
• Provide TV and/or free Wi-Fi to help pass the time and comfortable chairs for lounging.
• Add a special feature such as an aquarium, water feature, or exterior landscaped area to entertain and calm anxious families and provide them with an area of refuge.

SPECIAL CONSIDERATIONS FOR SPECIALTY REFERRAL PRACTICES

The Specialist

Referral hospitals should be carefully designed around the needs of each specialty service. The following are some examples:
• **Orthopedics.** The orthopedist will need a dedicated surgery room to maintain an aseptic environment. Rehabilitation spaces can correlate to this service.
• **Dermatology.** Most dermatology is outpatient, but the dermatologist will need an exam room with good lighting, a secured area for medications, and flexibility for examining patients on a table or the floor. Small "mini-labs" can be considered for this service and would help this service to be more efficient.
• **Ophthalmology.** The ophthalmologist needs an exam room with no windows or the ability to completely darken the room as well as control the lighting (e.g., dimming capabilities). Special consideration should be given for service-specific equipment that must be stored in both the exam/procedure room and the surgery room.
• **Oncology.** In some specialty hospitals, oncology procedures and equipment such as computed tomography scan machines and linear accelerators can command a large amount of space. Feline I-131 wards should be separate from other wards and need their own exhaust and waste disposal along with radiation shielding built into the walls. Chemotherapy requires a vented biological safety cabinet that meets United States Pharmacopeia <797> requirements, and the layout of the room(s) must comply with current regulations for handling, storage, and administration of medications (see 9.21 – Waste Management).
• **Internal medicine.** Internists need a room for endoscopic procedures and proximity to the animals that they are treating. Ultrasound is important to internal medicine as well and is typically contained within its own room.
• **Neurology.** Neurology depends on access to both a magnetic resonance imaging (MRI) machine for diagnostics and a surgery room. MRI machines may be incorporated into the facility, or the practice can consider using an MRI trailer, which is less permanent, but also less expensive.

FUTURE EXPANSION

Specialty referral hospitals serve clients who are looking for the latest in technological innovations and medical procedures. They can also be magnets for attracting new and/or expert specialists into the practice. Therefore, it is necessary for specialty referral hospitals to build, change, and grow as new technologies are integrated and the demand for these services increases.
• Choose a site that is large enough to accommodate future expansion and parking (see 11.5 – Selecting a Site).

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• Design the floor plan with an expansion plan and direction.
• Provide additional electrical panel capacity.
• Organize the building systems, such as electrical, heating, ventilation, and air conditioning, plumbing, and computer cabling, to be easily accessible and "stubbed out" in the direction of future expansion.
• Provide generous space above the ceiling for future cabling and ducts.

CLIENT COMFORT

As described earlier for an emergency practice, a specialty practice should also prioritize client comfort. Clients may visit regularly for their pets to receive a specialized service, and they appreciate a comfortable place to wait.

COMBINED PRACTICES

Some combined specialty referral and emergency hospitals are operated by a single management team. Others integrate multiple practices under one roof. One of the greatest challenges in designing a combined hospital is to decide which areas can be shared and which must remain separate.

• Examples of shared areas:
  ◦ exam rooms;
  ◦ treatment area;
  ◦ pack/prep;
  ◦ surgery prep;
  ◦ surgery rooms (except orthopedic and neurology);
  ◦ wards and surgery recovery areas;
  ◦ staff lounge, conference room, and library.
• Examples of separate areas:
  ◦ specialized procedure areas;
  ◦ dedicated storage areas:
    ▪ drug storage to control inventory;
    ▪ equipment storage to prevent unauthorized use.

TRAFFIC FLOW

Specialty referral and emergency hospitals must function effectively at both peak hours and during reduced staff capacity timeframes (see 11.13 – Client/Patient Flow).

• Map separate traffic patterns for the emergency and referral functions.
• Create specialty zones within the overall organization.
• Provide separate reception, waiting, and entrance vestibules for referral and emergency patients.
• Design the emergency practice as a compact "mini-hospital" within the larger facility.

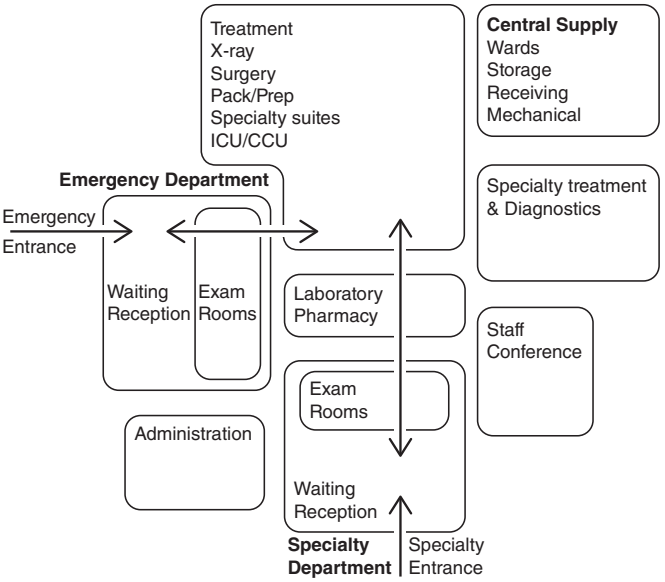


Figure 11-19-1.

Organization and traffic flow diagram.



EXAMPLES

The following is a hypothetical example of a combination specialty referral and emergency hospital. After compiling the needs of each specialist, the project team has mapped a simple organization and traffic flow diagram (see Figure 11-19-1).

FEATURES OF THE DIAGRAM

• Traffic flow for referral and emergency is separated.
• Central areas are shared.
• Specialists have zones.
• Emergency functions are compact and efficient.

11.19. REFERRAL AND EMERGENCY FACILITIES

By beginning with a simple, overall organizational concept, it is much easier to work through the details to create an environment that helps each team member practice most efficiently.



CAUTIONS

- It can be a challenge to design a specialty referral and emergency hospital that addresses the needs of each specialist while still maintaining a sense of unity. The best way to achieve this goal is to foster an open feeling throughout the hospital and to create common areas where different team members can interact.
- Use glass generously throughout to provide visual connections from room to room.
- Keep your floor plan as simple as possible and work to create opportunities for the staff to be in constant communication with one another.



MISCELLANEOUS

ABBREVIATIONS

ER: Emergency room
ICU: Intensive care unit
CCU: Critical care unit
MRI: Magnetic resonance imaging

References

N/A

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11.20. PET BOARDING AND LUXURY ACCOMMODATIONS

BASICS

OVERVIEW

Remarkably, the pet industry has continued to grow each year, despite economic ups and downs, due to the fact that most Americans consider their pets to be an important part of the family. One of the outgrowths of this societal trend is the rise in the number and quality of facilities for boarding pets. Some boarding facilities are independent, some are franchised, and others are associated with veterinary practices.

Boarding animals offers many benefits for veterinary practices, including:

- Providing an additional profit center (see 9.20 – Kennel Management as a Profit Center).
- Providing income during times when veterinary service revenues drop, such as during summer vacation.
- Reinforcing the veterinary practice by offering specialized care for boarded dogs and cats and thus providing services that veterinary clients need and value.

On the other hand, the business of boarding requires capital expenditure, expertise, and finesse to ensure profitability. This chapter provides general guidelines for veterinary practices that are considering offering pet boarding.

TERMS DEFINED

Doggy Daycare: A service for dogs to play together in supervised group settings. This may be a drop-off day service, or it may be offered as an enhancement to overnight boarding.

ISSUES AND OPTIONS

ECONOMIC CONSIDERATIONS

- It is important to have a good picture of investment versus return before committing to opening a boarding business. The first questions that a veterinary practice may ask are "How many animals can be boarded?" and "What are the capital costs?"
- For calculating the size of the housing and support areas of a boarding facility, use the ratios of 100 ft^2 (9.3 m^2) per dog and 75 ft^2 (7 m^2) per cat. Then add the desired square footage of large spaces, such as dog playrooms.
- Luxury boarding facilities cost approximately as much to construct as veterinary spaces. This is because of the mechanical, plumbing, and finish requirements, as well as the significant expense of animal caging and run equipment. In 2018 US dollars, the cost of building a luxury boarding facility was approximately $350 per square foot ($3,770 per square meter). Therefore, a facility housing 100 dogs could be at least 10,000 ft^2 (929 m^2) in size and could cost approximately $3.5 million to build.
- Some questions that a veterinary practice considering a boarding facility must consider include:
  - Are there adequate funds to build a facility that is profitable on its own? Case studies indicate that boarding facilities should have a capacity of around 100 animals to be profitable on their own.
  - If the answer to the previous question is no, then will the boarding bring other support to the practice, such as client loyalty, growth in services, and community presence?

ANIMAL HOUSING

Many veterinary practices that successfully incorporate boarding are offering luxury accommodations and a high-service approach (Figure 11-20-1). Providing good-quality animal housing is generally part of the objective. Within that overall objective, successful boarding businesses offer different options and price ranges to sell to a broader market. For dogs, these options may include:



Figure 11-20-1.

The Grand Pet Resort in Fort Worth, Texas. Photo courtesy of Dr. Steve Hotchkiss.

- Fully enclosed luxury suites that should be a minimum of 5 ft × 6 ft (1.5 m × 1.8 m) for small dogs and 6 ft × 7 ft (1.8 m × 2.1 m) for large dogs or pairs.
- Luxury runs with a minimum size of 4 ft × 6 ft (1.2 m × 1.8 m).
- Smaller basic runs with a minimum size of 3 ft × 5 ft (0.91 m × 1.5 m).
- Typical cages for the smallest dogs.

Considerations for planning dog boarding facilities:

- Provide high-quality spaces designed to support the psychological and physiological wellbeing of dogs.
- Avoid housing dogs across an aisle from each other unless absolutely required for maximizing the facility square footage. When dogs are housed across from one another, provide view blocks for overstimulated dogs.
- Use caging that is wide and less deep instead of narrow enclosures.
- Incorporate a lot of noise control into the space (see 11.15 – Noise and Odor Control).
- Provide natural daylight with views to the outdoors if possible.
- Provide adequate air flow.
- Include radiant heat in a portion of the floor for a choice of warm or cool space if possible within your budget.
- Provide plenty of outdoor time with staff members.

Cats can become stressed in boarding situations. The following are some special considerations for boarding cats:

- Allow enough space (at least 9 ft^2 or 0.9 m^2)[1] for cats to fully stretch and have a separated litter compartment, a hiding box, and multiple levels.
- Provide housing in a quiet area away from noise and commotion, and select caging that utilizes quiet latches.
- Select cages with a window in the back and provide a view to the outside if possible, but a view to the inside is also acceptable.
- Provide natural light.
- Provide ventilated cages for odor control and for the health benefit of fresh, uncontaminated air if possible within your budget. Clients are less likely to board their cats than their dogs, so in a veterinary hospital setting do not make the mistake of creating cat boarding areas that are larger than needed. Except in the largest facilities, or in cat-only practices, a few well-designed, quiet enclosures will serve the demand. By designing the cat areas to be expandable, the popularity of this service can be gauged before investing a lot of money (see

11.20. PET BOARDING AND LUXURY ACCOMMODATIONS

11.15 – Noise and Odor Control and 11.12 – Designing with the Patient in Mind.)

HEATING, VENTILATION, AND AIR CONDITIONING

A properly designed heating, ventilation, and air conditioning (HVAC) system should be installed in any pet boarding facility to prevent the spread of airborne disease, to reduce odors, and to promote the overall wellbeing of the animals and staff. This is typically a specialized, forced-air heating and cooling system (see 11.16 – Heating, Ventilation, and Air Conditioning).

ANCILLARY SERVICES

Even the most luxurious boarding facilities are limited in terms of what can be charged for an overnight stay. Many boarding businesses make most of their money on ancillary services. Therefore, offering ancillary services is a key to success. Some ancillary services, such as acupuncture, directly relate to veterinary practice, although each service should be evaluated separately based on market demand and the veterinary practice's capabilities. The following are typical ancillary services that boarding businesses within a veterinary hospital can offer:

- walks and playtime;
- swimming;
- special diets;
- grooming;
- holistic wellness services, such as acupuncture, massage, and reiki;
- special care, such as the administration of medications.
- rehabilitation services;
- retail.

DOGGY DAYCARE

Doggy daycare is a common ancillary service for boarding facilities, although there are many doggy daycare businesses that operate independently and without boarding. Unlike boarding, a doggy daycare business can open without a lot of capital expenditure. At the most basic level, doggy daycare requires:

- A large, open, dividable play space that can be cleaned and sanitized.
- Time-out areas. These can be as simple as dog crates in a separate room.
- Minimal office and evaluation areas.
- Competent staff.

If your practice is in an urban area that can support a drop-in daycare, then adding this service can be very profitable.

OPERATIONAL CONCERNS

Boarding is a Service-Based Business

Regardless of the quality of the building, a boarding business cannot be successful without well-trained staff and outstanding customer service. An effective operational plan will include:

- Safety for animals and staff. Provide a behavior assessment area and an examination area to assess the temperament and health of animals that are coming in to be boarded or to play in a daycare program. Vaccination records should be verified, and animals should be vaccinated against preventable communicable diseases such as *Bordetella*.
- Develop protocols for training staff to prevent and respond to incidents of aggression and injury. Separate dogs into manageable-sized groups, based on specific dog-to-staff ratios.
- Connect with your clients. Because pets are valued family members, clients expect them to be treated as such by boarding businesses. Reach out to clients by:
  - providing webcams so clients can login remotely and see their pets;
  - equipping rooms with furniture, interesting decor, and television monitors so the environment is more appealing and less sterile;
  - providing regular, personalized status updates for clients;
  - developing a concierge relationship with clients by anticipating their needs and arranging desired services.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

References

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N/A

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11.21. LARGE ANIMAL FACILITIES



BASICS

OVERVIEW

• Planning for large animal hospitals starts on the project site. Large animal facilities should be built around a good master plan that anticipates future growth and ensures good traffic and work flow as additional buildings and services are added.
• Large animal veterinary facilities are different in scale from small animal hospitals. While human spaces such as offices may be the same, spaces for handling animals are overscaled compared with their small animal equivalents. Exam, diagnostic, and treatment spaces are much larger, as are surgery rooms. Housing spaces and circulation areas, such as barn aisles, are sized for moving large animals efficiently and safely.

TERMS DEFINED

Ambulatory Services: Services provided by a veterinarian at an owner's farm, away from the clinic.
Scintigraphy: Imaging utilizing radioactive isotopes for contrast.



ISSUES AND OPTIONS

DEFINING THE CURRENT PROJECT WHILE PLANNING THE FUTURE

• Large animal facilities can vary dramatically in scope, from a simple haul-in clinic to large hospital campuses with multiple buildings. A haul-in large animal clinic may be half as expensive per square foot as a small animal hospital because it can be constructed of prefabricated buildings with low-cost finishes and systems. However, a complex, multi-building large animal hospital may cost as much as a small animal hospital because it must be built to similar healthcare standards.
• Given the complexity of budgeting large animal projects, and greater economic unpredictability of the market, large animal facilities work best when they are master planned and built out over time as the practice grows.
• Future-proof your large animal practice by developing a strategic business model. Examples include:
  ◦ Combining resources with a small animal practice in the same building. While mixed animal hospitals are not as common as they used to be, they continue to be popular in parts of the rural United States and Canada, where human populations are small and large and small animal hospitals are difficult to support on their own.
  ◦ Starting a separate small animal practice on the same site or a different site as the large animal practice. In this model, the large animal practice is still standalone, but the diversification of services helps with long-term business stability.
  ◦ Focusing on a specific, predictable market of clients. An example is equine sports medicine, which can be a very viable business in some areas of the country.
  ◦ Being the only game in town. Since the market is already smaller, it makes more sense for a large animal practice to avoid locating close to its competition.

MASTER PLANNING THE SITE

• Consider the flow of large animals, people, and vehicles and create paths for all three. Map circulation paths so you can identify and resolve conflicts.
  ◦ If designing a facility to handle cattle, the entrance, unloading, and reloading areas must be planned in the earliest stages as these are difficult and space consuming.
• Plan for the required turning radii for trailers, delivery vehicles, emergency access vehicles, and trash trucks. Create circular paths, so no one must back up large vehicles.
• Plan the location of current and future buildings so they work with short- and long-term circulation paths, placements of infrastructure, and so on.
• In temperate and southern climates, plan buildings with the long direction on an east–west axis to minimize east and west solar radiation. In cold climates, reverse this orientation to gain more solar radiation.
• Locate septic fields and be sure there is room to expand them. If the site is on a well, locate the well uphill from septic fields and at least 150 ft away.
• Develop a service area for trash, recycling, and soiled manure storage. This should be away from the front doors of buildings and out of client traffic flow.
• Identify low spots on your site. These can be used for stormwater detention or for open space. Pastures, arenas, and paddocks should be located on high, well-draining ground.

SIZING ROOMS FOR LARGE ANIMAL FACILITIES

Stalls

The normal standard is 12 ft × 12 ft stalls (3.7 m × 3.7 m). However, this module is too small for large-breed horses (drafts and warmbloods), for mare and foal, and for intensive care unit or neurological stalls. Use 14 ft × 14 ft (4.3 m × 4.3 m) modules for specialized medical stalls and large breeds, and use 12 ft × 18 ft or 14 ft × 18 ft (3.7 m × 5.5 m or 4.3 m × 5.5 m) minimum stalls for foaling or mare and foal.

Barn Aisles

Twelve-feet wide is the width that works best for cross-tied horses. For medical barns, 14 ft (4.3 m) minimum is better as it prevents accidental disease transmission, although separate cross-tie areas should be provided.

Equine Examination Spaces

The minimum size for an equine examination space is 16 ft × 16 ft clear. In busy hospitals, it may be necessary to accommodate more than one horse in the same examination space. Each examination area will need its 16 ft × 16 ft (4.9 m × 4.9 m) module and 8 ft (2.4 m) of additional clear circulation space to prevent interference between horses that are being walked through. For example, a room that contains three examination spaces would likely be (16 ft + 8 ft) × (3 × 16 ft) or 24 ft × 48 ft (7.3 m × 14.6 m) in size to be used comfortably for three horses simultaneously.

Cattle Treatment Areas

Cattle treatment areas are sized based on the equipment needed to handle and treat cattle efficiently and safely. Start with the design of the handling equipment and size the space accordingly. Place unloading alleys and crowding tubs outside under cover, and use inside space for alleys leading to chutes. Plan the size of chutes, as well as the necessary working space around them.

Equine Examination/Treatment Space with Stocks

The minimal size for a treatment space that includes stocks is 18 ft × 24 ft (5.5 m × 7.3 m), assuming the horse can be walked straight through the room via a separate entry and exit. If the room is planned with only one exit, enlarge the room to 24 ft × 24 ft (7.3 m × 7.3 m) or 24 ft × 30 ft (7.3 m × 9.1 m).

Induction and Recovery Stalls

For horses recovering unassisted, the stall should be a standard 12 ft × 12 ft (3.7 m × 3.7 m) module (padding will slightly reduce the room size) to prevent the horse from crashing around while recovering. However, if the veterinarian prefers assisted induction with a squeeze gate or assisted recovery with ropes, the stall may need to be enlarged to 14 ft × 14 ft (4.3 m × 4.3 m) or 12 ft × 16 ft (3.7 m × 4.9 m).

11.21. LARGE ANIMAL FACILITIES

Surgery Rooms

An efficient general surgery room is 20 ft × 25 ft (6.0 m × 7.6 m) from wall to wall, with the table placed in the center parallel to the long dimension. For a more generously sized general surgery room, enlarge the room to 20 ft × 30 ft (6.0 m × 9.1 m). Orthopedic and other specialty surgery rooms need even more space. For example, 25 ft × 30 ft (7.6 m × 9.1 m) is common in larger hospitals and 30 ft × 30 ft (9.1 m × 9.1 m) in referral and teaching settings, where more people may be present in addition to tools and carts and anesthesia equipment.

Specialty Imaging

Do not proceed with designing specialty equipment rooms without aligning the exact sizing of the room with the equipment to be installed. For example, scintigraphy and overhead x-ray typically have gantries supported by steel structures that are specific to the equipment.

Central Supply and Pharmacy

When sizing the pharmacy and central supply areas, consider the items you need to store and estimate their spatial requirements in terms of "linear feet of shelving." It is typical for a full-service hospital to need at least 12 ft × 16 ft (3.6 m × 4.9 m) for stocked materials. Central supply rooms get larger if planned for ambulatory service trucks to pull in for stocking. For example, 15 ft in width in each bay and 30 ft in depth (4.6 m × 9.1 m) will allow for shelving on both sides of the truck.

Laboratory

Laboratory space planning is nothing more than an equipment coordination exercise. Make a list of all the lab equipment that your lab needs and work with your designer to provide the counter space to accommodate the equipment along with some seating stations.

Client Spaces

Because large animal clients tend to be reluctant to spend time in lobbies, client areas are smaller. A sitting area sized to accommodate a few comfortable chairs, a television, and a coffee station is sufficient for small and medium-sized hospitals. Large hospitals may need or want more generous client areas for gathering groups or to accommodate a greater flow of clients.

EXAMPLES

The equine surgery room (see Figure 11-21-1) illustrates how the size of a large animal, the need to move it in and out of a space, and the need to work around the equipment can necessitate that spaces be quite large. This room is 25 ft square (7.6 m square) in size.



Figure 11-21-1.

Tryon Equine Hospital in Columbus, North Carolina. Photo credit: Tim Murphy/Foto Imagery.

11.21. LARGE ANIMAL FACILITIES



CAUTIONS

When master planning a large animal facility, add inflation costs at 4 percent per year for anything that you plan to build in the future.

In addition to planning larger and well laid out spaces, spend some time planning building materials for durability. Large animals are extremely hard on building materials and finishes. For example, induction stalls are typically constructed of fully-grouted concrete block.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

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Section 12

Practice Safety

12.1. BASICS OF MEETING PRACTICE SAFETY REQUIREMENTS



BASICS

OVERVIEW

Veterinary practice is a relatively sparsely regulated environment, compared with our human counterparts. Still, there are regulatory obligations for veterinary hospitals, including safety concerns. In the United States, practice safety falls under the jurisdiction of the Occupational Safety and Health Administration (OSHA).[1] In Canada, a similar function is fulfilled by the Canadian Centre for Occupational Health and Safety,[2] and in Europe by the European Agency for Safety and Health at Work.

TERMS DEFINED

Carcinogen: Substance or agent that is known to cause cancer.



ISSUES AND OPTIONS

COMPLIANCE

It is the responsibility of every veterinary practice to remain in compliance with safety regulations at the federal, state, and municipal level, including developing a hazard communication standard for your hospital. In the United States, this means being in compliance with OSHA's Hazard Communication, Regulation 29 CFR 1910.1200. There are excellent resources for accomplishing this (see References and Recommended Reading sections), but for most practices that do not yet have a safety program in effect, hiring a consultant can save a lot of time and research (see 12.7 – Hospital Safety Manual).

EMERGENCIES

A plan needs to be in effect as to how staff will be notified in cases of emergency, and the preferred response of employees to the emergency. This includes emergency telephone numbers at ready access (9-1-1 in many parts of the United States and Canada; 9-9-9 in the United Kingdom; 1-1-2 in much of Europe, etc.), as well as text/Short Message Service messaging, and where staff should assemble in case of evacuation. Staff require specific training if any of the following are expected:

- use of a fire extinguisher;
- rendering first aid to injured humans;
- evacuating animals;
- handling human tissues (including blood).

See also 12.11 – Emergency Plans. During employee orientation, new employees should be introduced to the hospital safety officer, given a tour of the facility, and should appreciate the following important areas of the hospital:

- emergency exits;
- location of surgical gases;
- location of fire extinguishers (not less than 75 ft/23 m apart);
- radiographic filming and developing areas;
- bulletin boards where safety notices are posted;
- location of safety manuals and material safety data sheets files;
- location and use of personal protective equipment;
- surgical areas;
- hospitalization/boarding areas, especially if sound levels are excessive and require protective equipment.

HAZARD COMMUNICATION: RIGHT TO KNOW

The hazard communication standard requires that all employees who come in contact with hazards in the workplace be aware of those hazards and are instructed on how to protect themselves from such hazards. This even applies to common agents in a veterinary hospital, such as isopropyl alcohol, formalin, and all pesticides other than those sold prepackaged for consumers. The hospital safety officer should maintain a current list of all hazardous chemicals in the hospital and use this list to ensure compliance in hazard communication. Common household products, such as detergents and cleansers, are exempt if they are used in the same manner and concentration in the practice that they are used at home.

To properly comply with the law, all practices need to be able to provide the following documentation for the purposes of employee safety:

- The name of the safety officer, or the individual who trains employees and verifies safety conditions in the practice.

12.1. BASICS OF MEETING PRACTICE SAFETY REQUIREMENTS

• A list of all hazardous chemicals used in the practice. This needs to include all injectable pharmaceuticals, pesticides, antiseptics/disinfectants, laboratory reagents, radiographic chemicals and supplies, and compressed gases. Pharmaceutical tablets do not need to be included in the hazard list.
• The filing system for material safety data sheets (MSDSs) so that employees can easily access the hazard information on individual compounds in the practice.
• Description of the labeling system used when compounds are transferred from their original containers to secondary containers, and assurance that all hazardous chemicals in the hospital are properly labeled.
• What to do in case of emergency, and the steps to take in case of an evacuation.
• A training program in place so that employees learn the proper methods of handling hazardous materials, report hazardous conditions in the practice, how to handle spills, and use the proper equipment and monitoring devices to work safely in the clinic, for themselves and others. This is mandatory in practices with 11 or more employees, and highly recommended for all practices. A periodic review should be conducted to ensure that the MSDS library is current and complete and that all product labels are inspected for presence and condition.

HAZARDOUS MATERIALS LIST

An inventory list must be compiled of all the hazardous chemicals included in the practice, including:
• injectable medications;
• pesticides;
• antiseptics, disinfectants, and sanitizers;
• laboratory reagents;
• radiographic chemicals and supplies;
• disinfectants and hospital sanitizers (including bleach, but not routine household cleansers);
• compressed gases.

MATERIAL SAFETY DATA SHEETS

An MSDS is a fact sheet for chemicals and provides important information related to hazard communications, including:
• identity of the chemical;
• physical and chemical characteristics;
• health hazards;
• permissible exposure limits;
• whether it is a carcinogen;
• emergency first-aid procedures;
• specific hazards (fire, health, reactivity, special hazard, protective equipment).

Practices must maintain an MSDS sheet for every hazardous chemical on the premises, and they should be current to within three years. MSDSs are available from manufacturers of the products, and often from distributors. All employees must have ready access to MSDSs, whether they are in paper form or available electronically.

ACCIDENT INVESTIGATION

The practice should have an established method for reporting and investigating accidents and injuries, including ergonomic injuries such as carpal tunnel syndrome. All injuries must be reported to a supervisor, who will help the employee to get appropriate medical care and then record the injury and investigate the incident. In practices with 11 or more employees, the details must be recorded on an OSHA 300 Log.

ZOONOTIC DISEASE HAZARDS

Veterinary staff frequently come into contact with patients with potentially zoonotic diseases and must know how to adequately protect themselves. Similarly, owners may infer that animals that have visited a veterinary practice and have been clinically evaluated should not pose a zoonotic risk at home. Because this involves some liability of behalf of the practice, it is important to note in the record that there was no evidence of zoonotic conditions at the time of the visit. Using a parasite control protocol is also advocated.

Just a few of the potentially zoonotic conditions of small animals include:
• rabies;
• internal parasites (including roundworms, hookworms, cryptosporidiosis, and some tapeworms);
• external parasites (including sarcoptic mange mites, cheyletiellosis, etc.);
• microbes (including dermatophytosis, toxoplasmosis, tuberculosis, salmonellosis, methicillin-resistant staphylococci, etc.).

12.1. Basics of Meeting Practice Safety Requirements

Clients should not assist with procedures in a veterinary hospital to avoid injuries such as bites and scratches and the potential for zoonotic contagion. Having trained staff do the work, with appropriate protective techniques and equipment, is less likely to result in injury.

COMMON SENSE

Many OSHA inspections are triggered by complaints lodged from present or previous employees. It is important that everyone in the practice appreciates that workplace safety is important to everyone and to celebrate excellence in practice safety. Some of the simple ways of keeping everyone safe include:

- Make sure that staff do not store meals in hospital refrigerators (those that might reasonably contain vaccines, drugs, or laboratory samples or supplies).
- Provide staff with a safe place to relax and eat, such as an employee lounge. Staff should not store food, make coffee, eat, or drink on counters or tables in any hospital area.
- Share the workload. It is important in larger hospitals that the same staff members not do all the radiography or all the insecticidal dips, so that the exposure is not concentrated repeatedly in the same individuals even if they are taking proper safety precautions.
- Frequent handwashing is one of the most important safety measures for employees. Make sure that staff wash their hands with an antiseptic soap after every procedure and after handling each animal.
- Make sure that staff know how to safely handle needles, and to properly dispose of needles and scalpel blades in an appropriate sharps container.
- Make sure that staff know the meaning of labels used as part of the safety program. For example, the National Fire Protection Association (NFPA) uses colored diamonds to indicate risks associated with health, fire, reactivity, and special hazards. These diamonds are to be located on each entry point, to identify the hazards inside. This is also important for emergency personnel, to quickly determine what hazards they may be facing on entering the area. The same NFPA diamond system is used to label products transferred from their original containers to secondary containers.
- Make sure that all staff are aware of the personal protective equipment (PPE) available, and the proper use of such equipment.
- Do not overload electrical receptacles and extension cords.
- Establish a waste anesthetic gas management program, allowing only trained individuals to handle anesthetic gases. With today's safe anesthetic gases, the main risk is for individuals adding liquid anesthetic to the vaporizer, and for systems that are not properly scavenged.
- Do not allow emergency exits to be blocked. These are not storage areas.
- Appoint a workplace safety administrator/officer and make the position more than ceremonial. Invest in appropriate training and recognize that safety is an important consideration of everyone working in the practice.

DOCUMENTATION

Practices need to compile documentation for hazardous communications and training, hazardous inventory lists, a workplace safety manual, annual summary of job-related injuries and illnesses (posted on the employee bulletin board during the entire month of February), and MSDS files.

It is not enough to just train employees. Practices must maintain documentation of the programs offered and attendance. Training programs might include the following:

- working with hazardous chemicals
- MSDS files
- PPE
- proper lifting techniques
- animal restraint
- bite injuries
- needle sticks
- radiation safety
- handling spills.

Also, even if a disposal service is used for hazardous chemicals, including radiographic chemicals, request a manifest from the service as proof that the chemicals have been properly disposed. Removal from the veterinary practice is not a sufficient safeguard.



EXAMPLES

N/A

12.1. BASICS OF MEETING PRACTICE SAFETY REQUIREMENTS



CAUTIONS

This information should serve as a guide regarding various safety issues and documentation in a veterinary hospital only. It is not intended to relay all pertinent information regarding regulatory requirements for full and proper compliance. It is the responsibility of all veterinarians and practices to ensure that their activities comply with all bylaws and regulations of federal, state, and municipal authorities.



MISCELLANEOUS

ABBREVIATIONS

MSDS: Material safety data sheet
NFPA: National Fire Protection Association
OSHA: Occupational Safety and Health Administration
PPE: Personal protective equipment

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12.2. PRACTICE SAFETY NEEDS



BASICS

OVERVIEW

• All veterinary hospitals have some similar basic safety needs. For example, all facilities need to have an emergency evacuation plan.
• In addition to these general needs, individual facilities will each have specific requirements. For example, a facility that makes use of nuclear medicine would need to have certain rules and training for dealing with radioactive materials.
• The Occupational Safety and Health Administration (OSHA) is the governmental organization that enacts and enforces safety rules for the American workplace; there are similar agencies in most other countries, including Canada and the United Kingdom. All states must abide by federal OSHA standards, and some states have additional regulations. It is important to check for rules in your state.
• There are four elements to a facility's OSHA compliance and safety program: administrative tasks, evaluation and control of facility or procedural hazards, the use of personal protective equipment (PPE), and staff training.

TERMS DEFINED

Hazard Assessment: A physical exam of the facility and procedures of the practice looking for risks or potentially harmful procedures.
Hospital Safety Manual (HSM): A collection of all the safety rules, and policies of the facility. It should contain the set training schedule for the staff, a written safety plan, safety data sheet library, and evacuation plans for emergencies. It must be stored in an easily accessible location and be available to staff during their normal work shift.
Personal Protective Equipment (PPE): Item(s) that are worn to protect the individual from direct or indirect contact with hazardous substances. Must be provided at no cost to staff members.
Safety Data Sheet: A document prepared by the manufacturer of a product that contains detailed technical and safety information about the product.
Safety Director: Individual responsible for overseeing the safety plan for the entire facility.



ISSUES AND OPTIONS

ADMINISTRATIVE TASKS

• Post signs and informative posters. A job safety and health protection poster must be prominently displayed in all facilities, and paths to exit doors should be well marked with signs and arrows.
• Keep accurate records of all accidents, injuries, and illnesses. Businesses with more than 10 employees are required to keep additional logs and post year-end summaries.
• Detailed floor plans of the facility, with well-marked locations of potential hazards and safety equipment, should be made and displayed throughout the facility. Examples of notable items include fire extinguishers, circuit breakers, compressed gas, alarm controls, and exit doors.
• Create a detailed HSM, which must be kept in an easily accessible location (see 12.7 – Hospital Safety Manual). Avoid keeping them in administrators' offices, as this discourages employees from reading them; instead, the employee break room would be an ideal location.
• Keep detailed records of all safety training, noting the date, topic, instructor, and participants. Consider using short tests or required demonstrations to ensure understanding of the material.

EVALUATING THE FACILITY AND PROCEDURES

• Conduct a hazard assessment to identify all potential hazards relating both to the building and to the procedures that take place in the facility.
• All exit doors should be kept unlocked from the inside but locked from the outside, at all times. Deadbolt-style locks are only allowed on exit doors if they can be opened from the inside without the need for a key or special device.
• Every facility should have adequate emergency lighting, which should turn on automatically whenever there is a power outage. Lights should be placed strategically to illuminate the exit way and in areas where critical operations may be ongoing in a power failure (treatment room, surgery).
• Good ventilation is essential. In addition to regular ventilating units, it is advisable to also have fans in areas where odors or vapors might accumulate.
• Walking surfaces, stairs, and hallways must be free from tripping hazards, protrusions, or holes. Stairs must have sufficient hand rails. Pay particular attention to the location of floor scales.
• Electricity is a necessary but dangerous utility. Extension cords and power strips are not a substitute for permanent wiring and should only be used on low-amperage devices in a temporary nature. Access to circuit breaker or fuse box connections cannot be restricted to less than 3 ft clearance.
• Furniture (chairs, desks) and fixtures (cabinets and shelves) must be sturdy and in good repair. Fixtures should be anchored to the wall to prevent tipping, especially in earthquake-prone areas.
• Housekeeping and sanitation are important safety issues. The facility must be maintained in a sanitary condition with trash and excessive clutter removed regularly.
• Since chemicals are used in the facility, a permanent eyewash device must be available in near proximity (within about 10 seconds). Hand-held bottles of wash solution are not a suitable substitute for a permanent device.

PERSONAL PROTECTIVE EQUIPMENT

• Train all staff members in the use and limitations of the PPE.
• Under OSHA guidelines, the use of PPE is mandatory for all workers and must be provided by the practice at no cost to the employee.
• Eye protection is necessary in any area where there is a possibility that foreign material could enter an eye.
• Hearing protection is necessary in noisy areas like kennels, mechanical rooms, and grooming/bathing areas with noisy fans. Hearing protection should have at least a 20 dB noise reduction rating.
• The practice's dress code should include safety considerations. When working around animals, closed-toed shoes with slip-resistant soles that cover the entire foot are expected When working with large animals, such as horses or cattle, steel-toed shoes are suggested. Excessive or "pendulous" jewelry should be discouraged.

STAFF TRAINING

• Having a safety plan is important, but it is worthless without educating the staff. All staff, both full and part time, must receive regular training on all safety issues (see 12.6 – Developing and Implementing a Safety Plan). It is not enough to just write the items down and discuss them; the safety director is responsible for making sure that all staff members can also demonstrate their understanding of the material.
• Training sessions should be recorded for two reasons. First, it provides proof that the staff received training, which is important should there be a complaint filed against the practice by an angry employee. Second, when new staff members are hired, they can watch these videos and gain important information quickly.
• There are numerous styles of training, so select a style based on the message – some topics lend themselves to written instructions, while

other tasks require more hands-on instruction. Use videos to illustrate and instruct, but they are not a replacement for one-on-one instruction or evaluation.

SPECIFIC ISSUES

- Sharps injuries are a real concern in the veterinary practice. Although the disease transmission factor is not as serious as in human medicine, it is still a concern. Likewise, exposure to the chemical (drug) contents of the syringe/needle is a major concern. Recapping should be discouraged, as should needle cutting, which increases the possibility of aerosol contamination. Needles should not be removed from syringes for separate disposal, but the entire needle/syringe combination should be placed in an appropriate sharps container immediately after use.
- The animals themselves can present a hazard. All staff members should be trained in handling and restraint. Recently, there has been an increase in the number of staff members who are allergic to latex. Reactions might range from mild skin irritations to asthma. Staff education is the best way to combat this problem. Although most such reactions will be cutaneous, all staff need to understand how to recognize these allergies and what to do if they occur.
- Bathing areas have many possible hazards: lifting animals, noise, bathing chemicals, animal danger due to improper restraints, and slipping. In addition to waterproof aprons, mats that decrease slippage, ramps that allow animals to walk to the bathing compartment, and protective goggles and gloves are essential tools in the bathing area.
- Protective aprons, thyroid collars, and gloves *must* be used each and every time a staff member takes a radiograph and must remain in the room during the exposure. Each staff member must have and use their own individual exposure monitoring badge.
- Anesthetic machines must be pressure checked daily, with an annual preventive maintenance service by a qualified repair technician. It is also important to have a quality scavenger system. Masking and tank inductions should be the exception rather than the rule as they are nearly impossible to scavenge properly. Annual testing of the staff's exposure to waste anesthetic gases is easily accomplished using badge-style monitors. When changing the absorbent in anesthetic machines, protective gloves and goggles should be worn.
- Chemotherapy, nuclear medicine, and advanced imaging processes create new and more dangerous environments for veterinary workers. Consult the protocols that are provided by companies selling these products for advice.
- Three chemicals that require additional, specific precautions are formalin, nitrous oxide, and ethylene oxide.
- Sometimes the simplest actions can be the best preventions. Washing one's hands after handling drugs, animals, or laboratory equipment will decrease the danger of contamination.
- The storage, preparation, or consumption of food or beverages is not allowed in any room where hazardous chemicals are present or where unsanitary conditions exist (biological hazards) nor in any restroom.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

HSM: Hospital safety manual
OSHA: Occupational Safety and Health Administration
PPE: Personal protective equipment

References

N/A

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Occupational Safety and Health Administration. www.osha.gov (accessed May 3, 2019).
Seibert, P.J. *The Complete Veterinary Practice Regulatory Compliance Manual*, 6th edn. Author, Calhoun, TN, 2014 (contains an appendix with a universal HSM template).

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12.3. Client Safety



BASICS

OVERVIEW

• Clients can be harmed in a variety of ways while just being on the property of a veterinary facility. A commercial property landowner or possessor is usually required by law (1) to maintain the property in a reasonably safe manner and (2) to warn others of potential hazards on the property.
• Veterinarians who own or possess property, through lease or other rental arrangement, have a legal duty to maintain those premises in a safe condition and to warn the people entering into or upon those premises of any hazards that are known or, with ordinary care, should be known to the owner.
• A veterinarian business owner's failure to maintain the premises or to warn of hazards could expose the veterinarian to liability for negligence.
• "Premises liability" is a legal term in which property owners are held responsible for any type of personal injury caused by some type of unsafe or defective condition, such as, but not limited to, icy walkways, large holes in the ground, broken handrail on a stairway, a pool without protective fencing, or even the presence of potentially dangerous animals.

TERMS DEFINED

Invitee: Anyone who enters the premises by invitation and whose entry is connected with or may in some way enhance the business of the owner.
Licensee: Someone who enters the premises but does so for his or her own purposes rather than for the benefit of the business owner.
Trespasser: A person who goes on the premises without an express or implied invitation from the possessor.



ISSUES AND OPTIONS

Premises liability laws generally classify those who enter onto a business premises as "invitees," "licensees," or "trespassers" – including different levels of protection afforded to each by the landowner/property possessor.

INVITEE

• An invitee is anyone who enters the premises by invitation and whose entry is connected with or may in some way enhance the business of the owner.
• The invitation may be express, implied, or inferred from previous conduct.
• The premises possessor owes the highest duty of protection to its invitees.
• The most common invitee is a client coming into a veterinary practice for an appointment or to purchase goods. However, not all clients are invitees – such as when a veterinarian goes to a client's property/home to deliver services or if a client has been notified that his or her presence will no longer be tolerated/welcome on the business property.

LICENSEE

• A licensee is someone who enters the premises but does so for his or her own purposes rather than for the benefit of the business owner.
• The premise possessor owes the licensee a duty of "reasonable care."
• Social guests or public-utility repair personnel (such as water/sewer/street lighting repair) would be examples of licensees.

TRESPASSER

• A trespasser is a person who is on the premises without an express or implied invitation from the landowner/possessor.
• Although there is generally no legal duty to protect a trespasser from harm, if a landowner/premises possessor knows or might reasonably believe that a trespasser could be on the premises, the owner might have to exercise ordinary care for the safety of the trespasser – such as maintaining a fence along property boundaries, posting "no trespassing" signs or warnings of "Dangerous animals – Will bite" in areas throughout the premises.
• A premises possessor cannot prepare pitfalls, snares, or other traps for the trespasser and cannot willfully or wantonly injure the trespasser.

GENERAL

• There is a general legal trend towards a common doctrine for property owners being required to provide reasonable care of property maintenance and warning of risks to all persons regardless of their status or technical classification.
• The mere fact that a person is injured on the premises does not mean that the property owner is liable. Although visitors are not expected to look for hidden hazards, they have the duty to exercise reasonable care in moving about the premises and must be alert to "obvious and apparent" dangers.
• There are also some additional precautionary measures that veterinarian property owner/possessors should be aware of:
  ◦ **Children.** In general, children/minors are considered not to have the same degree of rational judgment as adults, and therefore they are not held to the same standard of conduct as an adult. Veterinarians should take extra precautions to ensure the public areas of their premises are "child-proofed" (such as closed doors to kennel/herd areas and no sharp glass tables in lobby area) and advising clients to closely supervise their children at all times while on the property.
  ◦ **"Attractive nuisance doctrine."** Under this legal theory, a premises possessor who has or creates a condition that may be reasonably seen as "attractive" yet is a source of danger – especially to a child – has a special duty to take reasonable precautions to prevent injury to children who may be attracted to the danger. For example, animals can attract the attention of many children. Accordingly, this doctrine could apply to veterinary facilities with open kennel areas, to mobile veterinary practices, or to those whose employees walk animals in public areas – all activities that might attract the attention of children yet can prove to be quite dangerous.
  ◦ **Criminal activity.** Some courts have held property owners/possessors are liable for failing to take reasonable actions to warn others against potentially foreseeable or recurring criminal activity on their land. If a premises possessor/owner has knowledge of or reason to foresee potential criminal activity on the premises, the owner has a duty to warn others and to take reasonable measures to deter, prevent, or guard against the dangers of such activity – for example, by maintaining lighting on property, use of locked fencing surrounding property during closed business hours, or prominently visible warning signs of possible dangers.
  ◦ **Product liability.** Many veterinarians dispense medications and other products to their clients. Many of these products can be hazardous if not used for the intended purposes. Although this is a very complex area of law well beyond the space available here, veterinarians should be aware that they may face liability for injuries arising from the products they dispense, especially if the products have been altered in any way. Place warning labels on all medications, such as "for animal use only as prescribed" and "keep out of children's reach."
  ◦ **Nonowned/shared property.** Traditionally, landowners have no duty to maintain property not managed, possessed, or controlled by them, nor have a duty to warn others of dangers that exist on the property of others. However, in many states, commercial property owners have been found liable if they have received a commercial benefit from the property and did have some control over it. This applies most often to shared parking lots or walkways in large commercial facilities. Depending on the facts and circumstances,

premises' possessors can be liable to members of the public who are injured on a shared icy sidewalk – even if the injured person is not a client.



EXAMPLES

• **Obey the codes.** A possessor of commercial premises has a duty to provide a safe environment for his or her visitors. There are local, state, and federal laws, codes, and regulations that control general safety. At a workplace, clients are also protected under general safety standards (i.e., Occupational Safety and Health Administration). Veterinary premise possessors should take all necessary steps to ensure they are in compliance with all local health and safety codes.

• **Perform frequent inspections.** Generally, the premises owner/possessor has a legal duty to periodically inspect the premises for hazards. All personnel, including the veterinarians, should be instructed how to report (or correct) potentially dangerous conditions – whether a loose animal running around the premises or broken furniture/equipment. Many insurance companies offer consultations, educational materials, or even training in this area. Inspections should include all areas of the building and grounds, on a regular basis. Commonly encountered hazards would include slippery, rough, or uneven floors; improperly placed weight scales; confusing floor patterns and other trip hazards; bad lighting; exposed or loose wires, plugs, or sockets; improperly stocked merchandise; and dangerous equipment. Veterinarians and their staff should be especially alert for open containers, exposed drugs, syringes, and needles. Maintaining workplace safety at all times should be a paramount concern to all employees.

• **Repair or warn immediately.** Once a hazardous situation has been identified, it should be repaired or removed as soon as possible. Whenever a hazardous condition cannot be immediately corrected, the premises possessor should take all reasonable steps to identify the hazard and protect visitors and employees from injury by posting highly visible and easily understandable warning signs.

• **Limit animal handling.** Animal-related injuries can occur to clients in a lobby area while holding their own animal or when restraining their own pet during a veterinarian or technician examination procedure. Veterinary staff should carefully handle all animals undergoing any procedure, no matter how small or insignificant. Veterinarians should also take precautions to ensure that clients are far enough away from "the danger zone" of a procedure to preclude their injury. All veterinary staff should be regularly and properly trained in safe animal handling as well as the recognition and resolution of dangerous situations. Owing to the potential for injury, veterinarians can refuse to serve clients – especially those who will not accept safeguards of muzzling, sedating, or having trained staff to hold their animals.

• **Insurance.** In efforts for a veterinary premises owner or possessor to protect their business interests, property insurance coverage should include protection for incidents related to premises liability. Premises liability insurance and professional malpractice insurance are completely different, yet, oftentimes, they are frequently intermingled during the claims process. This is especially true when an owner is injured while holding an animal or helping with a procedure. Clients' injury claims are often handled as professional malpractice or negligence claims; accordingly, owners or possessors of veterinary premises should carry property and general liability insurance as well as professional malpractice insurance, preferably with the same company. Veterinary premise owners are advised to consult with a qualified insurance agent about these products prior to purchase.



CAUTIONS

It is important to remember that the legal responsibilities of being a premises/property possessor cannot be delegated. The property owner may contract with others to do landscape, parking lot, or building maintenance, but the possessor of the property (whether the owner or another party) remains liable for any dangerous conditions and for any resultant injuries.

Constant and active attention to the details of premises inspection and maintenance may not prevent an accident and injury, but it should go a long way toward protecting the property's/premises possessor from liability.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

N/A

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12.4. Animal-Related Injuries at the Workplace



BASICS

OVERVIEW

There are almost an unlimited number of circumstances by which domesticated animals, livestock, and wildlife can inflict injury or harm on humans, on other animals, or on property. As human–animal interactions continue to escalate within our society (mainly due to physical expansion of communities/businesses as well as increased attempts towards domestication of animals), reports of animal-related injuries have also increased. For example, daily news reports include injuries related to venomous snake bites, alligator attacks, dog bites/killing, and the potentially fatal illnesses transmitted by insects. Those who work at a veterinary facility are at an increased risk of exposure to animal injuries – and, accordingly, are considered to assume those associated risks. Yet, employers should take proactive measures to comply with applicable laws and enact safety protocols to minimize the potential for animal injuries in the workplace.

TERMS DEFINED

Scienter: A legal term implying that the offender had knowledge of wrongdoing before the act was committed.



ISSUES AND OPTIONS

As a general rule, when an animal causes injury or damages, legal responsibility (referred to as "liability") can be directed towards the owner, the keeper/possessor of the animal (who might not necessarily be the owner), the occupier/owner of the land upon which the injury resulted, or a combination of these parties. Imposing liability upon a party for an animal-related injury is dependent upon two important components: (1) the facts and circumstances surrounding the incident (including what or whom was injured/damaged) and (2) the jurisdiction in which the injury or damage occurred.

With certain exceptions, liability might not attach to an animal's owner or possessor for animal-inflicted injuries or damages if:

- another person/entity assumed legal responsibility and control over the animal;
- the animal was provoked or unnecessarily placed in surroundings where it could become frightened or agitated;
- the injured person was a trespasser or "was doing an unlawful act" when injured by the animal (depending upon the jurisdiction, this will not apply for children nor if an "attractive nuisance");
- contributory or comparative negligence exists (not applicable in all states); or
- there was an assumption of the risks by the injured victim(s).

Veterinarian's potential liability as "possessor" of animal. With many exceptions, when a veterinary clinic assumes control of a client's pet, a potential shift in the transfer of legal liability could cross over from the client to the veterinarian-practice owner and/or the clinic's property owner (if different from the owner of the practice) for the animal and its actions. However, depending upon the jurisdiction, and circumstances, many exceptions could relieve clinic owners of liability. For example, the liability of an animal's owner does not necessarily transfer over to the veterinary clinic in circumstances where he or she had prior knowledge of the animal's propensity to cause injury but failed to communicate the potential danger to others.

Laws for liability of animal-related injuries vary significantly from jurisdiction to jurisdiction. In some states/jurisdictions (not necessarily in others), courts have held that:

- In keeping with common law principles, only if the owner/possessor of a domesticated animal knows, or had reason to know, that their animal was particularly dangerous/vicious or had bitten a human or other animal, the owner (or possessor) has a duty to exercise reasonable care to keep their animal(s) under control and is subject to liability for harm caused by the animal. This knowledge requirement is sometimes referred to as "common law scienter." [*Note.* Some states have held that no scienter requirement is necessary for holding owners/possessors responsible for injury or damages caused by their animals if they are in violation of a local ordinance (such as a dog running at-large without a leash), whereby a possessor of an animal who is not exercising due care or control of the animal can be held strictly liable for the damages inflicted by the pet.]
- With a few exceptions, dog owners are strictly liable to victims who are bitten or attacked by their dog while in a public place, under the respective state's "dog-bite statute" or "responsible dog owner" laws.
- It is the *act* of the animal, not its intent, that implicates the owner/possessor. Even injuries or damages inflicted by a "playful" or "mischievous" pet can create liability issues for the owner.

12.4. Animal-Related Injuries at the Workplace

• Liability for animal-inflicted injuries does not necessarily apply to all types of domestic animals equally. Many states have enacted statutes limiting the liability of horse owners and equestrian facilities for injuries resulting from inherent risks of equine activities. Some states have expanded similar protections to "llama activities," whereas other states have enacted broader laws relating to risks associated with injuries from animals under "recreational activity" liability laws.
• Generally, when referring to injuries caused by domestic animals, whoever had control of the animal at the time of the incident is usually legally responsible. Accordingly, a veterinary clinic owner who knowingly permits employee's pets or the clinic's "pet mascot" to wander unrestrained in the workplace could potentially be held liable for direct or indirect injuries occurring to clients, their pets, or to vendors/repairmen as a result of the animal's actions or presence.

Courts also take into consideration the following when determining awards for damages or injuries inflicted by animals:

• **Injury to humans versus injury to animals or property.** In most circumstances, if an animal seriously injures or kills another animal or causes damage to property, the law in most jurisdictions has traditionally been interpreted to limit the victim's recovery to the property's/pet's fair market or intrinsic value. However, if an animal injures or kills a human, the possessor of the animal could possibly be held strictly liable for the victim's resulting injuries and damages, potentially having to provide compensation to the victim for medical fees/repair of damages/loss of employment income and "emotional pain and suffering," as well as facing possible felony conviction and, depending on the circumstances, incarceration.
• **Injury/damages to people at the workplace ("premises liability") versus off the workplace property.** Injuries from animals can be inflicted either directly (i.e., physical attacks, bites, scratches, kicks) or indirectly (i.e., allergen sensitivities, zoonotic disease transmission, or actions causing a chain reaction of damaging events). Generally, courts consider various factors and circumstances when determining liability issues pertaining to workplace injuries:
  ◦ What relationship does the property owner have with the injured party?
  ◦ Was the risk known or anticipated?
  ◦ Was the party warned about the risk of injury?
  ◦ How did the person who was injured arrive on the property?
• A practice owner's (or employer's) liability, if any, for animal-related injuries might depend upon whether the incident occurred at, or away from, the workplace as well as whether harm occurred to a client, an employee, or a nonemployee. Also keep in mind that the effect of the injury might not exhibit or show until after the victim has left the workplace property (such as zoonotic diseases).
• **Injured client.** A veterinary practice owner could potentially be liable for animal-related injuries that occur either at, or away from, the clinic (see 12.3 – Client Safety). For example, a veterinarian who, after examining and releasing a client's pet that had been previously bitten by a wild animal, fails to warn about potential risks associated with zoonotic disease transmissions could potentially be implicated if the client later acquired a zoonotic disease from the pet. Possible defenses for an owner/possessor of a workplace against liability for client injuries generally can include assumption of risk (such as clients who demand to hold/restrain their animal during veterinary examinations and refuse assistance from staff), reasonable care taken to limit animal's access to others (animals secured through separate entrances, barrier seating in lobbies, requirements of leash/carrier), or unnecessary provocation of animal (usually caused by humans taunting sick or frightened animals).
• **Injured employee.** Generally, if an animal-related injury occurs to an employee at a veterinary clinic, employers/practice owners are not necessarily held legally responsible for damages or injuries. Generally, injured employees working at American veterinary facilities are oftentimes limited (and entitled) to receiving compensation through their state's workers' compensation (WC) system, without imposing blame or fault, as long as the injury "arises out of and in the course of employment." [*Note.* Even though almost all states require every employer to provide WC for all employees, not all WC laws are the same. Some states might exclude employers with less than three employees from requiring coverage, whereas many states exclude certain types of workers (e.g., casual employees or agricultural workers). A few states require employers to purchase insurance coverage through a state-sponsored fund, whereas other states might require employers to purchase WC coverage through private insurance carriers. As with most insurance coverage, an employer's premiums will reflect the frequency and amount of claims made by your employees. Contact your state's WC agency to learn what options are available for your clinical operations.]

Legal responsibility and duties owed by business or property owners/occupiers to those entering upon their land/workplace will differ, depending upon circumstances, the type of person injured (trespasser, invitee, or licensee), and the jurisdiction in which the incident occurred.

12.4. Animal-Related Injuries at the Workplace

RECOMMENDATIONS

Maintain a safe working environment. Good business practices, in addition to being the legal duty and responsibility of the veterinary practice owner, include having a safe working environment for employees (see 12.1 – Basics of Meeting Practice Safety Requirements). The Occupational Safety and Health Administration (OSHA) imposes strict safety regulations on American workplaces. Although OSHA does not address animal-related injuries directly, veterinary employers are responsible for workplace safety under OSHA's "General Duty Clause."[1] The broadly written clause requires an employer to provide a place of employment "free from recognized hazards that are causing or are likely to cause death or serious physical harm to employees"; as such, veterinary employers should take proactive measures to maintain a safe working environment.

1. **Provide staff training on a regular basis.** Implement, train, and enforce safety protocols with each workforce member (including volunteers and independent contractors) on how to properly approach, restrain, handle, treat, and care for animals.
2. **Provide personal protective equipment (PPE) as well as a safety manual to all personnel** (see 12.7 – Hospital Safety Manual), including written policies on:
   i. *Warning of dangerous conditions and restricted areas.* Warning signs should be posted in common areas requiring that all animals should be restrained and/or under the owner's/possessor's control; warn of restricted areas such as where radiation is present or where only trained personnel can enter (such as surgical/kennel/grooming areas); and place warning notices on each medical record and each cage regarding an animal's abnormal or dangerous behavioral propensities (such as "Fractious" or "Will Bite").
   ii. *Taking precautionary measures when using sharps, scalpels, or other sharp objects near animals.* Train personnel on proper disposal of sharps, syringes, and other medical waste into appropriate, clearly labeled containers.
   iii. *Keeping all doors, cages, and fences securely closed* to prevent the potential escape of animals. This could also prevent potential future injury to the animals, injury to others, or property damage.
3. **Prevent potential for cross-contamination.**
   i. Wash hands thoroughly after handling each animal, after cleaning cages and equipment, and before eating or drinking.
   ii. Establish and maintain a "quarantine" area where possible infectious diseases cannot be spread – either to humans or to other animals in the facility.
   iii. Keep human food/beverages out of animal-occupied or pharmaceutical refrigerated/frozen-storage areas.
   iv. Provide, and enforce use of, PPE. PPE, including restraint equipment, should be made available to all personnel in efforts to reduce the potential for harm to an employee or animal.
4. **Advise clients about keeping their children safe.** Request clients' children remain with their parents at all times – and not to approach other clients' pets or animals' cages. If space allows, consider a "Children Only Zone" where toys, books, television, and other activities are available to keep children entertained – instead of interacting with possibly sick or frightened animals.
5. **Design or arrange common areas to reduce possibility of animal-to-animal (or animal-to-child/client) interactions**, such as using barriers/walls surrounding seating areas or having separate entrances for client-intake and checkout.



EXAMPLES

N/A



CAUTIONS

General disclaimer. The unique facts and circumstances surrounding each incident of animal-related injuries/property damage significantly affects the legal outcome. Legal liability is also dependent upon the

jurisdiction in which the injury/damage occurs. As a practice owner, *always consult with your insurance company and/or your attorney when an animal-related injury occurs at your workplace*. The information provided here does not serve as legal advice nor is applicable to every situation.



MISCELLANEOUS

ABBREVIATIONS

OSHA: Occupational Safety and Health Administration
PPE: Personal protective equipment
WC: Workers' compensation

References

1. 29 U.S.C. § 654, 5(a)1 (United States Code, 2006 Edition, Supplement 5, Title 29 – Labor, Chapter 15 – Duties of Employers and Employees).

Recommended Reading

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12.5. Security Issues for Hospital and Staff



BASICS

OVERVIEW

Veterinary hospitals face the same security issues that most small businesses face with some additional unique factors that are specific to veterinary medicine. Basic security systems and policies should be developed in order to avoid theft or fraud and to provide for the safety of the staff.

It is easy to recognize how a basic security system can provide safety against burglary, but more broad security issues should also be considered, including fraud or internal theft, protection from fire or flood, computer security, and risk of frivolous claims from staff or the public.

TERMS DEFINED

Firewall: Any number of software-based or hardware-based programs installed in a computer to keep a network secure from outside threats.
Flow Monitor or "Flow Switch": A device installed in the fire sprinkler piping that monitors any flow of water in the pipe, indicating that an automatic fire sprinkler has been activated. Automatic fire sprinkler systems with 100 or more sprinkler heads require flow monitors to be installed by code, with a notification system to alert the fire department in the event of fire sprinkler activation.
Intrusion Detector: A security-system device installed in a building to detect unauthorized access to the building. The most common types of detectors include door-ajar sensors and glass-break detectors.
Monitored Security System: An electronic building security system consisting of any combination of motion detectors, intrusion detectors, or other monitoring devices that is capable of relaying information to an off-premises company in order to alert the business owner or emergency personnel in case of a security breach. Security systems may also include panic buttons for manual notification by staff to the security company and/or police in case of emergency or fire.
Phishing: Attempting to acquire such information as passwords, user names, and credit card details though electronic communication by posing as a trustworthy entity.



ISSUES AND OPTIONS

BUILDING AND STAFF SECURITY PROVISIONS

• Excellent exterior lighting, especially around building entrances and windows, along with a monitored security system provides the best defense.
• If operating a 24-hour emergency hospital, it is best to have a protocol that allows keeping the entry doors locked yet, at the same time, permits quick identification of people wanting to enter the practice. This can be accomplished either by simple visual connection from the reception area to the front door or via a video security monitor and the ability for the entry door to be remotely locked and unlocked.
• Consider installing electronic access control systems or other programmable door locks. These systems minimize the need for rekeying locks and replacing keys whenever there are staff changes or keys are lost. Additionally, sophisticated access control systems are able to monitor when specific staff members access the hospital or specific controlled areas.
• Video surveillance can be installed not only to create a means of tracking down criminal activity, but also as a deterrent to crime in the first place. Areas to consider can include the front reception area and anywhere money is handled, the pharmacy, storage areas, all exterior doors, and the parking lot. Having a video surveillance monitor in plain view of both staff and clients advertises the importance of the safety and security of the practice. Records from video surveillance systems can also help defend against frivolous claims from clients or staff.
• Consult with an architect or a building security expert to develop a plan for controlling access through your building. There are many different functions for locks that can be used as part of an overall building security strategy. When locking doors are used, careful consideration needs to be given so emergency egress from any point in the building is not compromised.
• Make it a policy to not allow building access to staff outside of normal business hours. Additionally, always have two people open and close the hospital. Not only does this provide safety for the staff, it decreases the chance of inventory walking out the door when no one is around.
• When designing a new facility, it is important to understand the traffic flow of public areas versus secure staff areas of the hospital. When planning a 24-hour facility, consider where doors can be provided to separate the back of the hospital from the public areas in the front during overnight hours. Limit the number of exam rooms that are used after hours and use locks to restrict access to the other areas of the hospital.
• Some interior lights should remain on all night. Ideally, a small number of lights in all areas should be circuited to a separate night-light circuit that always remains on. If separate night lights are not an option, determine which lights should be left on and make it a policy to leave them on when closed.
• Limit the number of keys to the hospital and make sure that all copies are stamped Do Not Duplicate. Always be sure to collect keys from employees when their employment is terminated.
• Any facility that provides overnight boarding of animals, either medical or nonmedical, should include an automatic fire sprinkler system. Fire sprinkler systems may be required by building codes; if not, building owners can elect to install them to help minimize property loss from fire.
• Be sure to post emergency telephone numbers at the reception desk.
• Identify a specific room or multiple rooms that can serve as safe rooms in case a client or staff member becomes violent. Doors to safe rooms should swing outward, be solidly constructed, and lock from the inside. Safe rooms should have telephones to alert the police when needed.
• Install peepholes or windows in any exterior doors where there are no windows so staff can check outside before opening the door.
• Eliminate significant landscaping or other large items near exterior doors that can create places where people could hide.

COMPUTER SECURITY

• Retain the services of a qualified computer consultant to set up appropriate networking and protocols to ensure the security of the hospital systems (see 10.8 – Cybersecurity and Network Security).
• Update all software regularly, including basic operating system and application software, and especially antivirus software.
• If using wireless computer networking, be sure to use a secured wireless system with a strong password. Communications over open, unsecured wireless networks can be accessed by people outside the hospital and can pose a serious security risk.
• Require each staff member to use a unique computer log in and enforce strong password requirements. Immediately disable computer accounts of terminated employees.
• Private computer networks connected to the Internet should include some sort of firewall to prevent intrusions from the outside and to restrict access to unauthorized or dangerous Internet sites. Firewalls may be hardware devices, but often just consist of software programs or systems that control and/or limit access.
• A high percentage of Internet computer fraud is the result of "phishing" scams. In this type of fraud, unsuspecting users are duped

into entering account information, passwords, or other private information into a website that has been created to appear legitimate. Most good firewalls or network access providers can be configured to block access to phishing websites. However, users should avoid activities that could subject them to phishing scams. For example, avoid clicking on links in e-mails to access a website and secure account information even if the e-mail appears to be from a familiar company or bank. Instead, access the company's website directly and enter log-in information in the approved way. Secure websites will always display "https://" as the first part of the web address. If this does not appear it is not a secure site, and user names, account numbers, and password should not be entered.

MONETARY SECURITY

- Utilize a single cash drawer for all client transactions in order to simplify reconciliation and minimize opportunities for unauthorized access. Lock the cash drawer in a safe at night.
- Count the day's receipts in the back of the hospital, away from the front desk and out of public view.
- Post signs about limited cash on hand.
- Reconcile accounts monthly and consider having all bank statements, including credit card statements, sent to the practice owner's home for review before providing to the bookkeeper or practice manager for reconciliation.
- Keep blank checks in a secure, locked location.
- Require the business owner to sign all checks.
- Obtain criminal background checks on key personnel, including the bookkeeper and anyone who will handle cash.
- Always check references from past employers for all new hires, regardless of the position.
- Order a credit report for your business at least once per year to check for any unauthorized credit accounts.

MEDICAL DRUG AND INVENTORY SECURITY

Perform regular weekly or monthly inventory counts of all high-value items, including prescription medications, prescription food, and controlled drugs.

The American Animal Hospital Association recommends in their standards for accreditation that pharmacies should be in a separate room with controlled, restricted access to only authorized individuals. A hard ceiling installed in a separate pharmacy room can prevent access to the room from over walls and above the ceiling.

Provide additional security for controlled drugs (see 12.12 – Controlled Substances). Drug safes may be located in secured closets or cabinets in order to provide additional security. A separate, secondary drug safe in treatment areas may help minimize the quantity of controlled substances that can be readily accessed at any given time.

Post signs indicating that all drugs/controlled substances are secured in drug safes.

Large hospitals may consider the use of automated pharmacy cabinets. In addition to inventory control, these systems can integrate with practice management software to improve billing compliance for all dispensed medications.

Central storerooms should be locked with access only to specific personnel. Separate locked cabinets or a means of securing high-value items should be provided within the central storeroom.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

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12.6. DEVELOPING AND IMPLEMENTING A SAFETY PLAN



BASICS

OVERVIEW

• Having a functional safety plan shows that the practice is concerned about staff safety in the workplace.
• Not only will it reduce financial liability and save time and money, but also having a safety plan is the right thing to do and a legal requirement.

TERMS DEFINED

Hazard Assessment: A physical exam of the facility and procedures of the practice looking for risks or potentially harmful procedures.
Personal Protective Equipment: Various pieces of equipment that need to be purchased and brought into the facility for the safety and protection of the staff. Examples include eyewash stations, safety goggles, and lead aprons for radiology.
Safety Data Sheets: Detailed explanations about each drug or chemical providing all-important information regarding use of the substance.
Safety Director: Person in charge of defining and implementing the safety plans.
Safety Manual: Written collection of safety-related information in the practice into one resource. May be printed on paper or may be electronic and maintained on the practice computer.



ISSUES AND OPTIONS

Implementing a safety plan is time consuming, but important. Do not expect that everyone will instinctively know what to do in a given situation or that they will recognize a problem without instruction.

STEP 1

Decide if you want to do it yourself or you want to hire someone to do it for you.
• Although a dedicated safety staff member is not necessary, there will be a significant time commitment.
• Outsourcing will buy you *time* by getting plans, documents and training completed without other practice distractions.
• Do not overestimate what a consultant will do for you. They will *not* relieve you of your obligations or responsibilities for any part of your safety program.

STEP 2

Educate yourself of the requirements.
• Actual copies of every Occupational Safety and Health Administration (OSHA) standard, directive, or interpretation can be found on OSHA's website (www.osha.gov).
• A veterinary-specific compliance kit or newsletter will "decipher" the regulations into terms and procedures the average practice can understand and implement.
• Compliance kits are simply an interpretation of the rules by the author. OSHA does not "approve" or "certify" any person or publication in this regard.

STEP 3

Do a "physical exam."
• In safety terminology, this physical exam is known as the hazard assessment and it is the first thing that a manager or safety director must accomplish.
• Start at one end of the facility and go room to room with a checklist to evaluate the physical facility.
• The hazard assessment does not have to be complicated. Watch people do their tasks and write down any step that appears to present a risk of injury above what would be expected for a person just observing the process.
• Take note of any protective equipment that is used and recommendations for any that is needed.

STEP 4

Make an implementation plan.
• Take the time to write out a list of changes or procedures that need attention. This is called an implementation plan. Organize the plan by topic instead of by geography or area.
• Prioritize the issues from most important to least critical. It is OK to make adjustments and even rearrange the order of events on the plan when the need arises.

STEP 5

Share the duties.
• It is tempting to give the "OSHA program" to a single, trusted employee and expect they will personally do the things that need to get done. But that is not realistic in most practices.
• Designate a safety director to oversee the program, but involve many people in the various things that need to be done (checking fire extinguishers, replacing worn or missing container labels, etc.).
• Create a monthly checklist with the names of folks who are responsible for accomplishing key tasks in the safety program.

STEP 6

Create a safety manual.
• Compile all of the safety-related information in the practice into one resource. This gives the impression of a comprehensive program instead of a "hit-or-miss" one (see 12.7 – Hospital Safety Manual).
• It is perfectly acceptable, and often more practical, to put the safety manual on the hospital's computer system. As long as employees have reasonable access to the computer during their work shift and are competent to operate the computer to get to it, the safety center is ideally suited for the hospital's intranet.
• Keep a printed safety manual in a convenient location in the practice – usually in a "neutral" area like the break room, treatment area, or lab. Avoid keeping it in the doctor's or manager's office because there may be some "situational intimidation" that would prevent a new or concerned worker from reviewing it.

STEP 7

Fix one problem at a time – generally!
• Start with the most hazardous jobs (according to your implementation plan) and establish a procedure that must be followed when exposure to the hazard can occur.
• Pay particular attention to the safety equipment that is required. Make sure that your equipment is appropriate for protecting the user and that it fits properly.
• Immediately correct any situation where someone is likely to suffer a serious injury because of an improper procedure or lacking safeguard. But when it comes to the "little things," take it at a moderate pace and let folks become accustomed to one new thing before you spring another on them.

STEP 8

Train, train, train. Then train some more.
• An effective training plan begins with simply setting aside some time on a regular basis for the staff to review information relevant to their jobs.
• Informal instructional meetings can be just a few minutes a day at the start of the shift to go over the plan for the day.
• For more complex issues, schedule a guest speaker to really make the topic useful as well as mandatory! (Fire department or police officer.)
• Spread the topics out over a time, when you can. Having a marathon safety meeting that lasts hours is sometimes necessary for operational reasons, but it is by far the least desirable.

12.6. DEVELOPING AND IMPLEMENTING A SAFETY PLAN

STEP 9

Reevaluate and adjust.

- Do not be afraid to make changes. Nothing ever works out exactly as planned, and you have to be flexible.
- Ask the staff for input during the development phase of the plan; you may find that they have concerns that you never realized.

STEP 10

Enforce the rules.

- When an employee violates the rules (safety or otherwise) the leadership must take immediate corrective action, or else the rule or procedure really does not mean much.
- Corrective actions should be tailored to the *reason* for the failure. If the problem is lack of understanding, then it is a training or competency issue, but if the staff member knows the rules and still disregards them, you have a discipline problem.
- You must correct discipline problems with appropriate enforcement actions. You will *never* solve a discipline problem with more training.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

OSHA: Occupational Safety and Health Administration

References

N/A

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12.7. Hospital Safety Manual



BASICS

OVERVIEW

The hospital safety manual (HSM) is a communication tool for the practice manager. It contains all the safety policies of the practice assembled in a single location. The safety manual is the leadership's directions to the staff on issues related to safety and should be constructed and enforced in the same manner as an employee policy manual.

The HSM can be printed on paper or maintained electronically on the practice's intranet. No matter what format is used, the leadership must make sure every staff member is aware of and has access to the HSM in a reasonable amount of time and that the HSM accurately reflects the operations of the hospital.

TERMS DEFINED

Bloodborne Pathogens: Generally refers to disease-causing organisms present in blood, but could refer to any organism capable of infecting a human from blood or body fluid contact.

Chemotherapy: The introduction of drugs into the body primarily used to treat cancers. Chemotherapy drugs are carcinogenic in long-term exposures outside of therapeutic treatments. Chemotherapy drugs are often referred to as cytotoxic drugs because they are toxic at the cellular level.

Ergonomics: The study of injuries or disorders related to the musculoskeletal system. In the small animal veterinary profession, back injuries are the most common ergonomic injury. In the equine and food animal areas, muscle strains and "twisting" injuries are more common.

Hazard Assessment: A review and analysis of the facility and the procedures of a practice with the goal of identifying potential hazards to the staff. Often referred to as a "physical exam" of the practice.

Hazardous Chemical: Any chemical product that can cause physical harm to a person or to the environment, including seemingly mild products that can be irritating to the eyes or cause skin reactions.

Occupational Safety and Health Administration (OSHA): The OSHA is a division of the US Department of Labor. Twenty-five states and territories of the United States have state-level OSHA agencies.

Personal Protective Equipment (PPE): Any clothing or device worn by a person to place a barrier between them and a hazard.

Scavenger: A mechanical, physical, or chemical device that captures the waste anesthetic gases from the anesthesia machine and discharges them to a safe area or absorbs them into a filter.

Waste Anesthetic Gas: Inhalation anesthetic gas that is not metabolized by the patient and subsequently exhausted from the machine or from the animal, preferably into a scavenging system.

Zoonotic Disease: A disease that is common to both animals and humans. In the context of veterinary hospital safety, the greatest concern is for those diseases easily transmittable from animals to humans.



ISSUES AND OPTIONS

In order to prepare an HSM, one must first understand the risks associated with the facility and the operations of the hospital. To this extent, a hazard assessment must be performed prior to deciding on the contents of the HSM (see 12.2 – Practice Safety Needs).

In most veterinary practices, the list includes the following topics, but there will be cases where additional topics are warranted. If a topic is not applicable to a practice, it should still be included in the HSM to show that the topic was considered and that staff members are not likely to be exposed to that hazard.

ANESTHESIA

- Annual machine servicing.
- Daily user testing.
- Scavenger system integrity and use.
- Masked or tanked induction as the exception.
- Exposure-level testing of staff is available.

ACCIDENT PREVENTION AND RESPONSE

- Requirement for employees to report accidents or work-related injuries to a specific person.
- Identify nearby hospitals or physicians for treatment.
- First aid policy and location of supplies.

ANIMAL HANDLING

- Training requirement to identify aggressive animals.
- No loose animals in the hospital.
- Ergonomic principles when lifting or restraining.

BLOODBORNE PATHOGENS/INFECTION CONTROL

Although most provisions of OSHA's bloodborne pathogens standard do not apply to veterinary practices, the general duty requirements of protecting employees from zoonotic diseases still applies.

- Safe needle handling and disposal.
- Isolation protocols.
- Personal hygiene standards.
- Laboratory sanitation and hygiene.
- Eating and drinking in hazardous areas prohibited.

CHEMICALS

- Hazard communication plan
- Safety data sheet library location and organization.
- Secondary-container labeling plan.
- Keeping lids or caps on chemical containers.
- Location of spill kit.
- Use of PPE in requisite situations.
- Special considerations for formaldehyde, ethylene oxide, and glutaraldehyde.
- Use of exhaust fans to remove fumes.

CHEMOTHERAPY

- Restricted access area for chemotherapy procedures.
- All staff involved in the procedure or husbandry of patients trained.
- PPE required for mixing, administration, and clean-up.
- Only use water for clean-up, never disinfectant chemicals.
- Store chemotherapy drugs separately and in a safe location.
- Biological safety cabinets are required for mixing or drawing up chemotherapeutic drugs on site.
- All waste and trash (including patient waste) must be treated as hazardous chemical waste (not biological waste).

DRIVING/OPERATING MACHINERY AND EQUIPMENT

- Must have a valid driver's license in good standing to operate a motor vehicle for the practice, even a privately owned vehicle on an errand.
- Vehicles used for any practice task must meet minimum safety rules (lights, seatbelts, brakes, etc.).
- Person identified to conduct regular checks of practice-owned vehicles.
- Emphasize the requirement for obeying all motor vehicle rules, especially speed.
- Special training required to operate forklifts or similar industrial or agricultural vehicles for the practice.

DENTISTRY

- Use of eye protection, surgical mask, and protective gloves as minimum equipment.
- Address posture (see Ergonomics section).
- Be aware of anesthetic gas issues (see Anesthesia section).

12.7. Hospital Safety Manual

ELECTRICITY
• Clear access (3 ft, 1 m) to circuit breaker or fuse box panels.
• Never use extension cords as substitute for permanent wiring.
• Use power strips or surge suppressors *only* for low-amperage computer electronics.
• Damaged equipment repaired or taken out of service.

ERGONOMICS
• Reinforce safe lifting techniques (lift with legs and keep back straight). No real "safe" weight limits, but individual specific.
• Use of lifting devices/tables when possible.
• Frequently modifying posture when working on extended procedures, such as surgery or dentistry.

FIRE
• Fire extinguishers every 75 ft (22 m) throughout the building.
• Smoke or heat alarms in any room with a heating device or where someone is allowed to sleep.
• No storage within 3 ft (1 m) of a heating device/appliance.
• Emergency exits identified and free of obstructions.
• Automatic emergency lights available to light the way to the exit or to allow staff to terminate critical procedure in a power failure.
• Establish an outside assembly area for evacuations.
• Train staff on duties in an evacuation (strongly suggested that rescue duties be left to the professional first responders and staff concentrate on establishing triage and animal care locations in the assembly area).

LASERS
• Must designate a laser safety officer.
• Some states require the registration of laser devices.
• Only approved devices used for procedures.
• Area restricted and signage installed.
• Proper PPE (laser-specific glasses or goggles) used by everyone in the room.
• Smoke from surgical lasers captures using high-efficiency particulate air filter or evacuation system to outside.

MEALS, SNACKS, AND BREAKS
• No storage, preparation, or consumption of food or drinks in areas with hazards (chemical or biological). This generally means no food or beverages in medical exam, treatment rooms, or storage areas, nor in kennels or restrooms.
• Must keep designated break area free from hazards such as animal housing/husbandry, including practice mascot, and storage of hazardous materials.
• Emphasize good personal hygiene and area sanitation.

NATURAL DISASTERS/HAZARDOUS WEATHER
• National Oceanic and Atmospheric Administration weather radio available with hospital-specific warning system.
• Designated safe areas for severe weather.
• Plans for staff members who travel (see 12.10 – Emergency Preparedness for Veterinary Professionals).

NOISE HAZARDS
• Posted signs identifying high-noise-level areas, including kennels and aviaries.
• Mandatory use of hearing protection for extended exposure in high-noise areas (see 11.15 – Noise and Odor Control).

RADIATION
• Usually required to appoint a radiation safety officer by state regulations.
• Goal to keep exposure as low as reasonably achievable.
• Machine registration and inspection required in most states.
• Gloves and apron are *required* PPE for restraint.
• Holding of the receptor plate/cassette or the generating tube not allowed.
• Digital radiology still requires the same protections (see 12.8 – Radiation Safety).
• Dental radiology is still a radiation source and usually requires the same protections.
• Restricted use area – only people necessary for the exposure allowed in the room.
• Mobile operations require same protections.
• Individual dosimetry badges required.

SAFETY TRAINING
• Initial orientation for new staff.
• Periodic and regular in-service or continuing education/continuing professional development for existing staff.
• Remedial training for staff who demonstrate a lack of understanding or who ask for additional assistance.
• Designate individual staff members as "mentors" for specific topics.

SECURITY AND VIOLENCE PREVENTION
• Keep nonclient doors locked at all times.
• Use of a safe to lock money (change fund and deposits) when closed.
• Drop safe or location available when cash accumulates in the drawer.
• Good lighting around the perimeter of the building and in the parking lot (see 12.5 – Security Issues for Hospital and Staff).
• Lockers (with locks) available for staff to store personal belongings
• Recordable security cameras for high-risk areas such as front desk and animal exercise area.
• Monitor for cameras visible in treatment room so the staff knows what is happening in other areas of the building or outside.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS
HSM: Hospital safety manual
OSHA: Occupational Safety and Health Administration
PPE: Personal protective equipment

References

N/A

Recommended Reading

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12.8. RADIATION SAFETY



BASICS

OVERVIEW

• It is the responsibility of the veterinary practice to provide training relative to radiation safety.
• Radiation safety guidelines are set at national and state levels. It is the responsibility of the veterinary practice to adhere to regulations as they apply to their particular state.
• It is the responsibility of the veterinary practice to ensure guidelines relative to radiation safety are available, and adhered to, for the safety of staff and patients.

TERMS DEFINED

As-Low-As-Reasonably-Achievable (ALARA): Making every reasonable effort to maintain exposures to ionizing radiation as far below the dose limits as practical.
Ionizing Radiation: Energy that causes ionization when it interacts with tissues. Ionization within tissues has been linked to free-radical formation, nucleic acid mutations, cell death, and cancer. There is no "safe" level of ionizing radiation. Thus, regulators, the Nuclear Regulatory Commission, set maximum permissible dose (MPD) for occupational exposure (50 mSv/year).
Occupational Exposure: Dose received by an individual during the course of employment.
Occupational Workers: Workers who are expected to come in regular contact with radiation-producing sources. In the veterinary field, veterinarians and paraprofessional staff are typically considered occupational workers. Occupational workers must be at least 18 years of age.
Primary Beam Radiation: Ionizing radiation as it leaves the radiographic tube and collimator. This should never strike veterinary staff.
Radiation Dose: Measured in millisieverts (mSv) or rems (Roentgen equivalent man).
Scatter Radiation: Ionizing radiation that scatters from the patient, table, equipment, and so on, after interaction with the primary beam, and which may travel directly toward veterinary staff. This radiation should be the focus of radiation safety in the veterinary practice.



ISSUES AND OPTIONS

• Sources of ionizing radiation in a typical veterinary practice will focus around the radiology suite, though they may extend to nuclear medicine or computed tomography, where available.
• Where possible, the radiation source should be housed in an appropriately shielded room (controlled area) reserved for its exclusive use. Where the radiation source is in a treatment area, the entire room must be considered a controlled area for radiation safety.
• The radiography equipment (tube, table, console) must be maintained appropriately and regularly to ensure safety.
• The primary beam should strike only the patient or receiving device (cassette, plate, etc.); staff should never be exposed to the primary beam.
• The goal of the practice should be to minimize radiation exposure to staff and patients to a level ALARA.
• Methods to decrease exposure focus on minimizing time, increasing distance, and maximizing shielding.
• Techniques to minimize time and maximize distance and shielding can be found in Table 12-8-1.
• Protective equipment (lead gowns, gloves, thyroid shields, lead walls/barriers) must be provided and maintained by the veterinary practice.
• Lead protective equipment is designed to protect from scattered radiation; it is *never* intended to protect from the primary beam.
• Appropriate training on radiation safety should be provided annually, and staff should sign-off on attendance and understanding of radiation safety techniques and regulations.
• Patient compliance, size, or condition should never be used as excuses for laxity in radiation safety, or exposure to the primary beam.
• Where appropriate, occupationally exposed staff should be provided with monitoring devices (dosimeters) to evaluate occupational exposure. Most states require workers with potential to receive 1/10th of the annual MPD to wear a monitoring device. However, this level can be difficult to determine, and a more conservative approach is to provide any worker who makes radiographic exposures with a monitoring device.

Table 12-8-1. Techniques to minimize exposure time, maximize distance, and maximize shielding.

Time	
Minimize staff exposed	Provide and use appropriate restraint devices and sedation
	Set hospital policies for maximum patient size to be manually restrained (e.g., 15 cm body part thickness, 18 kg/40 lb dog)
Minimize retake exposures	Follow technique chart
	Use appropriate restraint devices and sedation
Minimize staff exposure	Rotate through staff members so one member does not receive the bulk of exposure
Distance	
Maximize distance from exposure source	Have staff stand behind wall or leave room
	Stand as far from patient as is reasonable. Radiation exposure decreases by the square of the distance from the source
Shielding	
Room shielding	The x-ray suite and control area should be appropriately shielded according to state regulations
	This should be taken into account during design and construction of new facilities
Minimize scatter	Use appropriate technique from technique chart
Minimize scatter	Employ appropriate collimation techniques
Protective equipment use	Set policies for staff to always wear appropriate lead gown, gloves, thyroid shield
	Audit regularly to ensure compliance
Protective equipment maintenance	Schedule annual evaluation of lead for wear (holes, cracks, etc.)
Protective equipment availability	Ensure protective equipment is available and accessible by staff

• Badges are available for monitoring from numerous sources, with convenient online monitoring and limit-warning triggers that will automatically notify the worker if they are approaching set limits.
• State and national regulations must be closely adhered to. These may include maximum permissible dose limitations, inspection and licensing of radiation-producing equipment, labeling (posting) of radiation-producing equipment, recordkeeping on dose and exposure, and radiation safety training.
• Once a pregnant worker declares their pregnancy (in writing) to their employer, increased radiation safety practices must be employed. Where practical, reassignment should be considered. Some states do not allow a declared pregnant worker to restrain an animal being radiographed. An additional monitor should be obtained and worn (according to manufacturers' instructions) by the pregnant worker, typically at the waist under the lead apron. The fetal dose limits (as a member of the general public) are 5 mSv for the entire nine-month gestation period and monthly dose not in excess of 0.5 mSv.



EXAMPLES

• A 30 kg (66 lb) Labrador retriever requires abdominal radiographs. Appropriate positioning devices (sand-bags, foam wedges, troughs) should be used to position patient. Ensure appropriate collimation is employed. Staff should not be in the room for exposure (behind leaded wall is appropriate).
• A 7 kg (15 lb) minimally dyspneic feline requires radiographs. If possible, use positioning devices and have staff leave room. If patient is intolerant of positioning devices, a single staff member, wearing a lead gown, gloves, and thyroid shield may hold the patient and still maintain ALARA (as this level of restraint would be considered reasonable to obtain the radiographic exposure). Use appropriate collimation and technique chart. The staff member must never be exposed (even when shielded with lead) to the primary beam.
• A 5 kg (11 lb) dachshund requires stifle radiographs prior to surgery. The patient should be sedated and radiographs obtained without staff in the room. Preoperative nonsedated radiographs are often of inferior quality, and will break the tenets of ALARA if staff members are exposed during the original or follow-up examinations.



CAUTIONS

• A common misconception is that lead equipment (gown, gloves) will protect the staff member from the primary beam. These are only intended to protect from scatter radiation. The staff member must avoid the primary beam, even when wearing this protective equipment.
• Laxity in the radiography suite is common in practice. Regular radiation safety meetings can help remind regular staff, and teach new staff, appropriate techniques to minimize exposure and adhere to ALARA.
• Pressure upon staff to obtain radiographs on fractious, intractable, or unstable patients such that radiation safety protocols may be broken must be avoided. Hospital administration should ensure other staff or veterinarians are not creating an environment where laxity of radiation protocols is tolerated.
• Diagnostic radiographs can rarely be obtained without sedation in patients in pain, those requiring presurgery orthopedic radiographs or spinal or skull radiographs, and juvenile patients. To minimize exposure of staff, sedation should be strongly considered as a first-line option in these patients rather than taking a "try it once or twice" approach.
• There is a common misconception that digital radiography decreases radiation dose in veterinary practice. To decrease "noise" in digital radiographs, there is a tendency to increase the radiographic technique (peak kilovolts or milliamps). This is analogous to increasing light to obtain a higher quality digital photograph. However, increasing technique causes increased dose to the patient and any staff in the radiography suite. A technique chart should be developed and followed to ensure that dose does not "creep."
• Digital radiography also allows for easy (and instant) retake radiographs. This often leads to an increase in unnecessary retake radiographs. As with traditional radiography, proper patient position and radiographic technique, with appropriate restraint, should be employed to minimize retake radiographs. A diagnostic-quality radiograph should not be repeated simply to obtain a "better-looking" image. It must be emphasized that *every* retake radiograph doubles radiation dose to the patient and staff.



MISCELLANEOUS

ABBREVIATIONS

ALARA: As low as reasonably achievable
MPD: Maximum permissible dose
mSv: millisievert
rem: Roentgen equivalent man

References

N/A

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12.9. WORK-RELATED ACCIDENTS AND WORKERS' COMPENSATION



BASICS

OVERVIEW

• In any workplace, there is an inherent risk of injury. However, potential risks in the veterinary profession are plentiful – especially injuries inflicted by animals, medical-related injuries (such as improper handling of sharps or scalpels), potential exposure to hazardous chemicals and radiological exposure, as well as slips, trips, and falls. In addition, the veterinary profession poses an increased risk of injury through zoonotic disease transmission. Safety for the animals, the clients, and for all workplace members should be one of the foremost daily business concerns at a veterinary workplace.

• A workers' compensation (WC) insurance program provides coverage for loss of income and medical care payments for employees who suffer on-the-job or work-related injury, illness, or death. In general, the purposes of WC are to offset losses to employees that might occur resulting from work-related injuries and to expedite the return-to-work process.

• State statutes and court decisions govern most aspects of WC systems, including the handling of claims, evaluation of impairment, settlement of disputes, and determination of benefit entitlement. Depending on the state in which the veterinary practice is located, WC insurance can be obtained from a private insurance carrier, a self-insured group, or through a state fund.

TERMS DEFINED

Workers' Compensation (WC): A system for payment of benefits to injured workers and their families, primarily for lost wages and medical expenses incurred as a result of work-related injuries, sickness, disability and death, usually without regard to negligence or fault.

Work-Related Injury: Generally, any injury or illness arising from an event or exposure in the work environment that either caused or contributed to the resulting condition (or significantly aggravated a preexisting injury or illness) in the course of employment. Courts have the ultimate decision-making authority as to what constitutes "work-related" and can vary depending on the jurisdiction.



ISSUES AND OPTIONS

• **WC requirements vary from state to state.** Generally, WC insurance, compulsory for most American employers in the United States, covers the cost of lost wages, medical care, and rehabilitation for workers injured on the job. In most cases, it compensates and provides for disability and death benefits for dependents if an employee is rendered totally or partially incapacitated or killed in a work-related accident. Each state has its own WC laws and regulations – differing as to eligibility (such as minimum number of employees in the workplace), coverage (some include costs of therapy, rehabilitation or retraining for other duties if no longer able to perform prior duties), and the type of insurance required (such as state-funded program or self-insured program or through a private insurer). Each state's WC program also governs the standards by which insurance will be applied. For example, some states require that the employee's injury must have occurred "by accident," and if injury occurred due to the employee's or some other person's intentional act then no WC benefits will apply.

• **Common factors.** In most jurisdictions, there are a few key common elements of WC programs:

  ◦ As a general rule, employees cannot waive their rights to WC (unless specifically permitted to do so by statute), nor can employers "opt out" of the WC system.

  ◦ Benefits are available only where the employee's illness/injury "arises out of and in the course of employment." For example, WC benefits will not apply to any illness/injury that occurs to an employee during the employee's vacation.

  ◦ Employee must notify employer immediately of a work-related illness or injury.

  ◦ WC benefits usually begin on the first day of employment without any waiting period.

  ◦ Independent contractors are not covered by, nor receive benefits of, WC.

  ◦ Generally, when applicable, light duty must be offered to employee as an alternative before restoring him or her to prior job duties.

  ◦ WC programs rely on safety protocols being a top workplace priority – maintaining a safe work environment is also the law. The Occupational Safety and Health Administration (OSHA) requires that safety protocol notices are posted in areas where employees frequently gather.

  ◦ WC is the exclusive remedy in most states for work-related injury, illness, or death. WC laws authorize that, except in limited circumstances, an injured employee (or employee's family) cannot file a lawsuit in order to receive more compensation than afforded by the WC insurance benefits.

• **Minimizing WC claims.** Not all work-related accidents are preventable. However, reasonable steps can be taken, in addition to safety measures required by applicable laws (i.e., OSHA), such as the following:

  ◦ *Draft safety protocols for each work area and post in prominent, highly visible location.* Preferably, your workplace safety standards should be more stringent than those required by federal and state laws. Ensure supervisors/managers maintain compliance with the safety protocols and standards.

  ◦ *Make sure that notices of dangerous conditions are posted – wherever necessary and until no further potential risk of danger is present.* Whether placing a "Will Bite" notice on animal's pen/cage, a "Caution: Wet Floor" sign to avoid slips/falls, or a "Radiation Hazard" sign on a door, alerting the public should be a constant, immediate, requirement of potentially dangerous conditions.

  ◦ *Provide ongoing, regular training and monitoring of employees* with respect to the following:

    ▪ Provide training and demonstrations *on proper handling of animals* – including proper restraint techniques – for avoiding injury to the animal and the employee.

    ▪ Provide easy access to *personal protective equipment* (PPE) for all employees – such as muzzles, catch poles, blankets, gloves, and eye protection – especially when handling animals that might have tendency to bite, scratch, kick, or cause bodily harm. Also require protective apparel during use of radioactive equipment (including requirement for monitoring levels of exposure by wearing body badges for each employee).

    ▪ Provide ongoing instructions regarding *proper bending and lifting techniques*, as well as requiring employees to request assistance with any heavy item or animal. *Use of ladders* – not furniture or boxes – to reach objects beyond arm's length.

    ▪ Random testing of employees for illegal drug use or alcohol intoxication (unless otherwise prohibited by law).

    ▪ Safe working environment includes ensuring that all high-traffic areas – such as hallways, lobby, and kennel area – are *free from objects or conditions that might cause a person to slip, trip or fall.* Place large, highly visible, safety and cautionary signs where needed.

    ▪ Ongoing training and monitoring for proper handling and proper disposing of *sharps*; use/labeling/storage/disposal of *hazardous chemicals*; use/storage/recordkeeping/disposal of *controlled substances*; *regular testing of fire/CO_2 alarms*; *performing inventory of pharmaceuticals* (especially avoiding unwanted access to drugs by animals); and *regular maintenance of lab/medical equipment*.

12.9. Work-Related Accidents and Workers' Compensation

• **Recommendations.** There are intrinsic and unavoidable occupational hazards in a veterinary workplace; however, the following might minimize potential WC claims and, accordingly, the related insurance premiums:

◦ *Insist upon reporting of all workplace injuries immediately after occurrence.* Even a "minor" injury, such as a small cut or scratch, can have serious consequences when working with animals. Zoonotic diseases, such as brucellosis or rabies, can be transmitted through barely visible cuts/punctures on the skin and, in many cases, be asymptomatic for weeks or months after the injury (yet further cross-contamination in the interim is possible).

◦ *Maintain records of injuries and ensure recordkeeping compliance with laws.* In most states, employers are required to keep records of all workplace accidents – especially under OSHA laws. Generally, accidents must be reported to the state WC board and to the employer's insurer within a specified number of days. Be aware of the reporting period.

◦ *Inquire into possible "discount" programs offered by insurer carrier.* In some jurisdictions, employers are eligible for WC discounts provided they meet certain criteria at the workplace (such as written policy, testing, resources for assistance/addiction issues, supervisor training, and employee education).

◦ *Maintain adequate insurance coverage.* A prime consideration for adequate coverage must be made in accordance with size and activities of the business practice. Insufficient insurance coverage or limitations of coverage could prove financially perilous for a small business in the event of a lawsuit.

◦ *Provide light-duty jobs* at the workplace for employees who are either recovering from prior injuries or are temporarily disabled. Following an injury, most people prefer to return to productive employment as soon as possible. To facilitate the return-to-work process, employers should investigate possibilities for accommodating the employee, and maintain open lines of communication between client and his or her treating healthcare professional (obtaining a "consent for return to work" by employee's healthcare provider might be required before allowing employee to resume his or her job duties).



EXAMPLES

N/A



CAUTIONS

• **Not all workplace injuries are necessarily eligible for WC coverage.** Generally, WC laws do not provide benefits for an injury or accident resulting from an employee's willful misconduct (i.e., taunting animals or running/throwing objects in workplace); injury due to alcohol intoxication or due to use of illegal drugs; employee injured resulting from own criminal act; the willful failure or refusal to use PPE when required or available (such as refusing protective apparel when taking radiographs or administering care to an animal with a zoonotic contagious disease); or injury resulting from a "non-work-related" incident (such as being involved in car accident coming to/going home from work).

• **Be aware of WC's interplay with other laws.** Employers must ensure strict compliance with all applicable state and federal laws that affect or pertain to WC.

◦ An absence from work may be necessary due to a work-related illness or injury; however, the maximum leave permitted is based on other applicable laws, such as the Family and Medical Leave Act and the Americans with Disabilities Act.

◦ Termination of employment of an employee while on leave due to a work-related injury could potentially lead to a claim of unlawful discrimination or retaliation (claiming that termination due to employee's use of WC) even if the termination was based upon legitimate, business-necessity reasons. Consult with legal counsel when considering an employee's employment termination during, or shortly after, an injury-related or disability-related leave of absence.

• **Potential investigations.** In certain circumstances, depending on applicable facts, the employer's insurance carrier or claims administrator (as well as an OSHA representative) may investigate the workplace to determine how an injury occurred, whether safety protocols were being followed, if the injury is compensable, and to ensure ways to prevent similar injuries from happening again.

• **Laws are constantly changing – seek legal counsel in your area for assistance**. The information in this chapter is a generic overview for educational purposes only and is not intended to provide legal advice. Employment laws vary depending upon jurisdiction/location of the veterinary practice and the applicable set of facts and circumstances. *The recommendations made in this chapter might not be applicable to all workplace situations.* Consult with an employment lawyer in your area for advice and consultation about your business needs regarding this subject matter.



MISCELLANEOUS

ABBREVIATIONS

OSHA: Occupational Safety & Health Administration
PPE: Personal protective equipment
WC: Workers' compensation

References

N/A

Recommended Reading

US Department of Labor. www.dol.gov (accessed May 4, 2019).
Provides links to each state's Department of Labor website, providing information on WC coverage requirements and the particular board or department to contact.

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12.10. EMERGENCY PREPAREDNESS



BASICS

OVERVIEW

Veterinary professionals play an important role as community resources in the management of animal health and public health issues in local emergencies or large-scale disasters.

An emergency event affecting a large number of people also will affect a large number of animals. The emergency management system in the United States and in many other countries offers an established mechanism for addressing all emergency issues at the local, tribal, state, and national levels. Agricultural agencies and animal professionals, including veterinary professionals, must learn to work within that system to deal effectively with animal concerns during emergencies.

TERMS DEFINED

Biosecurity: Procedures used to reduce the risk of the introduction or internal spread of infectious organisms in a facility or operation. Cleaning, disinfection, quarantine, limiting access by unauthorized personnel, and limiting the introduction of potentially contaminated materials are essential practices.

Bioterrorism: A premeditated attack on people, animals, or plants using infectious biological agents as a weapon.

Disaster and Emergency: These terms are often used interchangeably when departments, agencies, or private entities are unexpectedly torn from their standard operating procedures or are required to obtain resources outside their normal authority. In some cases, government declarations give official status to an emergency or disaster that may result in the release of additional resources for response and recovery.

Disaster Declaration: An official designation of an event as a disaster by local, tribal, state, or federal authorities. An official declaration may often trigger economic or resource assistance.

Emerging Disease: A new disease or new strain of known disease that may impact human, animal, or plant health.

Foreign Animal Disease: A disease of great concern that is currently not endemic to the country. This may also be referred to as a transboundary disease.

Terrorism: The unlawful use of force or violence against persons or property to intimidate or coerce a government, the civilian population, or any segment thereof in furtherance of political or social objectives.[1]

Zoonotic Disease: A disease agent that can be transmitted from animals to humans.



ISSUES AND OPTIONS

SIX REASONS WHY ANIMAL ISSUES ARE IMPORTANT

1. The bond between animals and humans can be very strong and may cause people to act recklessly to protect their animals. This bond may exist between human owners and their pets or livestock (see 1.19 – Importance of the Human–Animal Bond).
2. The United States and many other countries have large numbers of animals. In the United States, for example, there are 76.8 million dogs,[2] 58.4 million cats,[2] 4.9 million horses,[2] 103 million cattle,[3] and 75.5 million swine.[4] An emergency affecting a large number of people is also likely to affect a large number of animals.
3. Natural disasters or livestock disease outbreaks can have dramatic effects on agricultural communities. Critical concerns include livestock losses, the cost of disease eradication, damage to export markets, public health issues, and the threat to food supplies. A foreign animal disease outbreak could potentially result in billions of dollars in direct costs and up to hundreds of billions of dollars in indirect impacts.
4. Zoonoses are diseases that can be transmitted from animals to humans. Many potential bioterrorism agents are zoonotic, creating the need for a coordinated response by public health and animal health officials.
5. Wildlife may be affected by natural or man-made disasters, including disease outbreaks.
6. Society places a significant value on protecting animals from needless suffering or death.

EMERGENCY MANAGEMENT PRINCIPLES

- Priorities in emergencies:
  - Public safety – protect human lives.
  - Protection of property.
  - Protection of the environment.
  - Animal protection in emergencies may be the highest priority for many people after the protection of human life.
  - Preservation of evidence for criminal prosecution may be critical in some events.
- Four phases of emergency management:
  - *Mitigation*. Actions taken to reduce the probability or potential impact of a threat.
  - *Preparation.* Planning and training actions that develop the capacity to respond to threats.
  - *Response*. Actions taken in the face of an emergency event.
  - *Recovery.* Process of returning toward normal after an emergency event. This process may take an extended period of time (see 14.20 – Business Contingency Planning).
- Common elements of disasters:
  - Injured or dead people (or the potential).
  - Injured or dead animals (or the potential).
  - Property damage and destruction.
  - Loss of communications, utilities, and other services.
  - Economic, environmental, and psychological injury.
- National Incident Management System:
  - Mandates the use of the Incident Command System (ICS), a standardized system for management of emergency response, across all levels of government: federal, state, county, and local.
  - Provides a unified command structure that works to ensure that all resources working in an event are under a single command hierarchy, improving communication, performance, and safety.
  - All agencies and individuals responding in an emergency must be able to function within this system, including veterinary personnel.

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- ICS – basic structure:
  - Incident commander – in charge of the overall event.
  - Command staff:
    - liaison officer – contact point for representatives of support agencies;
    - safety officer – works to ensure that conditions during a response remain safe for all response personnel;
    - public information officer – unified contact point for all media releases regarding incident events.
  - General staff:
    - operations section – directs all resources providing field response to the event
    - planning section – creates incident action plan, documents actions, and projects future needs;
    - logistics section – responsible for supplies, equipment, transportation, and supporting services (meals, medical, housing, etc.);
    - finance and administration – manages overall event costs.
- Emergency operations plan (EOP): a comprehensive plan addressing planning, preparedness, response, and mitigation based on a risk assessment and using an all-hazards approach to managing incidents. Animal emergency plans are generally found in an annex or appendix to the state or community EOP.

The local emergency manager works to develop plans, resources, and response capacity in the community. In addition, the emergency manager supervises the local emergency operations center (EOC).

- The EOC serves as a coordination and communications center for jurisdictional resources. EOC representatives include government agencies (law enforcement, fire, health, public works, administration, etc.) and nongovernmental organizations (Red Cross, Salvation Army, and other volunteer organizations active in disasters entities). Animal resources may be connected to the local EOC through County Animal Response Teams (CARTs) or equivalent entities.
- A comprehensive emergency management system employs the same generic processes and resources to address most kinds of emergencies. It is flexible, adaptable, and much more cost effective than standalone systems. Animal response resources need to be incorporated into comprehensive emergency management models.
- Risk analysis equation: Hazards + Vulnerabilities = Risk.
- Hazards:
  - natural hazards, including flood, drought, tornado, hurricane, blizzard, earthquake, volcanic eruption, landslide, wildfire, some disease outbreaks;
  - Man-made unintended hazards, including radiologic or chemical hazardous materials incidents, infrastructure failure, transportation accidents;
  - intentional threats, including terrorism, bioterrorism, criminal events including biological, chemical, radiological, explosive, and mass casualty events.
- Vulnerability: population or resource potentially threatened by a hazard.
- Risk: level of danger to a community based on an analysis of threat versus vulnerability.

ANIMAL EMERGENCY-RESPONSE ORGANIZATIONS

- Many states have or are forming State Animal (or Agricultural) Response Teams (SARTs), Veterinary Medical Reserve Corps (VMRC), or equivalent organizations. These statewide organizations work with state emergency management and help connect various governmental and nongovernmental organizations and volunteers to address a wide variety of animal emergency issues. A SART's main mission is to develop and support CARTs or equivalent organizations. CART programs should carry an all-hazards mission and address both companion animal and livestock issues. CART programs or similar programs should seek involvement from community resources, including:
  - emergency management;
  - animal control;
  - animal shelters;
  - brand inspectors (many western states);
  - companion animal associations/clubs;
  - county mapping;
  - cooperative extension agents;
  - equestrian organizations;
  - fairgrounds;
  - fire, emergency medical services, and search and rescue resources;
  - kennels and pet service providers;
  - law enforcement;
  - livestock associations;
  - livestock producers;
  - public health;
  - veterinary professionals;
  - youth agricultural organizations (Future Farmers of America, 4-H);
  - wildlife agencies, zoos, wildlife preserves;
  - community businesses related to animals (retail/wholesale/manufacturing).
- Concerned citizens.
  - In addition to SARTs and CARTs, the following organizations provide opportunities for veterinarians interested in emergency response:
    - state veterinary response corps (SART, VMRC);
    - national veterinary response teams (National Disaster Medical System, US Department of Health and Human Services);
    - National Animal Health Emergency Response Corps (NAHERC), United States Department of Agriculture (USDA), Animal Plant Health Inspection Service.

COMMUNITY-BASED EMERGENCY TASKS RELATED TO ANIMALS

- Communities must develop and maintain effective networks of animal resources to work under the supervision of local emergency management. The local emergency response plan should contain an animal emergency response annex. To assure a coordinated animal emergency response, local emergency management must be able to effectively communicate during the response with all community animal resources.

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• Assist residents with evacuation of livestock and companion animals. When allowed, safely retrieve stranded animals from areas under evacuation orders.
• Search a disaster scene and recover animals to a safe location.
• Utilize technical rescue skills to safely extract animals from situations when necessary.
• Shelter evacuated animals.
• Protect the public from zoonotic diseases and foodborne hazards that may pose a threat to people and animals during a disaster.
• Provide veterinary medical care for animals affected by disasters.
• Respond to animal issues in emergencies involving biological threats (livestock diseases or zoonoses), chemical and radiological hazards, including natural, accidental, terrorist, or criminal events, providing trained resources through appropriate incident command channels.
• Support local law enforcement authorities in caring for animals in large-scale cases of cruelty, neglect, or animal hoarding.
• Collaborate with state and federal wildlife authorities to address wildlife issues during disasters.
• Address community cultural and mental health needs related to the human–animal bond, animal loss, anxiety over animal safety, and other animal-related concerns.
• Ensure the dissemination of accurate and timely information concerning animal issues to the public through appropriate incident command channels during emergencies.
• Manage community resources and any requested resources mobilized from outside the community, including donations, personnel, supplies, and equipment.
• Track the full costs of response for all resources mobilized for animal response, including supplies, equipment, paid personnel, volunteers, and in-kind donations.
• Address animal-related issues in the community long-term recovery plan.
• Train community responders to provide them the knowledge, skills, and abilities to meet the aforementioned objectives.
• Provide information to the public and local businesses concerning:
  ◦ individual preparedness (including companion animals and livestock in personal plans);
  ◦ continuity of operations planning for animal-related businesses;
  ◦ biosecurity practices and emergency preparedness for agricultural producers;
  ◦ zoonoses and animal issues related to public health.

GENERAL RESPONSIBILITIES OF VETERINARY PROFESSIONALS IN COMMUNITY EMERGENCY MANAGEMENT

• Veterinarians are first responders in the world of animal health and safety and have expertise in public health issues. As citizens, they have a responsibility to apply these skills to protect their communities.
• Unless veterinary professionals are involved in local emergency planning and training processes, they and their practices may not be utilized or may be underutilized.

AGRICULTURAL EMERGENCIES

• Agriculture is a "soft" target for terrorism, in that it is difficult to defend against an intentional attack. Constant surveillance by veterinary and regulatory veterinary personnel in the community and the implementation of biosecurity procedures by livestock producers is essential. Emergency management systems must provide the capacity for rapid large-scale response.
• Veterinary professionals must implement and adhere to appropriate biosecurity protocols for themselves and their practices to ensure they do not contribute to the spread of infectious agents.
• *The potentially massive scope of a major foreign animal disease outbreak may necessitate the involvement of many veterinary professionals from outside food animal practice.* Veterinary professionals should become involved in local, state, and national programs for disaster management, including CARTs, SARTs, and USDA's NAHERC (www. naherc.aphis.usda.gov).

PUBLIC HEALTH EMERGENCIES AND VETERINARY MEDICINE

• Examples of zoonotic disease outbreaks include the outbreak of Ebola virus in West Africa in 2014, with several cases detected in the United States and Europe, Severe Acute Respiratory Syndrome virus in 2003, was first reported in Asia and spread to countries in North and South America, Europe, and Asia; the arrival of West Nile virus in North America; and reported outbreaks of H3N2v influenza among fair attendees with a history of close contact with pigs from 2012 to present.[5] As international trade and travel continue to increase, so does the risk of spreading new diseases between nations and regions. The impact of an emerging disease on people and economies can range from mild to catastrophic. The veterinary community must be vigilant for atypical syndromes that may appear in animals to ensure rapid identification of emerging disease agents.
• Influenza is a zoonotic disease of great concern. Influenza viruses are found in poultry and mammals. These viruses can change rapidly by mutating or exchanging genes with other influenza strains, creating the potential for the development of new and dangerous strains that can be transmitted from animals to people. Worldwide influenza outbreaks, called pandemics, have the potential to cause disasters.
  ◦ In 1918–1919, an influenza pandemic infected 20–40% of the world's human population and an estimated 50 million people died. The United States recorded nearly 675,000 influenza-related deaths during that period.[6]
  ◦ In 2009, an outbreak of H1N1 influenza first identified in California spread across the world and reached pandemic proportions.
  ◦ During 2012, approximately 300 people in the United States were diagnosed with H3N2v influenza. Additional outbreaks have been detected since then. Most cases appear to be associated with extended exposure to swine at agricultural fairs.[5]

PERSONAL PREPAREDNESS

• **Planning.** Create a personal emergency plan for yourself, family, pets and livestock. Learn about the risks to your community and develop a

plan to address those risks. During an emergency *be prepared to care for your family and animals for up to 72 hours* whether evacuating or sheltering at home.

- **Preparation.** Involve all family members or employees in practicing your plan. Gather all the supplies you will need during an emergency. Create prioritized lists of needed actions. Seek training from community organizations such as the Red Cross, Community Emergency Response Team programs, and CARTs.
- **Communication.** Agree upon a meeting place and an out-of-area contact through which you can communicate if separated. Make sure you have a backup source for telephone numbers other than the contact list in your cell phone. **Remember:** Text messages may go through when cell phone calls do not. Make sure you have a charger or spare battery for your phone.
- **Cooperation.** Work with neighbors and friends in the community to help ensure that assistance with evacuation and other matters is available for people and animals. Know those with special needs in the community and work as a neighborhood to ensure their needs are met during an emergency.
- **Mitigation.** If you live in an area at risk for wildfires, work with your local fire department to evaluate and prepare your property to provide *defensible space*. If you live in an area subject to flooding or earthquakes, make sure you have the appropriate insurance coverage.
- Tips for families with animals:
  - *Identification.* Identify each animal using tags, tattoos, microchips, photos, or other means. Store photos and copies of brand inspection and registration papers away from home.
  - *Evacuation.* If you are evacuated, you may not be allowed to return for an extended period of time. Be prepared to evacuate people and animals quickly and in one trip (if possible). *DO NOT LEAVE ANIMALS BEHIND*. Be prepared to assist neighbors.
  - *Post information.* Post contact information and information about animals (pets and livestock) on the premises to assist neighbors and emergency responders in safely evacuating animals if you are not able. For example, place information in a sheet protector and post near the door or in the barn.
  - *Supplies*. Gather supplies needed for pets and livestock for evacuation or sheltering in place at your home. Supplies include collars, leashes, bowls, blankets, pet carriers, halters, lead ropes, prescription medications, health records, food, and water. Create a "go kit" for people and animals.
  - *Preventative healthcare.* Maintain current records of vaccinations, heartworm testing, and deworming. Take these records with you if you need to evacuate.
  - *Temporary housing.* Know where you can take your pets or livestock in an emergency. Locations may include animal shelters, kennels, hotels, fairgrounds, or a friend's or relative's home.
- Tips for livestock owners:
  - *Biosecurity.* Implement effective biosecurity (disease prevention and disinfection) practices to help protect animals and the nation from accidental or intentional disease outbreaks.
  - *Transportation*. Make a plan to move your livestock to a safe area. *Teach horses to load quickly and safely into trailers.* Failure to properly train horses puts people and the animals in danger. Work with neighbors and friends to share trailers and help each other evacuate livestock.
  - *Prepare for severe weather, including blizzards, hurricanes, tornadoes, and thunderstorms.* Electricity and other utilities could be disrupted for many days following a disaster. Keep at least 10–14 days of feed on hand. Make sure there is a source of drinking water available for animals, even if it means melting ice or snow. Keep horse blankets and a first aid kit for livestock on hand. Make sure your personal storm or winter gear is adequate.



EXAMPLES

WEYAUYWEGA, WISCONSIN, 1996

In March 1996, a train containing hazardous cargo, including liquefied petroleum gas, propane, and sodium hydroxide, derailed, caught fire, and burned for more than two weeks near Weyauwega, Wisconsin. People were ordered to evacuate quickly and were not instructed to take pets. Animal owners illegally entered the evacuation zone to remove or care for pets and livestock. On the fourth day of the evacuation, the National Guard was dispatched to the evacuation zone to conduct a pet rescue operation.

HURRICANE FLOYD, 1999

This hurricane hit North Carolina and several other states, resulting in the deaths of thousands of animals. The response to this disaster highlighted the need for a more coordinated animal response and helped lead to the formation of the North Carolina SART. Since then, the SART model has been adopted by many states.

HURRICANE KATRINA, 2005

In September 2005, Hurricane Katrina came ashore in the Gulf Coast, causing extensive damage and loss of life. Many people refused to evacuate because they could not take their animals with them. In addition, countless animals were left behind when their owners evacuated. Following Katrina, the Pets Evacuation and Standards Act (PETS Act) was enacted to amend the Stafford Act, creating a mandate to state and local governments to include plans for pets in their disaster plans.

HIGHLY PATHOGENIC AVIAN INFLUENZA, 2014–2015

In 2014–2015, the United States experienced its most significant animal health event in history. Highly pathogenic avian influenza was detected in poultry in 21 states, affecting over 50 million birds. The response involved over 3,400 personnel and cost $850 million.[7]

HURRICANES HARVEY, IRMA, AND MARIA, 2017

A series of devastating hurricanes in the fall of 2017 affected millions of people and animals in Texas, Florida, Puerto Rico, and the Virgin Islands. People and animals were evacuated and sheltered. Local, state,

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federal, and nongovernmental organizations assisted with evacuating, sheltering, and rescuing people and animals.



CAUTIONS

- Do not self-deploy to the disaster. Only respond to a disaster as part of an organized response team with authorized access.
- Rules of thumb for emergency responders:
  - do not become a victim;
  - expect the unexpected;
  - communication is the critical link;
  - plans always fail, but planning is essential (paraphrased from President Dwight Eisenhower).



MISCELLANEOUS

ABBREVIATIONS

CART: County Animal Response Team
EOC: Emergency operations center
EOP: Emergency operations plan
ICS: Incident Command System
NAHERC: National Animal Health Emergency Response Corps
SART: State Animal (or Agricultural) Response Team
USDA: United States Department of Agriculture
VMRC: Veterinary Medical Reserve Corps

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12.11. EMERGENCY PLANS



BASICS

OVERVIEW

Planning for emergencies is not difficult; it is nothing more than a game of "what if." Granted, figuring out the details of each of those scenarios is a little harder, but most veterinary practice managers know that any event takes planning, even the unexpected ones. By definition, an unplanned emergency leaves little time to figure things out quickly, so prior planning and practice are essential to minimizing the impact of the emergency.[1]

TERMS DEFINED

Alarm: A loud verbal or electronic sound possibly combined with a visual stimulant (strobe-type light) that is used to alert people of an emergency situation of which they may not be aware. In small facilities, the alarm may just be yelling, "Fire, fire, fire!"
Emergency: An unplanned event that is likely to cause significant harm to people or animals or property damage. Some emergencies require immediate action (such as a fire), whereas others provide warnings and possible reaction time (such as a wildfire or hurricane).
Emergency Action Plan (EAP): A specific written plan on how the practice will respond to a given emergency situation.
Natural Disaster: A tornado, hurricane, blizzard, earthquake, wildfire, or even severe weather such as lightning storms.
Personal Protective Equipment (PPE): Any clothing or device worn by a person to place a barrier between them and a hazard.
Workplace Violence: Physical harm or intimidation of a person or people by another person with or without the use of a weapon.



ISSUES AND OPTIONS

Start with a list of "what if" scenarios and then brainstorm how the practice should respond to such an event. A good perspective for an EAP is to assume the owner or boss is not immediately available. The plan should be detailed enough that mid-level managers can start the process until the owner or boss can be located and arrive on scene.

The following is a list of emergency scenarios to get started, but also be sure to solicit ideas from the staff and discuss issues with local experts such as the fire department or the county/city emergency coordinator's office.

- Fire (small contained fire as well as a catastrophic one).
- Natural disaster.
- Robbery or workplace violence.
- Loose vicious animal.
- Severe chemical spill, such as a large quantity of formaldehyde.
- Medical emergency for humans.
- Explosion or release of hazardous materials from a nearby business or factory.
- Train derailment with hazardous materials if the facility is within a mile of train tracks.

Workplace safety rules in most countries, including the United States, require employers of all sizes to develop emergency action plans for scenarios likely to happen in their industry. Sometimes the rules allow businesses with small numbers of employers (less than 10 employees) to use a "verbal" emergency action plan, but that is not a good idea for a number of reasons. In order for a plan to be useful, it has to be in writing and include *details*!

In an emergency, lighting will certainly be diminished and people may have lost their eye glasses, so EAPs should be printed in large, clear type (14 point or larger) on white paper for best visibility. EAPs should include the following:

- The name and contact information of the person in charge of executing or keeping the plan current should be clearly spelled out at the top of the plan.
- Contact information must be included for key people in the plan, including staff and local community resources and even insurance company representatives. Because e-mail addresses will not usually work in an emergency, be sure to include telephone numbers for reaching that person after hours if necessary.
- The "trigger" for activating the plan should be clearly defined when appropriate. Some events warrant activation of an EAP without prior approval, such as a fire or tornado, but other situations may require advance authorization from others, such as an impending hurricane or blizzard.

• A one-page checklist at the beginning of the plan highlighting the sequence of steps that must be taken and the person responsible for making it happen will give a great overview of the plan. Details of each action are explained later in the plan.
• Development of a specific workplace alarm system. An alarm system must be:
  ◦ loud enough to be appreciated as an alarm above surrounding noise conditions;
  ◦ distinctive enough to result in immediate action by staff members; and
  ◦ tested periodically for reliability if the alarm system is electronic or electrical.
• In very small practices, a verbal alarm may be sufficient, but in most practices, an electronic alarm is usually warranted.
• Specific, clearly defined duties identified by job position or person's name to be taken as part of the EAP is the basis of the plan, so do not skimp on this part. Some people have difficulty thinking clearly or remembering everyday things in an emergency, like passwords or combinations, so there can never be enough detail to EAPs. Do not assume someone will remember simple things – write them down! Also remember that any staff member assigned to a task in such an emergency must be given appropriate training and opportunities to practice the tasks.
• Use diagrams and pictures when appropriate. A staff member may have the facility layout memorized, but a diagram can be given to first responders and save a lot of time in locating key facility details, such as gas shut-off valves. Pictures can explain something in a few seconds that would take minutes or longer to comprehend through the written word. For example, a picture showing what a gas valve looks like in the *off* position will help someone who is not mechanically inclined understand the task quicker.
• In a scenario that requires evacuation of the facility, the plan should identify the primary location where evacuees will meet and the method that will be used to account for everyone (see Figure 12-11-1). An

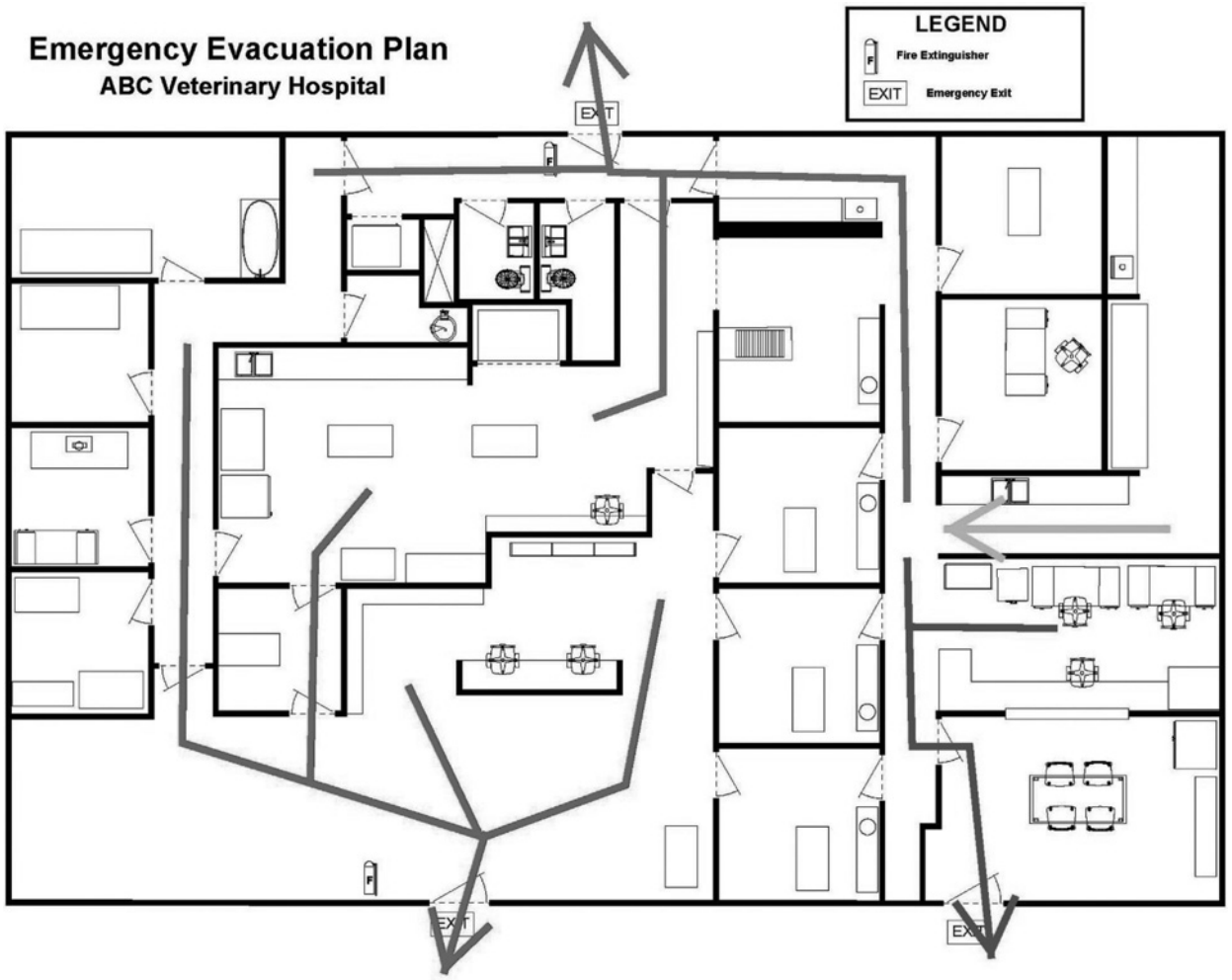


Figure 12-11-1.

Emergency evacuation plan.

12.11. Emergency Plans

alternate location should also be identified in case the primary location is unusable. The meeting places should be close enough to be convenient, but far enough away from the building to remove staff members from the immediate risk. Because it is not practical for most practices to use a "sign-in and sign-out" board, this task will often fall to relying on the memory of those present, so including a complete staff roster with extra blank spaces at the end for guests will make this part more useful.

- Placement and maintenance of emergency equipment, such as portable fire extinguishers and automatic emergency lights used to illuminate an exit or exit-way. Include the name of an individual responsible for regular testing and maintenance of the devices.
- Location and type of first aid supplies or PPE that may be necessary for responding to the emergency. Be sure to include instructions for anything more complicated than putting on a pair of gloves. And be sure to include the procedure for making sure those first aid supplies are regularly inventoried and replaced when missing or expired.

EAPs can be kept as part of the hospital safety manual (see 12.7 – Hospital Safety Manual) or in a separate binder or location, but they have to be current and easy to get. Computer files are great for most business plans, but EAPs should also be printed and collected in a binder or folder so they are easy to "grab and go." Additionally, backup copies should be maintained offsite, such as at the owner's or manager's home, so that they are available when responding to an emergency from offsite. Likewise, offer a copy of the completed plans to the local fire department or emergency management agency for them to have on file in case their response is needed.

Be sure every staff member knows where the EAP is located and is familiar with their part in the plan, even if that is just "get out and go to the assembly area."

And because one can never get really good at something unless they practice, emergency drills should be part of the normal training program in any veterinary facility. Schedule some practice drills during a very slow time of the day, and be sure to schedule at least one drill throughout the year for a busy time; fires and disasters do not follow the same schedule as your appointment book! At a minimum, an annual test of the EAP should be conducted.



EXAMPLES

N/A



CAUTIONS

N/A

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MISCELLANEOUS

ABBREVIATIONS

EAP: Emergency action plan
PPE: Personal protective equipment

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12.12. Controlled Substances



BASICS

OVERVIEW

Controlled substances that veterinarians use and dispense are regulated by the Drug Enforcement Administration (DEA). The DEA is the lead federal law enforcement agency responsible for enforcing the Controlled Substances Act (CSA). Established in 1973, the DEA was the product of a merger of five federal agencies that were related to drug enforcement. In carrying out its mission, the DEA cooperates with other federal agencies; state, local, and foreign governments; private industry; professional groups; and other organizations.

Controlled substances are the drugs and chemicals that must be handled and stored within the closed system as described by the DEA. The closed system generally means there are several requirements that the practitioner and his or her agents, including employees, must abide by to be in compliance with the law, so that all acquisitions, storage, and dispensing of any of the drugs or chemicals on the schedules must be highly controlled, tracked, and accountable subject to audit and/or inspection by the DEA as requested. If these procedures are not followed, one can lose the right to be a registrant, which would limit one's right to order, store, and use the controlled substances, some of which are essential to the operation of a veterinary hospital.

This section covers most of the significant issues, from the different definitions of the schedules of the drugs to security requirements and minimum standards for handling employee screening or premise inspections, with an enforcement warrant or by a broad consent grant by the owner, operator, or agent in charge of the controlled premises.

DEA registrants must be especially cautious in the specific areas of recordkeeping and controlled substance access by any agents and/or employees if there is any knowledge of any of those persons having a history that would lead one to suspect or know of a potential risk of misuse of the controlled substances.

DEA registrants also embody an employee reporting requirement that states they must report any drug diversion from the employer by a fellow employee to a responsible security official of the employer (Title 21 C.F.R., Section 1301.91).

Between 1914 and 1970, Congress enacted more than 50 pieces of legislation relating to the control and diversion of drugs. Most of these diverse laws were gathered in the one piece of legislation, the CSA, which became effective May 11, 1971.

A key element of this law is to improve control over the manufacture, distribution, and dispensing of controlled substances by providing a "closed" system for legitimate handlers of these drugs. Such a closed system deters the diversion of these drugs out of legitimate channels into illicit markets.

The information further presented should acquaint veterinarians with security requirements set up under the CSA, the Diversion Control Amendments of the Comprehensive Crime Control Act of 1984, and the Code of Federal Regulations.

The drugs and drug products (controlled substances) that come under the jurisdiction of the CSA are divided into five schedules – lists of included controlled substances. Owing to their length, it is recommended the reader find them under DEA on the World Wide Web.

TERMS DEFINED

Controlled Premises (including veterinary practice facilities): Places where original or other records or documents required under the CSA are kept or required to be kept. Places, including factories, warehouse, or other establishments and conveyances, where persons registered under the act or exempted from registration under the act, or regulated persons may lawfully hold, manufacture, or distribute, dispense, administer, or otherwise dispose of controlled substances or listed chemicals or where records relating to those activities are maintained.[1]

Controlled Substances Act (CSA): The CSA (84 Stat. 1242; 21 U.S.C. 801) and/or the Controlled Substances Import and Export Act (84 Stat. 1285; 21 U.S.C. 951).[1]



ISSUES AND OPTIONS

DEA SCHEDULES

Before a particular drug can be placed on one of the five DEA schedules of drugs, the following findings are required for each of these schedules.

- Schedule I:
  - ◦ The drug or other substance has a high potential for abuse.
  - ◦ The drug or other substance has no currently accepted medical use for treatment in the United States.
  - ◦ There is a lack of accepted safety for use of the drug or other substance under medical supervision.
- Schedule II:
  - ◦ The drug or other substance has a high potential for abuse.
  - ◦ The drug or other substance has a currently accepted medical use in treatment in the United States or a currently accepted medical use with severe restrictions.
  - ◦ Abuse of the drug or other substances may lead to severe psychological or physical dependence.
- Schedule III:
  - ◦ The drug or other substance has a potential for abuse less than the drugs or other substances in Schedules I and II.
  - ◦ The drug or other substance has a currently accepted medical use in treatment in the United States.
  - ◦ Abuse of the drug or other substance may lead to moderate or low physical dependence or high psychological dependence.
- Schedule IV:
  - ◦ The drug or other substance has a low potential for abuse relative to the drugs or other substances in Schedule III.
  - ◦ The drug or other substance has a currently accepted medical use in treatment in the United States.
  - ◦ Abuse of the drug or other substance may lead to limited physical dependence or psychological dependence relative to the drugs or other substances in Schedule III.
- Schedule V:
  - ◦ The drug or other substance has a low potential for abuse relative to the drugs or other substances in Schedule IV.
  - ◦ The drug or other substance has a currently accepted medical use in treatment in the United States.
  - ◦ Abuse of the drug or other substance may lead to limited physical dependence or psychological dependence relative to the drugs or other substances in Schedule IV.

Drugs by name in particular schedules can be found by looking under the DEA on the World Wide Web site.

Veterinarian DEA compliance requires individual veterinary registration. According to Section 822 of Title 21 of the U.S. Code (USC) CSA, registration is required for the following persons:

1. Every person who manufactures or distributes any controlled substance or List I chemical, or who proposes to engage in the manufacture or distribution of any controlled substance or List I chemical, shall obtain annually a registration issued by the Attorney General in accordance with the rules and regulations promulgated by him.
2. Every person who dispenses or proposes to dispense any controlled substance shall obtain from the Attorney General a registration issued in accordance with the rules and regulations promulgated by him. The Attorney General shall, by regulation, determine the period of such registrations. In no event, however, shall such registrations be issued for less than one year nor for more than three years.

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There are some exceptions to the requirement for registration under Section 822 – the following persons shall not be required to register and may lawfully possess any controlled substance or List I chemical under this subchapter:
1. An agent or employee of any registered manufacturer, distributor, or dispenser of any controlled substance or List I chemical, if such agent or employee is acting in the usual course of his business or employment.
2. A common or contract carrier or warehouseman, or an employee thereof, whose possession of the controlled substance or List I chemical is in the usual course of his business or employment.
3. An ultimate user who possesses such substance for a purpose specified in Section 802(25) of this title.

Also, some individuals may be required to have more than one registration if they operate out of several locations. Section 822(e) states that a separate registration shall be required at each principal place of business or professional practice where the applicant manufactures, distributes, or dispenses controlled substances or List I chemicals.

SECURITY REQUIREMENTS FOR PRACTITIONERS

Practitioners include physicians, dentists, veterinarians, researchers, hospitals, pharmacies, or other persons registered to do research, to dispense, or to use in teaching or chemical analysis a controlled substance in the course of professional practice.

Minimum security standards for practitioners are set forth in the regulations (Title 21 C.F.R. 1300 to end), and are to be used in evaluating security.

MINIMUM STANDARDS FOR PRACTITIONERS' SECURITY FOR HANDLING OF CONTROLLED SUBSTANCES

Controlled substances must be stored in a securely locked cabinet of substantial construction. Even though federal regulations do not specifically define locked cabinet construction, the intent of the law is that controlled substances must be adequately safeguarded. Therefore, depending upon other security measures, a wooden cabinet may or may not be considered adequate. In an area with a high crime rate, a strong metal cabinet or safe may be required.

Some of the factors considered when evaluating a practitioner's controlled substances security include:
- The number of employees, customers, and/or patients who have access to the controlled substances.
- The location of the registrant (high or low crime area).
- Use of an effective alarm system.
- Quantity of controlled substances to be kept on hand.
- Prior history of theft or diversion.

OTHER SECURITY CONTROLS FOR PRACTITIONERS

In order to minimize opportunities for theft or diversion of controlled substances, practitioners have an obligation not only to provide effective physical security, but also to initiate additional procedures to reduce access by unauthorized persons and to provide alarm systems where necessary.

EMPLOYEE PROHIBITION REQUIRED

A practitioner must not employ an agent or individual who has had his or her application for registration with the DEA denied or revoked at any time and who, as a result of his employment, will have access to controlled substances.

EMPLOYEE RESPONSIBILITY TO REPORT DRUG DIVERSION

A practitioner must limit an employee's right to work in the drug security area if they do not report any known diversions as described as follows, taken from Section 1301.91 of Title 21 of the C.F.R.

Reports of drug diversion by fellow employees are not only a necessary part of an overall employee security program, but they also serve the public interest at large. It is, therefore, the position of the DEA that an employee who has knowledge of drug diversion from his employer by a fellow employee has an obligation to report such information to a responsible security official of the employer. The employer shall treat such information as confidential and shall take all reasonable steps to protect the confidentiality of the information and the identity of the employee furnishing information. A failure to report information of drug diversion will be considered in determining the feasibility of continuing to allow an employee to work in a drug security area. The employer shall inform all employees about this policy.

ILLICIT ACTIVITIES BY EMPLOYEES (TITLE 21 C.F.R., SECTION 1301.92)

It is the position of the DEA that employees who possess, sell, use, or divert controlled substances will subject themselves not only to state or federal prosecution for illicit activity, but shall also immediately become the subject of independent action regarding their continued employment. The employer will assess the seriousness of the employee's violation, the position of responsibility held by the employee, past record of employment, and so on, in determining whether to suspend, transfer, terminate, or take other action against the employee.

LOSS OR THEFT

A practitioner shall notify the nearest DEA field office of the theft or significant loss of any controlled substance upon discovery of such loss or theft. The practitioner shall promptly complete and submit DEA Form 106 regarding the theft or loss.

BLANK PRESCRIPTIONS AND DEA ORDER FORMS

A practitioner should keep blank prescription forms in secure locations that would preclude patients or casual visitors from stealing the forms for the purpose of falsification. Unused DEA Order Forms should also be kept in a secure location for the same reason.

DEA AUTHORITY TO MAKE INSPECTIONS

In Section 1316.03 of the Code of Federal Regulations (C.F.R.), the Administrator, through his inspectors, is authorized in accordance with Sections 510 and 1015 of the act (21 U.S.C. 880 and 965) to enter controlled premises, and conduct administrative inspections thereof, for the purpose of inspecting, copying, and verifying the correctness of records, reports, or other documents required to be kept or made under the act and regulations promulgated under the act. These inspections are mostly for the inventory, including records, files, papers, processes, controls, and facilities.

EXCLUSIONS FROM INSPECTIONS

Under Section 1316.04 of the C.F.R., unless the owner, operator, or agent in charge of the controlled premises so consents in writing, no inspection authorized by these regulations shall extend to:
- financial data;
- sales data other than shipping data;
- pricing data.

INSPECTION PROTOCOLS

Inspections have certain protocols that must be followed. In order to allow entry to your facilities under Section 1316.05 C.F.R., any inspector upon (a) stating his purpose, (b) presenting to the owner, operator, or agent in charge of the premises to be inspected appropriate credentials and written notice of his inspection authority under Section 1316.06 of this chapter, and (c) receiving informed consent under Section 1316.08 or through the use of administrative warrant, shall have the right to enter such premises and conduct inspections at reasonable times and in a reasonable manner.

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INSPECTION WRITTEN NOTICE

A written notice required for the inspection shall include the following under Section 1316.06 C.F.R.:

- Form 82, which shall contain the name and title of the owner, operator, or agent in charge of the controlled premises;
- the name of the controlled premises;
- the address of the controlled premises to be inspected;
- the date and time of the inspection;
- a statement that a notice of inspection is given pursuant to Section 510 of the act (21 U.S.C. 880);
- a reproduction of the pertinent parts of Section 510 of the act;
- the signature of the inspector.

PREMISES OWNER CONSENT

Premises inspections commonly require consent of the owner, operator, or agent in charge of the controlled premises, as set forth in Section 1316.08 C.F.R. —In all cases where an inspection is contemplated, an administrative inspection warrant is required pursuant to Section 510 of the act (21 U.S.C. 880), except that such warrant shall not be required for establishments applying for initial registration under the act, for the inspection of books and records pursuant to an administrative subpoena issued in accordance with Section 506 of the act (21 U.S.C. 876), nor for entries in administrative inspections (including seizures of property):

- with the consent of the owner, operator, or agent in charge of the controlled premises as set forth in Section 1316.08;
- in situations presenting imminent danger to health or safety;
- in situations involving inspection of conveyances where there is reasonable cause to obtain a warrant;
- in any other exceptional or emergency circumstance or time or opportunity to apply for a warrant is lacking;
- in any other situations where a warrant is not constitutionally required.

OWNER INSPECTION CONSENT — MANY REQUIREMENTS

An administrative inspection warrant shall not be required if informed consent is obtained from the owner, operator, or agent in charge of the controlled premises to be inspected, as previously stated. However, the consent has several requirements that are very important to practitioners. Section 1316.08(b), the informed consent, shall consist of a written statement signed by the owner, operator, or agent in charge of the premises to be inspected and witnessed by two persons. The written consent shall contain the following information:

- That he (the owner, operator, or agent in charge of the premises) has been informed of his constitutional right not to have an administrative inspection made without an administrative inspection warrant.
- That he has the right to refuse to consent to such an inspection.
- That anything of an incriminating nature which may be found may be seized and used against him in a criminal prosecution.
- That he has been presented with a notice of inspection as set forth in Section 1316.06.
- That the consent given by him is voluntary and without threats of any kind.
- That he may withdraw his consent at any time during the course of inspection.

The written consent shall be produced in duplicate and be distributed as follows:

- the original will be retained by the inspector;
- the duplicate will be given to the person inspected.

PRE-EMPLOYMENT QUESTIONS ALLOWED FOR EMPLOYEES

Employees working in a controlled substances environment may be screened and rejected for reasons as described by the DEA. According to Section 1301.90 of the C.F.R., it is permissible to ask the following questions as part of an employer's comprehensive employee screening program:

- Within the past five years, have you been convicted of a felony, or within the past two years, of any misdemeanor, or are you presently formally charged with committing a criminal offense? (Do not include any traffic violations, juvenile offenses, or military convictions, except by general court-martial.) If the answer is yes, furnish details of conviction, offense, location, date, and sentence.
- In the past three years, have you ever knowingly used any narcotics, amphetamines, or barbiturates, other than those prescribed to you by a physician? If the answer is yes, furnish details.

CHECKING INFORMATION ON EMPLOYEES

An employer will have to have an authorization in writing that allows inquiries to be made of courts and law enforcement agencies for possible pending charges or convictions. This authorization must be executed by a person who is allowed to work in an area where access to controlled substances clearly exists. That person must be advised that any false information or omission of information will jeopardize his or her position with respect to employment. The application for employment should inform a person that information furnished or recovered as a result of any inquiry will not necessarily preclude employment, but it will be considered as part of an overall evaluation of the person's qualifications. The maintaining of fair employment practices, the protection of the person's right of privacy, and the assurance that the results of such inquiries will be treated by the employer in confidence will be explained to the employee.

Under Section 1301.93, the DEA recommends that inquiries concerning employees' criminal records be made as follows:

- **Local inquiries.** Inquiries should be made by name, date, and place of birth, and other identifying information, to local courts and law enforcement agencies for records of pending charges and convictions. Local practice may require such inquiries to be made in person, rather than by mail, and a copy of an authorization from the employee may be required by certain law enforcement agencies.
- **DEA inquiries.** Inquiries supplying identifying information should also be furnished to the DEA field division office along with written consent from the concerned individual for a check of the DEA files for records of convictions. The regional check will result in a national check being made by the field division office.

RECORDS AND REPORTS OF REGISTRANTS

Under Section 827 of the Title 21 United States Code (USC), every registrant manufacturing, distributing, or dispensing a controlled substance or substances shall maintain, on a current basis, a complete and accurate record of each such substance manufactured, received,

sold, delivered, or otherwise disposed of by him, except that this paragraph shall not require the maintenance of a perpetual inventory.

Otherwise, the inventory records must be kept as soon as a registrant first engages in the manufacture, distribution, or dispensing of controlled substances, and every second year thereafter make a complete and accurate record of all stocks thereof on hand, except that the regulations prescribed under this section shall permit each such biennial inventory (following the initial inventory required by this paragraph) to be prepared on such registrant's regular general physical inventory date (if any) which is nearest to and does not vary by more than six months from the biennial date that would otherwise apply.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

C.F.R.: Code of Federal Regulations
CSA: Controlled Substances Act
DEA: Drug Enforcement Administration
U.S.C.: United States Code

References

1. Section 1316.02 Definitions of Code of Federal Regulations.

Recommended Reading

N/A

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12.13. ADVERSE DRUG EVENT REPORTING AND PHARMACOVIGILANCE



BASICS

OVERVIEW

Adverse drugs events (ADEs) are undesirable and unintended reactions to any veterinary product, including drugs, vaccines, medical devices, foods, or pesticides applied to animals that can occur during or after the use of a product or device. Even though the adverse event occurs in association with use of one of these veterinary products, the reaction may not be caused by that product. Pharmacovigilance is the science and activities relating to the detection, assessment, understanding and prevention of adverse effects or any other drug-related problem.[1] Most manufacturers of veterinary drugs have a group in professionals that record, maintain and provide records of ADE reports, in accordance with regulatory requirements.

Documentation of the safety and efficacy of a veterinary drug, vaccine, or topical pesticide is required prior to approval. Multiple studies are conducted, during which common ADEs associated are identified. However, the entire safety profile of a veterinary product may not be fully understood until it is administered to the general target population, is used in other species, or used for other purposes than the approved indications (see 13.13 – Extralabel Drug Use). Additionally, rare ADEs may not be identified until the drug has been administered to thousands or millions of patients. ADE reporting along with pharmacovigilance provides an ongoing surveillance program that can identify: (1) unexpected problems, not previously identified in the pre-approval process; (2) unsafe use of products, including extralabel use; (3) product defect, contamination, or issues that could adversely affect the safety of a product early. This allows manufacturers and agencies to communicate this information to those that prescribe and administer these products.

Reporting of ADEs by veterinarians and pet owners is voluntary. Manufacturers or sponsors of veterinary products are required to record and maintain all ADEs that they receive. However, requirements on when and how the manufacture reports ADEs is different based on the federal agency that oversees and laws that govern the specific veterinary product.

- The Food and Drug Administration (FDA) regulates all animal pharmaceuticals, medical devices, and medicated feeds and foods. Manufacturers of animal pharmaceutical and medicated feeds are required to record and routinely report all adverse drug reports that they receive.
- The United States Department of Agriculture (USDA) Animal and Plant Health Inspection Service (APHIS) Center of Veterinary Biologicals (CVB) regulates veterinary vaccines. Vaccine manufactures are required to record but are not required to routinely report ADEs.
- The Environmental Protection Agency (EPA) regulates topical pesticides used to treat ticks and fleas. These include shampoos, collars, dust or powder, sprays, spot-on products.[1] Manufacturers of these products are not required to routinely report ADEs.

TERMS DEFINED

Adverse Drug Event (ADE): Any adverse event associated with the use of an animal drug, whether or not considered to be drug related, and whether or not the drug was used in accordance with the approved indication, species, or dosage. An ADE can also include lack of expected efficacy, product defect, or human exposure to the product either directly or due to residue violations and exposure in food.[2]

Animal Drug: Any article intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in animals other than humans.[3]

Environmental Protection Agency (EPA): Government agency, established on December 2, 1970, to consolidate in one agency a variety of federal research, monitoring, standard-setting, and enforcement activities to ensure environmental protection.[4] The EPA regulates products used topically for the control of ectoparasites and insects on animals under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA).

Food and Drug Administration (FDA): The FDA is an agency within the US Department of Health and Human Services that is responsible for protecting the public health by regulating the manufacturing, marketing, and distribution to ensure the safety, efficacy, and security of human biological products, human and veterinary drugs and medical devices, cosmetics, and products that emit radiation.[5]

Food and Drug (FDA) Center for Veterinary Medicine (CVM): The FDA-CVM is a branch of the FDA dedicated to ensure the safety and efficacy of animal drugs, devices, medicated feed for companion and food producing animals, and safety of food products made from treated animals. In addition, the FDA-CVM monitors the safety and effectiveness of animal drugs on the market, ensures the safety of pet foods and food additives.[6]

Generally Recognized as Safe (GRAS): GRAS substances are substances added to food that are *g*enerally recognized as safe by qualified experts. These do not need to be reviewed and approved by FDA before being marketed.[7]

Generic Drug: A copy of an approved new animal drug for which patents or other periods of exclusivity are near expiration.

National Animal Supplement Council (NASC): The NASC is a nonprofit industry that provides guidelines for product quality assurance, adverse event reporting, and labeling standards for animal supplements.[8]

Pesticides: Any substance or mixture of substances intended for preventing, destroying, repelling, or mitigating any pest. Generally speaking, pesticides must be registered with EPA prior to distribution or sale, unless they are otherwise excluded or exempted from regulations.[9]

Pharmacovigilance: The science and activities relating to the detection, assessment, understanding, and prevention of adverse effects or any other drug-related problem.[2]

Pioneer drug: The brand-name or patented version of a drug, later copied to make generic drugs after the patent expires.

Serious Adverse Event: A serious adverse event is any adverse event that results in death, is life-threatening, or results in persistent or significant disability/incapacity, or a congenital anomaly or birth defect.[11]

United States Department of Agriculture (USDA): Government agency that regulates animal vaccines and biologics under the Federal Virus, Serum, and Toxin Act.

United States Pharmacopeia (USP): Established in 1820, the USP is a nongovernmental organization that sets quality standards for medicines, food ingredients, and dietary supplements for the United States and other countries.[11]



ISSUES AND OPTIONS

ADE REPORTING FOR FDA-CVM-APPROVED PRODUCTS

The Reporting Process

Although voluntary, the FDA encourages veterinarians and animal owners to report adverse drug experiences and product defects associated with animal drugs or animal devices.[12] Adverse drug experiences can include side effects, lack of effects or product defects (e.g. broken product seals, broken tablet, or leaking bottles).

There are three ways to report and ADEs:

1. Call the drug company. The name of the company and contact information (phone number, email) for reporting is typically found on

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the product package insert. When calling the company, you should speak with one of the company's veterinarians to discuss the adverse. You should be prepared to answer questions about the patient(s), all medications that the patient received, any clinical signs and diagnostic abnormalities, what treatments were implemented and the outcome of the case. You may be asked to provide medical records. In the case where the animal's owner is calling in the report, they may be ask for permission to contact their veterinarian for more information.
2. Download Form FDA 1932a, "Veterinary Adverse Experience, Lack of Effectiveness or Product Defect Report" from the FDA website[13] and email the completed form to CVM1932a@fda.hhs.gov
3. Contact the FDA CVM by email at AskCVM@fda.hhs.gov, by phone at 1-888-FDA-VETS (1-888-332-8387), or mail Center for Veterinary Medicine, Food and Drug Administration, HFV-1, 7519 Standish Place, Rockville, MD 20855.

Manufacturer's Requirements

An ADE report is generated when four critical pieces of information are provided: (1) an identifiable reporter; (2) an identifiable animal(s) or human(s); (3) an identifiable drug; and (4) one or more clinical signs.[10]

The Federal Food, Drug, and Cosmetic Act requires drug manufacturers (pioneer and generic) to establish and maintain records of all ADEs and product defects reports and all data or information received or obtained with these reports. Manufactures are also required to report ADEs and product and manufacturing defects within specific timelines, dependent upon the type of report. Product defects must be reported within three days, and serious ADEs within 15 days. All other reports are submitted every six months for the first year after approval and then annually, on the anniversary of the approval date. This continuous monitoring of approved drugs is the primary means by which FDA-CVM obtains information on potential safety and efficacy problems of marketed approved animal drugs as well as potential product/manufacturing problems.

There is no mandatory reporting requirement for manufacturers of unapproved drugs, including compounded drugs or drugs approved for human use that are prescribed for veterinary patients in an extralabel manner. Because manufactures do not report ADEs, veterinarians should reports ADEs of unapproved drugs to the FDA-CVM, which will allow for the collection, monitoring, and detection of safety or efficacy issues with these drugs. For information on extralabel drug use, see 13.13 – Extralabel Drug Use and 9.14 – Medication Dispensing, Compounding, and Prescribing: Legal Considerations.

Medication Errors

Medication errors are preventable events that may cause or lead to inappropriate medication use or harm in a patient, either by the veterinary professional or veterinary client.[14] Typical causes of medication errors include illegible labels leading to confusion of drugs with similar names, confusing directions for administration, dosing, and so on. Medication errors may also originate in human pharmacies due to unfamiliarity with veterinary terms, products, and species differences in pharmacokinetics or pharmacodynamics.

The FDA-CVM is responsible for monitoring and addressing veterinary medication errors. Medication errors involving animals may result in human exposure because of error in administration to the animal or food residues. Manufacturers are required to report all medication errors to the FDA, and the FDA encourages veterinarians to report all medication errors.

Animal Dietary Supplements

On October 25, 1994, the Dietary Supplement Health and Education Act (DSHEA) was signed as an amendment to the Federal Food, Drug, and Cosmetic Act. The DSHEA created new regulations for dietary supplements, which were defined as a product, other than tobacco, intended to supplement the diet that contains at least one or more of the following: a vitamin, mineral, herb or other botanical, amino acid, and so on. Although the DSHEA provided strict guidelines for the labeling and marketing of dietary supplements for humans, in 1996 the FDA determined that the DSHEA did not apply to animal supplements.[15]

Therefore, animal dietary supplements are regulated by the FDA-CVM. As such, these supplements, which include nutraceuticals, are considered unapproved drugs and do not undergo regulatory approval nor have requirements for reporting ADEs. The FDA has designated oversight to dietary supplements and nutraceuticals to two industry groups: the Association of American Feed Control Officials and NASC. If the supplement manufacturer is a member of the NASC there is an industry-sponsored adverse event reporting system and the data are made available to the FDA-CVM.[16] Complaints concerning dietary supplements should be made to the manufacturer and or FDA-CVM.

Animal Medical Devices

A medical device is an instrument, apparatus, implement, machine, contrivance, implant, in-vitro reagent, or other similar article that is intended for the diagnosis of disease or other conditions, or to cure, mitigate, treat, prevent disease, or affect the structure or any function of the body of humans or other animals and that does not achieve its primary intended purposes through chemical action or metabolism.[17] Needles, syringes, surgical instruments, prosthetic devices, x-ray equipment, certain diagnostic test kits, and dental appliances are considered medical devices.

Pre-market approval is not required for medical devices used in veterinary medicine, and, except for radiation-emitting devices (register with the Center for Devices Radiological Health), companies who exclusively manufacture or distribute veterinary devices are not required to register their establishments, list their veterinary devices, nor are they required to report ADEs.

The FDA does, however, have regulatory oversight over veterinary devices and can take appropriate regulatory action if a veterinary device is misbranded or adulterated. The FDA recommends that manufacturers and/or distributors of veterinary medical devices request a review of their product labeling and promotional literature to ensure that it complies with federal regulations. This includes devices marketed in another country and offered for importation into the United States.[18]

Report a Pet Food Complaint

Similar to dietary supplements, some food products may affect the structure or function of the body. The FDA considers these products to be food, not drugs, if they exert their effect by providing nutrition, taste, or aroma.[19] However, if a food affects the structure or function of the body apart from its nutritive value, such as by improving joint function in an arthritic dog, the FDA may consider it a drug. Similarly, a food marketed with a claim that it improves or increases production and performance or is intended to treat or prevent a disease may be a drug. Food manufacturers are not required to routinely report adverse events, but they are required to maintain these records and make them available to the FDA upon request.

Veterinarians and pet owners can report complaints about a pet food or pet treats to the manufacturer, directly to the FDA through the Safety Reporting Portal,[20] or to a state FDA Consumer Complaint Coordinator. Include as much information as possible when submitting the complaints, such as exact product name, product description, container type, lot number, product dating, Universal Product Code, purchase date and location, description of the problem; and information about the affected pet(s) and how they became sick or injured as a result of consuming a pet food product.

Animal Biologics: Vaccines, Bacterins, and Diagnostic Kits

USDA-APHIS CVB regulates animal biologics (vaccines, bacterins, antisera, and other products of biological origin) and diagnostic kits. The CVB is regulated by the Virus, Serum, and Toxin Act and defines

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an adverse event as any undesirable occurrence after the use of an immunobiological product, including illness or reaction, whether or not the event was caused by the product. For products intended to diagnose disease, adverse events refer to anything that hinders discovery of the correct diagnosis. As such, the adverse event reports are assessed for the possibility of a product deficiency.[21]

The USDA recommends reporting any adverse event to the manufacturer. Reports can also be submitted to the CVB; once an adverse event has been reported to the manufacturer, the CVB may be contacted online using the Adverse Event Electronic Report Worksheet.[22] Forms can also be submitted by fax or (515) 337-6120 or by mail to Center for Veterinary Biologics, 1920 Dayton Avenue, P.O. Box 844, Ames, Iowa 50010. Additionally, adverse events may also be reported by calling the CVB at (800) 752-6255.[22]

Pesticides: Topically Applied Parasiticides

The EPA regulates topically applied pesticides under FIFRA, which requires pesticide registrants to report information concerning unreasonable adverse effects of their products to the EPA. EPA-registered pesticide products to treat dogs and cats for fleas and ticks include shampoos, collars, dust or powder, sprays, and spot-on products, excluding topical parasiticides that have been approved by the FDA. The EPA is responsible for ensuring that all pesticides sold in the United States do not cause unreasonable risks when they are used according to label directions and precautions. FIFRA requires pesticide registrants to report information concerning unreasonable adverse effects of their products to the EPA.

Veterinarians can report pesticide-related incidents involving domestic pets through a reporting page developed by the National Pesticide Information Center (NPIC) and the EPA.[23] This reporting site is for veterinarians only. Nonveterinarians wishing to report an incident involving a pet can contact the NPIC.[24]

ACTIONS RESULTING FROM ADE REPORTS

Veterinarians and pet owners reporting an ADE to the drug manufacturer will speak with trained veterinarians, who will take all of the information and enter this information into a database. That information is evaluated and assessed by pharmacovigilance specialists to determine any trends or signals that might arise from the data and submit these to authorities according to regulation. If a trend or signal is detected, appropriate action will be recommended.

The regulatory authorities will independently review ADE information to determine trend or signals. Each agency has a different method on how they evaluate the data. Possible trends or signals may include identifying an ADE not previously seen or a specific subgroup of patients that maybe at risk. In some situations, a lack of clarity in the label may result in misadministration. As a result, labels might be changed to include the newly identified ADEs, or contraindication, warnings, or precautions sections might be updated to better define the appropriate patient population to receive the drug. Administration instructions may be modified to increase clarity. These changes are implemented so that veterinarians can make informed decisions on patient selection or improve instructions for administration. In rare situations, a defective lot might be recalled, or a drug may be removed from the market.

WHY REPORT ADES

Ongoing surveillance of the efficacy and safety of any veterinary product is dependent upon adverse event reporting. It has been estimated that at least 30,000 people need to be treated with a drug to detect at least one patient with an adverse drug reaction (ADR) which has an incidence of 1 in 10,000 exposed individuals.[25]

Although similar calculations have not been made for veterinary drugs, reporting ADRs is the responsibility of all veterinarians to identify rare, but sometimes very serious ADRs and ensure appropriate use of these products.



EXAMPLES

N/A



CAUTIONS

The FDA-CVM maintains a database of all ADRs. The Cumulative Adverse Drug Event (ADE) Summaries Report listed on the website contains ADE data from reports received on paper between 1987 and April 30, 2013. CVM has transitioned to electronic reporting and is currently working to include ADE data from the electronically received reports, but are not included in the data on the website.[26]

The primary purpose for maintaining the CVM ADE database is to identify adverse effects not detected during the approval process and to monitor the performance of drugs not approved for use in animals. When reviewing the Cumulative ADE Summaries Report it is important to understand that the numbers reported are not incidence or prevalence but simply the number of times a particular sign has been reported for a drug.[26] These data also do not reflect the number of animals affected, as often times multiple signs will be reported for one animal. Additionally, for any given ADE report, there is no certainty that there is a causal relationship between the drug and the adverse event. Underlying disease, concurrently administered medications, or other non-drug-related causes are not reported on this website and may have influenced the outcome of the case. Other points to consider are:

1. The accuracy of information regarding the ADE is dependent on the quality of information received from the veterinarian or animal owner.
2. There is no accurate way to determine how many animals were given the drug; therefore, these data should not be used to compare the safety of one drug with another. For example, if a drug is marketed for several years before another drug in the same class, there may be more ADEs for this drug but this does not mean that the first drug was more unsafe than the second.
3. Information on how the drugs were used (for indications on the product label or in an extralabel manner) is not provided.
4. Adverse experiences are listed by the active ingredient of each drug in the ADE report. One of the active ingredients in the list may represent more than one brand name.



MISCELLANEOUS

ABBREVIATIONS

ADE: Adverse drug event
ADR: Adverse drug reaction
APHIS: Animal and Plant Health Inspection Service
CVB: Center for Veterinary biologics
DSHEA: Dietary Supplement Health and Education Act
EPA: Environmental Protection Agency
FIFRA: Federal Insecticide, Fungicide and Rodenticide Act
FDA: Food and Drug Administration
FDA-CVM: Food and Drug Administration Center for Veterinary Medicine
GRAS: Generally recognized as safe
NASC: National Animal Supplement Council
NPIC: National Pesticide Information Center
USDA: United States Department of Agriculture
USP: United States Pharmacopeia

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Recommended Reading

N/A

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12.14. SUICIDE IN THE VETERINARY PROFESSION



BASICS

OVERVIEW

• Veterinary professionals have legitimate concerns when it comes to seeking professional psychological help, such as: fear of losing their license, judgement and ridicule from peers, being labeled as mentally ill, and other social stigmas.
• Suicide is an uncomfortable topic and is not often talked about, thus adding to the stigma. Normalization of the term must be a primary goal.
• Education in veterinary school is lacking regarding issues veterinarians will face in the field.
• Constantly increasing student loans, along with other personal stressors, are huge triggers.
• The rate of mental illness/psychiatric disorders in the veterinary industry is two times the national average, for both men and women.
• The American Veterinary Medical Association Committee on Wellness estimates that 11–13% of veterinarians are substance abusers.[1] Substance abuse and depression are the top two indicators for suicidal feelings.
• The rate for suicidal thoughts/plans is three times higher than the national average for veterinary professionals.
• There are stressors unique to the veterinary industry that must be acknowledged and managed: euthanasia, compassion fatigue (CF), increasing debt, income, and ethical dilemmas.
• Depression has an 80–90% treatment success rate when someone seeks help.[2]

TERMS DEFINED

Burnout: Overall decreased job satisfaction. Can occur in any industry, unlike CF.
Compassion Fatigue (CF): "The cost of caring" – Charles Figley. The impact of providing a high level of compassion on a daily basis, causing emotional and physical symptoms. The result of two things being present: (1) a caregiving relationship; (2) an empathetic capability.
Compassion-Fatigue-Induced Burnout: Burnout as a result of unidentified, and unmanaged CF.
Post-Traumatic Stress Disorder: The impact of experiencing a traumatic event first-hand.
Secondary Traumatic Stress (STS): The impact of experiencing someone else's first-hand trauma.
Trigger: Anything that exacerbates or causes symptoms to occur.



ISSUES AND OPTIONS

EDUCATION

• Education on suicide awareness needs to begin in veterinary school and technician programs. This alone could increase suicide awareness and provide valuable tools and resources needed to navigate the challenges of veterinary medicine.
• Additionally, veterinarians need to be trained on realistic expense management, due to the increasing debt load (see 1.7 – Today's Veterinary Students). Within the last 30 years the debt-to-income ratio has gone from 1 : 1, to 2 : 1.[3] This means that the debt load is double the income, on average.
• Within the practice, staff should be trained, and retrained, as they would for Occupational Safety and Health Administration-related safety issues. Regular training and discussion will reinforce the importance of this issue and keep it at the forefront of staff's minds.
• The return on investment for practices that invest resources into continuing education is increased staff happiness, which ultimately leads to lower attrition rates and higher productivity.
• Leadership within a practice must acknowledge the need and value of education before the staff does.
• Staff must understand the difference between CF and burnout (see 2.8 – Compassion Fatigue and Burnout).
• Myths/misinformation:
  ◦ There is still a mindset with some professionals (who are sometimes leaders in the practice) that there is no such thing as CF. This can come as a result of that person not being educated on the symptoms of CF.
  ◦ A common misperception is that asking someone if they are contemplating suicide will increase the chances that they will act on their thoughts. This is false. If someone is *not* considering suicide this question will not encourage suicidal thoughts. And if the person *is* contemplating suicide, then they may actually ask for help when someone shows they care.
  ◦ "There are always warning signs." This is untrue. Not everyone displays warning signs. If you do observe warning signs then someone may be reaching out for help.
  ◦ "Suicide is a selfish decision." This is a false judgment. The Canadian Mental Health Association states that the suicidal state of mind has been described as a sense of self-hatred, rejection, and hopelessness. Often, a person feels as if they are a burden to their friends and family.
• By placing an emphasis on team education on this topic, awareness will increase, and depression, CF, and suicide may become more acceptable to talk about.

NORMALIZATION

• Within a practice it is vital that the management and ownership team not make staff feel like they cannot ask for help. This generally boils down to a level of trust and culture within the hospital. "If I ask for help, will I be judged?" "If I ask for help, will it be kept confidential?" In order to normalize a topic such as CF or suicide, leadership needs to be a part of the discussions. This often requires a level of vulnerability on the leadership team's part, to increase staff's comfort with sharing their own stories.
• The main goal is to encourage people to ask for help when they need it. As mentioned in the Overview section, there is an 80–90% success rate when help for depression is sought.
• Not being able to express how the practice workflow affects team members can sometimes drive compartmentalization. It is not uncommon to go from a euthanasia appointment to a new puppy exam within minutes. This forces veterinary professionals to compartmentalize their feelings on the impact of euthanasia and encourages the suppression of emotion. This ultimately leads to burnout, which is exacerbated by personal stressors.

SUPPORT

• Communication platforms should be provided so staff members can share, process, and normalize what they are feeling. This can be done through staff meetings, or individual meetings organized by the staff. During the holidays, the number of euthanasias significantly increases, which is a time when staff needs the most support.
• Resources need to be provided to staff so that they know where to go when they need help. According to a Veterinary Hospital Management Association Insight survey, only 35 out of the 209 participating practices offered an employee assistance program (EAP). An EAP is a benefits program that provides counseling or resources to assist employees with personal problems and/or work-related problems that may impact their job performance, health, and mental and emotional wellbeing. These are very cost-effective benefit plans (less than $2 per employee/month) that allows staff to confidentially seek help when needed.

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• Personal and professional connections are the most important factor for a happy and fulfilling life, according to a 75-year-long Harvard study. The more connected someone feels to others, the more likely they are to ask for help and feel valued as a person. Within a practice, the leadership team should implement things that allow for personal connections to be built. This can be in the form of team-building activities or appreciation events. Asking staff how they would like to approach this will increase the level of connection. Practices with poor organizational cultures will have the hardest time creating this connection. At a minimum, staff should be encouraged to have an accountability partner. This is someone both parties can speak freely with about work-related concerns. It should be someone they have a good connection with, and conversations should be judgment free.
• Encourage staff not to assume that someone *else* will help a person in need (bystander effect), or that they are not qualified to help another person (diffusion of responsibility). At a minimum, a connection needs to occur, and the person should be guided to someone who can help. Just because someone initiates concern does not mean they have to personally be the solution.



EXAMPLES

A veterinary practice decided that they wanted to increase awareness in their practice when it came to suicide and CF. To begin, they had to start introducing these ideas to their staff. They started taking 10–15 minutes at each staff meeting to discuss each topic, symptoms, and tools to anticipate and manage them. For topics that they were uncomfortable tackling, they reached out to industry professionals, or distributor/manufacturer connections. After a general education level was established, they began doing activities with the staff to build connection and trust.

They soon noticed the staff found comfort in talking about difficult cases and clients that they interacted with. To share their stories of STS, the staff was encouraged to have quarterly meetings, outside of the practice, to connect with each other. They also began to invite other practices to join them, since these issues are experienced by every practice. Through this education and support the team began to have a higher level of connection, and their feelings were normalized through hearing that others experience the same things.

The practice made a commitment to provide formal education to their teams on an annual basis. They also created a one-page resource paper that was placed in the break room. This contained information on a suicide hotline, the employee assistance plan, and other available resources. This allowed staff to confidentially access the information from the break room, and not have to ask for help if they did not feel comfortable. By following the steps of educating, normalizing, and supporting, the practice leadership team created a more positive culture. This ultimately increased job satisfaction and diminished attrition rates. One way they were able to measure job satisfaction increase was through annual confidential employee workplace satisfaction surveys. This provided a platform for honest feedback and allowed the practice to have a way to measure changes in happiness and culture.



CAUTIONS

• Do not assume that "suicide is not an issue at my practice." This is something heard often and is not a topic we want to be reactive about. Being proactive is the best approach, as it is not a problem until it is.
• Not all staff will want to participate in making connections. Depending on personality types, they may not feel comfortable with this. Do not get discouraged. The goal is to create a support system and resources with access for everyone, but individuals cannot be forced to get involved.



MISCELLANEOUS

ABBREVIATIONS

CF: Compassion fatigue
EAP: Employee assistance program
STS: Secondary traumatic stress

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Section 13

Legal Issues

13.1. VETERINARY PRACTICE LEGAL NEEDS AND DEALING WITH ATTORNEYS



BASICS

OVERVIEW

Every business needs a team of professional advisors. That advisory team should include at least a lawyer, along with an accountant, banker, insurance provider, and a management consultant.

- All veterinary practices need legal assistance for help in many more areas than defense of malpractice, especially if liability prevention is the plan.
- Legal help is needed to represent veterinarians before license boards.
- Legal review should be used before a business is open to assist in drafting operation documents and in negotiations (if more than one owner) of the corporate bylaws, the limited liability company (LLC) operating agreement or partnership agreements, and even for proprietorship legal liability risk assessments.
- Practices need legal assistance in the review of employee manuals, employee contracts, and employee policy manuals (see 3.21 – Employee Manuals).
- Legal advice should be used to develop forms for recording client admittance, authorization, and release forms.
- If the practice is multi-owner, attorneys must be sought for operating agreements, whether for shareholder agreements, partnership agreements (see 13.8 – Partnership Agreements), buy/sell agreements (see 13.9 – Buy/Sell Agreements), or simply management agreements.
- Dealing with attorneys should be an ongoing relationship in which the client is the director of the actions of the hired professional attorney.
- Clients should not be intimidated by attorneys.
- Clients should demand explanations of the plan of action and the risk assessments (likelihood of winning or losing an adversarial relationship), and the client should expect a continual update of estimated costs and legal fees.

TERMS DEFINED

Attorney: A lawyer who is licensed to practice law in a given jurisdiction. Some lawyers study the law but do not take and/or pass the bar exam to be licensed to provide legal services. Unlicensed attorneys should not be used for providing legal documentation.

Buy/Sell Agreements: Agreements between shareholders or LLC members, or agreements in partnership documents that explain and provide for the methodology of allowing owners to exit, how the practice will be priced, and how payments will be made upon that exit. They should provide for rights and methods of surviving shareholders to purchase an exiting shareholder's stock.

Corporate Bylaws: The written terms of agreement of the shareholders of a corporation that explains voting rights and management rights, which may also include some reference to successor ownership and procedural determinations for executive officers. The bylaws do not include all the terms needed in a buy/sell agreement.

Dual-Degree Attorney: These are attorneys that have at least two concurrent degrees. Commonly, they include degrees in veterinary medicine and/or business administration. Dual-degree attorneys should theoretically be better qualified to advise businesses on operations while understanding the needs of legal liability protection.

Employee Manuals: Written manuals running from a few pages to many pages explaining the terms and conditions employees must operate under while working for a given business.

Employee Policy Book: The policy book should be separate from the employee manual, in that it can include many operating policies giving more detail on the day-to-day operations than an employee manual can. The employee manual primarily directs behavior, attendance, and/or absences.

Fee Agreement: Clients of attorneys should have a signed fee agreement explaining the terms of the relationship and the expected cost to the client.

Lawyer: One learned in law.

Legal Liability Risk Assessments: This is a form of practice audit where an attorney or lawyer can visit and review a practice to be sure there is coverage for the risk of malpractice and the risk of client lawsuits based on client injury.

Malpractice Defense Attorney: An attorney or licensed lawyer who is able to defend a client in a court of law in a given jurisdiction in a suit based on the veterinarian's possible deficient veterinary care, in which the patient treatment may not have achieved acceptable medical standards.

Operating Agreements: Agreements that are the very essence of an LLC or can also be agreements used as part of a partnership agreement to explain the management terms and exit strategies for one or more of the owners.

Partnership Agreements: An agreement between partners, whether a general partnership or a limited partnership, that explains the terms of management and exit strategy.

Shareholder Agreement: Agreements between corporate shareholders that can and should include buy/sell agreement terms allowing one or more shareholders to exit the company having pre-committed buyers for the shares.



ISSUES AND OPTIONS

The legal issues to be resolved for a veterinary practitioner should be planned to include an ongoing relationship with an attorney. This allows for the legal work to not just be incidental or "fire engine" or crisis oriented, but rather preventive in nature to include practice risk analysis, including operation document reviews.

- Minimizing practice liability exposure. Practices need multiple categories of standard operating forms.
- Standard operating forms should include various medical forms, including informed consent authorization forms and client waiver forms.
- Client waiver forms must be used for clients who refuse to allow practitioners to proceed with their medical recommendations that meet standards of care of the profession.
- Clients must sign informed consent forms when they agree to follow the practitioner's advice. This form would confirm that the client has been adequately apprised of risk and possible outcomes of any given procedure.
- Veterinarians should be seeking legal advice at least two to three times a year just for practice risk audits and review of practice forms.
- Employee relations and employee management arenas are a whole separate department that attorneys should be involved in for reviewing the employee manuals and policy booklets.
- Legal advice must be sought to draft and revise veterinary associate contracts or, at a minimum, veterinary associate letters of intent, explaining the terms of employment.
- Ownership of a practice should never be undertaken without seeking legal advice.
- Legal advice regarding practice ownership must include providing for exit and possible sale of stock before any stock is ever purchased.
- Every multi-ownership practice has issues about the amounts of investment per shareholder, the amount of time and money required for purchasing another's stock, and for the allocations for returns on investment and/or dividend or asset distributions.
- Allocations for investment and distributions of profits are not required to be pro rata to the percentage of ownership. Some laws

13.1. VETERINARY PRACTICE LEGAL NEEDS AND DEALING WITH ATTORNEYS

require without a separate agreement that distributions of any kind are to be equal, regardless of the initial investment.
• Variations in state partnership and corporate law make practice investment and distribution allocation a mandatory discussion before any purchase of shares or equity should happen.



EXAMPLES

• A veterinarian is taken before the veterinary licensing board based on a client complaint explaining that the quality of medical service was below standards because the scar of the surgery site was too large. In fact, the client was complaining because she really thought the bill was too high. The veterinarian had to defend the case because the veterinarian did not have signed statements confirming adequate informed consent that could have dismissed the case. The signed informed consent forms could have prevented the client from complaining that she was not aware of a certain size scar following surgery.
• Legal advice must be sought annually to update forms to prevent a new associate's buy-in from being held up because the shareholder agreements, including the buy/sell terms, are so outdated that the valuation provided for is so inadequate and unfair that the new associate is not willing to purchase equity.
• In another case, a lawsuit followed a minority shareholder's exit from the practice because the shareholder agreement was outdated by several years, not providing for the updated veterinary practice valuation methodology. This resulted in the exiting associate demanding exorbitant share values that were no longer accepted in the profession.



CAUTIONS

• Client forms can prevent lawsuits or veterinary board complaints if they are properly drafted, relieving veterinarians of liability when clients disagree with recommendations.
• Employee lawsuits can be prevented by having adequate employee manuals that explain at will employment (if allowed in your state) and the terms of training required before employees can achieve certain levels of responsibility in a given practice.
• Shareholder agreements, whether writing separately or combined in other forms, are absolutely mandatory to provide for the exiting owner's ability to sell stock.
• Terms of voting structure, or lack of the same, must be provided for to allow prior majority owners to maintain control at least until a new minority shareholder has paid for their stock.



MISCELLANEOUS

• Attorneys are licensed to practice in the given jurisdiction. Lawyers are not. Attorneys can represent you before licensing boards and in a court of law. You can check their standing with the appropriate bar association.
• Practice risk assessment or liability prevention can be properly handled by having at least annual or more often reviews of your documentation for dealing with clients and employees.
• Prevent attorney intimidation of clients by requesting and receiving the attorney's plan of action for your case along with regular communications, updates, and an estimate of fees and costs of hiring the attorney.

ABBREVIATIONS

LLC: Limited liability company

References

N/A

Recommended Reading

N/A

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13.2. INFORMED CONSENT



BASICS

OVERVIEW

• The doctrine of informed consent arose centuries ago to require practitioners of the "learned professions" to provide information to their clients adequate to allow those clients to make informed decisions in their dealings with professionals.
• Today, the doctrine is most often applied to physicians in obtaining consent from their patients for surgery and medical treatments.
• Historically, courts have applied legal principles established in human medicine to controversies in veterinary medicine; some courts have already applied the doctrine of informed consent regarding the physician–patient relationship to veterinary malpractice cases, and this trend is expected to continue.

TERMS DEFINED

Informed Consent: Person's agreement to allow something to happen, such as a medical diagnostic or surgical procedure, that is based on full disclosure of the facts necessary to make an intelligent decision.



ISSUES AND OPTIONS

THREE STANDARDS OF DUTY TO INFORM

• Courts in different jurisdictions have applied three separate but distinct standards regarding the information that a doctor must provide to the patient in order for the patient to exercise true *informed* consent:
  ◦ *Reasonable practitioner standard.* Requires a practitioner to disclose facts that the individual practitioner believes would be material to a particular client.
  ◦ *Reasonable patient/client standard.* Requires a practitioner to disclose all risks that would be material to a reasonable, prudent person in the client's position.
  ◦ *Individual client/patient standard.* Requires a practitioner to determine what risks are material to a particular client he or she is dealing with and to disclose those risks.

Most jurisdictions today apply the reasonable patient/client standard. The reasonable practitioner standard is generally considered to be too paternalistic in modern times when clients insist on a more "hands-on" approach to decision-making regarding medical treatment for themselves and their animals. They are reluctant to allow the practitioner to determine what is best for them or their animal. Application of the individual client/patient standard, however, is usually viewed as too demanding on the practitioner, who is forced to somehow determine what information is important to that particular client.

WHO MAY GIVE INFORMED CONSENT?

• Competency of a person to give informed consent is rarely a problem, but there are certain situations in which the practitioner should exercise care:
  ◦ Level of competency required to give informed consent is generally the same as the level of competency required to enter into a contractual relationship.
  ◦ Mental competency is measured at the time of consent. If competency is in question, it should be confirmed by a credible witness.
  ◦ In most jurisdictions, competency is assumed and the burden is on the plaintiff to prove incompetence.
• Problems generally arise in two situations. The first involves obtaining consent from a minor. Consent should rarely be accepted from a minor who is simply delivering the animal to the practitioner for an adult owner. If the minor is truly the owner and caregiver of the animal, care should be taken to assure that the minor clearly understands the risks, alternative treatments, and costs involved. The second situation involves the competency of the person at the time of consent. Care should be exercised to determine that a normally competent person is not under the influence of a substance that renders them temporarily mentally incompetent. Conversely, the fact that a person may have intermittent episodes of dementia does not mean that they cannot give informed consent if they are determined to be competent at the time of giving the informed consent.

INFORMATION THAT MUST BE DISCLOSED

If consent from the veterinary client is to be truly informed, the veterinarian must disclose the following information to the person providing the consent. It is best if the information is given in person, but it may be given by written materials if the practitioner is sure the client has read the written materials *before* the consent is given. Simply giving the client a handout describing the procedure and telling them to call if they have any questions is not sufficient.

THE DIAGNOSIS OR NATURE OF THE PATIENT'S AILMENT

• The general nature of the proposed treatment and the purpose or reason for the treatment:
  ◦ risks or dangers involved;
  ◦ the probability or prospect of success;
  ◦ all alternative treatments or procedures, along with the risks and probabilities of success for each alternative treatment;
  ◦ the prognosis or risk of no treatment;
  ◦ cost of each alternative treatment.
• A practitioner should never rely on a statement by a client to "do whatever you think is best" as giving informed consent. Such a statement is consent, but it is not informed consent. The average client has very limited knowledge of the risks and costs involved in various diagnostic and treatment procedures, and therefore has no basis for giving informed consent. Until the client has been apprised of the information previously listed regarding risks, alternative procedures, and costs, they may give consent, but it is not informed consent. This is why most consent forms signed by the client are of little value in litigation. Members of a jury will quickly identify with a plaintiff who claims they were simply told what procedure needed to be done, and then signed the consent form without reading it.
• The common recommendation of practice management speakers and writers to recommend the highest level of treatment for the patient's condition and ask for consent to perform that treatment is not consistent with the principles of informed consent. Unless the client is informed of all possible alternative treatments along with the risks and probability of success for each alternative treatment as well as the alternative of no treatment, then there may be consent but it is not informed consent.
• Information presented to the client should be in terms that the client can understand. This must be tailored to the understanding of each client, taking into consideration educational level, experience with pet ownership, past dealings with veterinarians, and so on. Information should be given in common and accurate terms. If there is a chance the pet may die during the procedure, the client should be told that the animal might die, not that there might be an "adverse outcome." If the animal is to receive a general anesthetic, that term should be used rather than telling the client that the animal will be "sedated."

WHEN NONDISCLOSURE IS PERMITTED

• Under very limited circumstances disclosure of the facts previously listed is not necessary. However, the practitioner should very careful when deciding that nondisclosure is permissible. Nondisclosure may be permitted in the following circumstances:
  ◦ Stabilization of life-threatening injuries.

- If the client specifically requests nondisclosure. However, when risks of treatment are significant, the practitioner should insist on disclosing those risks.
- When consent is implied by actions. This might apply if a client brings an animal for a specific surgery or treatment after they have previously brought another animal for the same treatment or procedure.

FACTS NOT REQUIRING DISCLOSURE

- When disclosure is required, there are some facts that do not require disclosure, including:
  - risks so remote that they are not material;
  - risks that are obvious or within common knowledge;
  - risks already known to the client;
  - risks which, if disclosed to the client, might be harmful to the client's wellbeing.
- A practitioner should be very reluctant to decide that facts should not be disclosed to the client. Although such nondisclosure may be perfectly acceptable when dealing with a long-time client, caution should be exercised when talking with a new client. The fact that a client has another dog that has been neutered does not mean that the client is informed of the risks involved in the procedure. The other procedure may have been done by another veterinarian that did not inform the client of the risks, or the client's spouse may have been the person to give consent to the earlier procedure.
- Particular care should be exercised when deciding that disclosing information might be harmful to the wellbeing of the client. If informing the client that a particular procedure could be fatal to their animal is likely to upset the client to the extent that it would affect their wellbeing, there may be a question whether that person is of sufficient mental stability to even give informed consent. In such situations, the best practice might be to try to consult with a family member or caregiver of the client, either to obtain consent from the other person or to determine how best to approach the situation.

WHO SHOULD OBTAIN CONSENT?

Whenever possible, the practitioner should be the person who obtains consent from the client. The practitioner is usually the only person who can adequately explain the procedure and fully answer the client's questions. In limited circumstances it may be permissible for a staff member who is very familiar with a routine procedure to obtain consent for that procedure; however, the staff member should always ask if the client wishes to speak with the doctor. In order to ensure that there are no misunderstandings, the person obtaining consent should always continue to ask, "Do you have any questions?" until the client says, "No."

USE OF A CONSENT FORM

- Although a written consent form is always advisable for any procedure that involves substantial risk, the signature of a client on a form does not in itself protect a practitioner if a client complains during litigation that they were not properly informed of the risks of a procedure. The signed consent form is *some* evidence of informed consent, not absolute proof. The following types of consent forms are viewed with disfavor by the courts:
  - A form signed by a person not competent to give consent, such as a minor, a person who is mentally incompetent, or a person under the influence of drugs or alcohol.
  - A blanket consent form authorizing the practitioner to undertake any and all procedures he or she deems necessary.
  - A consent form signed at the onset of the veterinary–client–patient relationship that purports to grant unending consent to any and all future and unspecified procedures.
  - A form signed without being read by the client because the staff member tells the client, "We need you to sign this so we can do the surgery on your pet."
- Many consent forms are available for use by practitioners, and no particular form is required. Most such forms contain statements that the client has been told the nature of the procedure to be performed, that they have been informed of the risks involved, that they have read the form, that they authorize treatment, and so forth. The most desirable form will have blanks beside each of these statements that are to be initialed by the client and the person obtaining consent. These are an indication that the form was discussed with the client and that the client did not just sign the form without reading it.

CONCLUSION

The key to informed consent is information more than consent. Proper information, clearly and accurately conveyed, will do far more to protect a veterinary practitioner from liability than any signed consent form, no matter how carefully crafted.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

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13.3. MALPRACTICE



BASICS

OVERVIEW

Legal actions against veterinarians are almost always based on negligence. Although actions can be brought under theories of breach of contract, breach of warranty, defamation, and so forth, the vast majority is based on negligence regarding the medical treatment of an animal, or negligence that leads to harm of a person in the clinic.

TERMS DEFINED

Burden of Proof: Level of proof that must be provided by the plaintiff in order to prevail in a legal action. In negligence actions, the plaintiff must usually prove that the probability of negligence and harm is "more likely than not." The legal term often applied to this burden of proof is "by a preponderance of the evidence," a much lower burden than the "beyond a reasonable doubt" required in criminal cases.
Negligence: Doing an act that a person of ordinary prudence would not have done under similar circumstances, or the failure to do what a person of ordinary prudence would have done under the same or similar circumstances.
Standard of Care: Duty to exercise the care and diligence that is ordinarily exercised by a reasonably competent veterinarian under similar circumstances.



ISSUES AND OPTIONS

ELEMENTS OF A NEGLIGENCE CAUSE OF ACTION

Veterinary malpractice is classified legally as a tort that requires proof of four essential elements. If any element cannot be proved by a preponderance of the evidence, the cause of action fails:
• **Duty.** The duty to practice within the standard of care is usually established at the time the veterinarian–client–patient relationship (VCPR) is established. This element is rarely of great importance in a veterinary malpractice action, unless the existence of a VCPR is questioned by one of the parties to the action.
• **Breach of duty.** Failure of the practitioner to act in accordance with the standard of care. This breach may result from failure to perform an act that should have been performed or by performing an act that should not have been performed.
• **Proximate cause.** The connection between the negligent act of the practitioner and the harm to the patient or client caused by that act. If the patient was harmed by a nonnegligent act (such as unavoidable lameness resulting from a necessary surgical procedure), there is no cause of action for malpractice even if it is proved that the practitioner was guilty of negligence which resulted in no harm to the patient (such as giving an incorrect dose of medication that did not result in symptoms).
• **Damages.** Harm incurred by the patient or client as a direct result of a negligent act by the practitioner.

STANDARD OF CARE

• The standard of care in a veterinary malpractice action is established by expert testimony. The standard of care is essentially what an expert says it is. In reality, the standard of care articulated by the plaintiff 's expert is usually much different than the standard articulated by the defendant's expert. It is the province of the jury to decide which is the proper standard or whether the proper standard is somewhere between those articulated by the experts. The standard of care also changes with time as knowledge increases (see 9.3 – Standards of Care and Care Pathways).
• The standard of care is generally higher for specialists than it is for generalists. This applies to board-certified specialists, but may also apply to practitioners who hold themselves out as having special expertise in certain areas or who accept referrals of patients with certain conditions. Practitioners who perform difficult procedures when specialists are readily available to perform those procedures may be held to the standard of care of a specialist.
• The standard of care used to be defined in relation to the care rendered by practitioners in a limited geographic area and was referred to as a "local" standard of care. Under this standard, a practitioner was only required to practice at the same level of competency as those practitioners in his or her geographic area. For instance, if none of the practitioners in a certain area recommended heartworm preventative medication for dogs, then a practitioner who did not make such recommendations could not be found guilty of negligence for such failure to recommend that medication. Such a "local" standard of care probably no longer applies. With modern means of communication and continuing education requirements, practitioners will probably be held to a national standard of care determined by what the standard is for practitioners nationwide.

DUTY TO TREAT

• No duty to treat until a valid VCPR is established, not even in emergency situations.
• Once a VCPR is established, treatment must be continued until: (1) the animal recovers from the disease or injury; (2) the practitioner has completed all the treatment agreed upon; (3) the animal dies; (4) the client terminates the VCPR; or (5) responsibility for treatment is transferred to another practitioner with the consent of the client.
• Although refusal to treat an animal, whether an emergency or not, may result in anger by the person presenting the animal, moral indignation by the community, and bad public relations, a practitioner has no legal duty to render emergency treatment to an animal and may refuse to treat any animal for any reason, including the inability of the person presenting the animal to pay for treatment.
• Once treatment of an animal is undertaken, it is very difficult for a practitioner to terminate treatment of that animal, if such termination would result in harm to the animal, without the consent of the client even if the client is unable to pay for continuing treatment. Termination of treatment for inability to pay may be acceptable if the client clearly agreed to such termination before treatment began. When treatment of an animal that needs further treatment is terminated for any reason, the current treating practitioner should make a good-faith effort to assist the client in finding another practitioner to continue the treatment.

LEGAL DEFENSES

• **Contributory negligence.** The defendant in a malpractice action may be able to show that the client was also negligent in their care of the animal. This would include failure to confine a large dog after surgery, or failure to give prescribed medications, for example. In jurisdictions that recognize the doctrine of contributory negligence, proof of any degree of negligence by the client may serve as a complete bar to recovery by the client.
• **Comparative negligence.** As in contributory negligence, this theory of defense depends upon proving that the client also was negligent in their care of the animal. The difference is that in jurisdictions that recognize comparative negligence, the client's recovery is reduced by the degree of negligence attributed to the client. If the jury finds that the client was 25% negligent and the veterinarian was 75% negligent, the client will recover only 75% of the total damages awarded by the jury. In most jurisdictions the client cannot recover any damages if more than 50% of the negligence is attributed to the client.
• **Assumption of risk.** This defense theory is often applied in cases involving animal bites to clients, veterinarians, or veterinary staff members. The defendant in the action will claim that the plaintiff "assumed the risk" of getting bit and therefore cannot recover damages.

• **Statute of limitations.** Lawsuits for veterinary malpractice must be filed within a certain period of time following the alleged act of negligence. If the defendant can show that the action was not filed within the allowed time period, the court will grant a motion for summary judgment and the action will be dismissed.

MEASURE OF DAMAGES

The owner of an animal that is the victim of negligent acts of a veterinary practitioner can recover the following damages:

• The reasonable cost of veterinary care to correct the harm caused by the negligent practitioner.
• Costs incurred in transporting the animal to another veterinarian for treatment (such as to a school of veterinary medicine or a specialty clinic in another town).
• Wages lost in procuring veterinary care necessary because of the negligence.
• The fair market value of the animal if the animal dies.
• Costs of bringing a replacement animal to the same condition as an animal that died, including vaccinations, specialty training, and so on.
• Loss of income that would have been derived from an animal that died, such as sale of puppies and stud fees.
• Currently, most jurisdictions still consider pets to be property, and recovery for damages is based on that holding. As a result, courts generally do not allow for recovery of emotional damages of mental anguish or pain and suffering experienced by the owner or family members. However, some governmental entities and many individuals are working diligently to have courts hold that animals are not property or are a special kind of property. Such a change in the characterization of animals will most likely allow for the recovery of noneconomic (pain and suffering) damages for owners of animals harmed by the negligence of a veterinarian. There have even been recent legislative proposals to allow animals themselves to recover damages for their own pain and suffering. Such changes will most likely greatly increase the amount of damage awards in veterinary malpractice cases and the number of cases filed. The limited damages currently available in medical malpractice cases does not allow for sufficient monetary recovery for an attorney working on a contingency basis to recover sufficient funds to compensate him or her for the time and expenses involved in a veterinary malpractice case. Because most clients are unable or unwilling to pay attorney fees on an hourly basis, such cases are rarely filed.

AVOIDING MALPRACTICE SUITS

There is nothing that a veterinarian can do to assure that he or she will never be the subject of a malpractice suit. However, there are many things the veterinarian can do to decrease the likelihood of such a lawsuit:

• **Continuing education.** As the base of knowledge in veterinary medicine grows, veterinarians must continue to stay up to date with current knowledge (see 3.6 – Continuing Education Benefits). It will be difficult for a veterinarian to prevail in a malpractice action if the plaintiff can show that the veterinarian was unaware of facts that a reasonable practitioner would consider common knowledge.
• **Medical records.** Medical records are the most important evidence in a malpractice case (see 9.1 – Medical Records and Patient Documentation). Even if the veterinarian can recall details of the treatment of a particular animal, the attorney for the plaintiff will claim that, "if it is not in the records, it did not happen."
• **Informed consent.** Sufficient information must be given to clients to allow them to make informed decisions regarding their pets. The doctrine of informed consent is discussed in more detail elsewhere in this book (see 13.2 – Informed Consent).
• **Staff training.** Staff members must be adequately trained in medical knowledge and techniques as well as in proper communication procedures with clients (see 3.10 – Staff Training).
• **Referrals.** With the proliferation of specialists and specialty practices, general practitioners should be careful to make clients aware if such specialists can offer a higher level of care than the general practitioner and offer to refer the animal to a specialist if requested to do so by the client (see 13.12 – Legal Duty to Refer).



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

VCPR: Veterinarian–client–patient relationship

References

N/A

Recommended Reading

N/A

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13.4. UNPROFESSIONAL CONDUCT



BASICS

OVERVIEW

• Usually, a finding of unprofessional conduct is made by a state veterinary licensing board. However, it may also be a breach of the principles of veterinary medical ethics as defined by the American Veterinary Medical Association in the 2005 revision of that code of ethics. This breach usually would have less consequence than a finding by a state veterinary licensing board.
• Before a finding is made by a licensing board, a person must file a complaint to the licensing board and, after an investigation, the licensing board must affirm the validity of the complaint of unprofessional conduct. Unprofessional conduct is by the doctor, whether inside the practice environment or in personal life.
• Malpractice will usually be included as one form of unprofessional conduct (see 13.3 – Malpractice).
• Clients may be the recipients of a veterinarian's unprofessional conduct, but it is not a requirement.
• Most commonly, a veterinarian's unprofessional conduct is related to office and business environment, whether with clients or staff, but it is not required.
• Unprofessional conduct as related to staff could be regarding improper supervision or allowing them to do actions with patients that is beyond their ability or license entitlement.
• Some practice acts may also refer to unprofessional conduct as dishonorable conduct.
• Because unprofessional conduct may be a result of improper personal behavior, it can include traffic law violations, at least if that violation should rise to a gross misdemeanor or felony level.
• Unprofessional conduct includes moral turpitude issues.
• Fraud, especially in the use or issuance of animal health documents or certificates, will result in a finding of unprofessional conduct.
• This conduct includes gross ignorance, which may be inclusive of or greater than a malpractice act.
• Gross ignorance requires comparison with a larger pool of standard-setting colleagues. This means that, in looking for a breach of standard of care to determine gross ignorance, the board not only looks to the local similarly situated practitioners, but also to the teaching hospitals, veterinary medical journals, and reasonable experimentation processes in the furtherance of veterinary medical acts or treatments.
• It is easier to be found guilty of gross ignorance in some technical areas than it is to be found guilty of malpractice due to this broadening of the scope of finding a standard of care (see 9.3 – Standards of Care and Care Pathways); however, the behavior for gross ignorance is more than just a negligent act.

TERMS DEFINED

Dishonorable Conduct: This term is referred to by some state practice acts to be the same as unprofessional conduct.
Fraud: An intentional misrepresentation of the truth to mislead another to bargain or act in reliance upon the misrepresentation.
Gross Ignorance: An act or omission that reaches a level of incompetence or error much greater than that of a more common negligent or mistaken action or omission.
Malpractice: A more limiting term specifically describing a professional's failure to practice the quality of medicine set by the similarly situated veterinarians in a given geographical area, if the accused is a general practitioner. If the accused is a specialist, then the standards of care are compared with a broader area than for a general practitioner.
Moral Turpitude: The act of baseness, vileness, or the depravity in private and social duties which humans owe to their fellow humans or society in general, contrary to accepted and customary rules of right and duty to others. It also includes acts or behaviors that gravely violate moral sentiment or accepted moral standards of a community.
Negligence: This is a finding in a malpractice case where the actor or defendant did not act as a reasonable veterinarian in a similar situation.
Unprofessional Conduct: The finding of a state veterinary license board where the behavior of a veterinarian is below the standards of behavior set for a licensee. This behavioral violation may be related to actions within the practice scope or related purely to personal life situations, including but not limited to alcohol and/or drug-related behavior. Most every complaint before license boards, if not dismissed, has a finding of unprofessional conduct.



ISSUES AND OPTIONS

MORE SPECIFICS OF UNPROFESSIONAL ACTS

• An action involving moral turpitude, dishonesty, or corruption relating to the practice of the person's profession, whether the act constitutes a crime or not.
• All advertising that is false, fraudulent, or misleading.
• Incompetence, negligence, or malpractice that results in injury to a patient or that creates an unreasonable risk that a patient may be harmed.
• Suspension. Revocation or restriction of the individual's license to practice any healthcare profession by competent authority in any state, federal, or foreign jurisdiction.
• The possession, use, prescription for use, or distribution of controlled substances or legend drugs in any way other than for legitimate or therapeutic purposes, diversion of controlled substances or legend drugs, the violation of any drug law, or prescribing controlled substances for oneself.
• Violation of any state or federal statute or administrative rule regulating the profession.
• Failure to cooperate with a disciplinary authority.
• Failure to comply with orders issued by a disciplinary authority.
• Aiding or abetting unlicensed persons to practice.
• Violation of rules established by health agencies.
• Practice beyond the scope of practice as defined by law or rule.
• Misrepresentation or fraud in any aspect of the conduct of the business or profession.
• Failure to adequately supervise auxiliary staff to the extent the client's or patient's health or safety is at risk.
• Promotion for a personal gain of any unnecessary or inefficacious drug device, procedure, or service.
• Conviction of any gross misdemeanor or felony relating to the practice of a person's profession.
• Misuse of alcohol, controlled substances, or legend drugs.
• Fraudulent use or misuse of health certificates, shipping certificates, brand inspection certificate, or other blank forms used in practice.
• Perpetuating dilatory methods, including willful neglect or misrepresentation in the inspection of meat.
• Misrepresentation of services rendered.
• Failure to report any reportable diseases.
• Dispensing or giving to anyone live culture or attenuated live virus vaccine to be administered by a layman without providing instruction as to its administration and use and without prior written authorization by law or state veterinarian.
• Conviction of a charge of cruelty to animals.
• Failure to keep one's premises and equipment in a clean and sanitary condition.

13.4. UNPROFESSIONAL CONDUCT



EXAMPLES

• A practitioner must reapply for the veterinary renewal licensure, usually annually. In this case, the veterinarian was cited for a traffic violation that could have been a gross misdemeanor or a felony and was therefore concerned whether he will get his veterinary license renewed or not, even though there was not a third-party complaint to the licensing board. If the veterinarian had denied the driving citation, then he would have been guilty of misrepresentation in the application. If he admits the citation and it was a gross misdemeanor or a felony, then in some states he would not have been able to obtain a license renewal, at least without a special hearing before the license board.
• A client complains about the excessive surgery scar on the face of his poodle, even though it appears from the facts of the case to the licensing board that probably the complaint was precipitated from the client's surprise at the bill for lack of an estimate. Unprofessional conduct is claimed to get even with the veterinarian. The license board investigates and finds that the surgery and scar are within the standards of care; hence, unprofessional conduct was not found.
• A veterinarian does surgery late in the afternoon. The intestinal surgery for a foreign body turns out to be very complicated, with 27 intestinal perforations from swallowing dental floss. This resulted in four hours of surgery and a late recovery. The doctor believes the owner does not have any funds to take the pet to emergency care or to pay extra for an emergency technician to provide care in the hospital. The client was not given the opportunity to take the patient home or for euthanasia. The veterinarian is found guilty of unprofessional conduct and given a fine, plus required continuing education courses.



CAUTIONS

• Most cases brought before licensing boards that are not summarily dismissed will often include a finding of unprofessional conduct. This finding is what a licensing board finds in lieu of malpractice, when the behavior or omission by the veterinarian is within the practice arena.
• Malpractice is left to the civil courts for a client to sue for damages (see 13.3 – Malpractice).
• Unprofessional conduct is the catch-all finding for the behavior and/or malpractice of a veterinarian in the licensing board practice act or administrative code violations by a veterinarian.



MISCELLANEOUS

• Because nearly every nondismissed case before a licensing board results in a finding of unprofessional conduct for a breach of the practice act or administrative code in a given state, veterinarians must do a better job of communicating the case's prognosis, diagnosis, and risk, and to obtain informed consent from the client before proceeding with a case.
• Likewise, prevention of unprofessional conduct findings requires veterinarians to give adequate information, including financial estimates, to allow clients to adequately make an informed consent.
• Clients should not be surprised by successes or failures of treatment if adequate information was given to allow them to know the risk involved before beginning treatment.
• The documentation of all preventive measures taken must be recorded and maintained in the client's records.

ABBREVIATIONS

N/A

References

N/A

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13.5. Privacy Policy and Confidentiality



BASICS

OVERVIEW

Veterinarians and veterinary practices have an ethical and moral obligation to maintain client–patient confidentiality and privacy.[1,2] Additionally, veterinarians in 47 states are required by law to obtain client authorization before releasing their medical records.[3] Exceptions generally include disclosure due to a subpoena, court order, or during a disease outbreak.

Two distinct areas of confidentiality emerge:

1. the confidentiality of medical records, which contain diagnostic information, the diagnosis or presumptive diagnosis, and treatment information; and
2. the confidentiality of communications with the client.

Instances where unauthorized disclosure of client–patient information could occur include sharing records with other veterinary practices or laypersons such as groomers or boarding facilities, oral disclosure when working with another client or in private conversations, or during legal proceedings such as depositions, disclosure, or during trial.

TERMS DEFINED

Client Communications: Information shared between the client, the client's agents, and the veterinarian and veterinarian's agents in pursuit of a diagnosis, treatment, or prognosis. This information may be protected under state evidentiary privilege laws from disclosure during a legal proceeding.

Confidentiality: The duty of keeping secret or private information pertaining to a patient's health that was obtained during the formation of a diagnosis, treatment, or prognosis of the animal.

Health Information Portability and Protection Act of 1996 (HIPPA): A federal law that governs medical privacy and contains provisions for safeguarding medical information. HIPPA specifically defines protected health information as being geared towards individuals and, therefore, does not apply to veterinary medical information.

Privacy Policy: A written or legal statement that discloses how a practice uses or intends to use a client or customer's data. Generally pertains to nonmedical information such as name and demographic data, but may also include purchasing data, credit card information, data gathered online, and other potentially sensitive information.



ISSUES AND OPTIONS

PRIVILEGE

Disclosures during legal proceedings are governed by the concept of privilege. The law recognizes several distinct forms of privilege, including attorney–client privilege, physician–patient privilege, and marital privilege. Privilege in this sense means that the person testifying cannot reveal information that was communicated to them by the "holder" of the privilege. Generally, the "holder" of the information is the attorney's client, the physician's patient, or the other spouse in a marriage. Privilege ensures that information given to a person of trust cannot be used against them and encourages complete disclosure without fear of admission of the information in a legal proceeding.

A few states recognize veterinary–client privilege, including California, Colorado, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Mississippi, Missouri, Nebraska, Oklahoma, and Texas.

Veterinary client–patient confidentiality exists to increase client candor and truthfulness when exchanging health information with a veterinarian. When a client knows that their information is protected and confidential they will more likely be open and transparent with information that is pertinent to the case. Secondly, the veterinarian may hold knowledge that could be very damaging to the client in terms of reputation or financial value of the patient or other animals owned by the client. The most telling examples of the financial implications are on farms, breeding facilities, and for other clients where the financial value of the animal is driven by health and disease-free status.

Despite the clear legal and ethical requirements, it is common practice for veterinary practices to exchange medical records, including medical history, diagnoses, treatment, and prognosis to other practices, laypersons, and other clients.

In most states, veterinary medical records are owned by the practice, not the client or veterinarian creating the medical record (see 9.1 – Medical Records and Patient Documentation). However, many states have a law or administrative rule that requires release subject to the client's request. Although the veterinary practice owns the medical record, the client's sensitive information contained within the record is protected. This dichotomy is confusing to many veterinarians and veterinary practice teams.

A veterinary practice should adopt a written policy regarding the importance of maintaining confidentiality for client and patient information. The policy should detail when and how medical records can be shared via fax, email, or orally.

The practice's state law concerning privacy and confidentiality of records should be consulted to determine whether written or verbal client consent should be obtained before sharing veterinary medical records.

In states requiring written consent, a consent form should be presented to the client, signed by them, and kept on record in compliance with state record retention laws.

Team members should be trained on when to obtain consent to release medical records and how to obtain the consent during sensitive situations.

Veterinarians and veterinary team members working with patients of value or breeding potential should be particularly sensitive to holding confidential information regarding health status, genetic issues, ability to perform, and infectious disease.

Social Media and Potential

The widespread use of social media presents additional challenges for veterinary practices. Photographs of patients, clients, and cases are regularly shared as part of marketing materials in veterinary practices (see 10.16 – Social Media). Practices should only share and disseminate photographs and other revealing information after express written consent from the client. Furthermore, even after written consent, care should be taken to keep confidential potentially damaging information about diagnosis, prognosis, and treatment.

Data and Internet Privacy

Data breaches of company customer information maintained in digital databases have become more prevalent, despite increased security and protection (see 10.8 – Cybersecurity and Network Security). Veterinary practices generally maintain databases of client names, addresses, and phone numbers, and potentially credit card, social security card, and date-of-birth information. Data hackers prey on small to medium-sized businesses, which include veterinary practices. Many veterinary practices do not maintain adequate security protection over digital databases, hardware, and other sensitive client, customer, employee, and practice information. A complete veterinary practice confidentially plan would include regular and robust audits of online and database security.

Web-based Privacy Policy

When consumers access a veterinary practice's website and other digital marketing platforms, data is invariably collected (see 10.13 – Websites). This data is subject to the posted privacy policy and terms and conditions of the practice's website. Privacy Policies should be

drafted in coordination with the actual use of the data collected by the practice. Terms and conditions should be paired with actual use of the website. For example, if a third-party vendor operates an online pharmacy via a portal in the practice's website, clients should be made aware that protecting information such as credit card numbers and shipping addresses is that of the third party. If the practice operates its own online store and assumes the responsibly and liability of confidentiality, then the privacy policy should reflect the actual usage.

In the event of a data breach, these policies and how they were presented to the consumer become very relevant in determining liability.

Prescription Drug Monitoring Databases

Forty-nine states currently operate a prescription drug monitoring program that applies to the practice of veterinary medicine, many of which gather opioid and other controlled-drug dispensing information. Other providers can then access the information to aid in determining an individual's propensity to abuse controlled substances and whether to dispense or prescribe further controlled drugs. Some states allow veterinarians and their staff to access the prescribing information of human clients before dispensing or prescribing. Human health information that contains controlled drug prescribing or dispensing information is protected health information and is governed under HIPPA. Before accessing or allowing a staff member to access the information, a veterinary practice should be trained on how to protect and keep protected health information confidential. Additionally, the information should not be accessed unless the practice is fully aware of the liabilities involved with mishandling protected health information.



EXAMPLES

Specific issues where client confidentially and privacy arise include:

- knowledge of a disease that is endemic to a herd;
- information that heritable traits are present or not present in breeding animals;
- knowledge of diagnosis, prognosis, or treatment in an individual animal;
- cases involving high-profile animals or clients;
- information about treatment during client divorce, separation, and custody proceedings;
- ownership information in cruelty, abuse, or negligence cases;
- evidentiary information in criminal cases involving animals;
- human health information, such as adverse condition or diagnosis that a client has not given express consent to disclose.



CAUTIONS

A veterinary practice should have written and distinct policies regarding:

- disclosure of medical records;
- confidentiality of client communications;
- confidentiality of patient–client information;
- data security and breach policy;
- website privacy policy, terms, and conditions;
- policy concerning human health information.



MISCELLANEOUS

ABBREVIATIONS

HIPPA: Health Information Portability and Protection Act of 1996

References

1. Babcock, S.L., Pfeiffer, C. Laws and regulations concerning the confidentiality of veterinary client communication. *J Am Vet Med Assoc* 2016; 229(3): 365–369.
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Recommended Reading

N/A

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13.6. IDENTITY THEFT PREVENTION PROGRAMS



BASICS

OVERVIEW

With a worldwide increase of every-waking-moment use, unlimited trust, and in some cases total reliance upon technological advances in computers and electronics, identity theft has been reported to be the fastest growing crime in the world. There are constant, daily news reports in which millions of people and businesses (including major corporations such as Equifax, a multinational credit reporting agency) have been victimized – without very little, if any, legal recourse. Unknown thieves, for their own financial gain/profit, are stealing all types of private, uniquely identifiable information belonging to individuals and businesses. Bank and brokerage accounts have been emptied, life savings gone, credit scores plummeted, and in many cases tax return refunds are being mailed to/cashed by unknown third parties. Funds never get refunded, the theft never gets resolved, and the perpetrators are not held accountable for their crimes. So, in order to avoid being victimized, prevention from attack is the only solution.

As veterinary businesses increasingly depend upon electronic data and computer networks to conduct their daily operations, there is an increased potential, liability, and risk associated with privacy violations and stolen information – especially when data are improperly diverted, stolen, downloaded, or hacked, whether by an employee or by a stranger.

Veterinary practices, like other businesses, are generally required by law to take precautionary measures to secure and maintain confidentiality of various types of information – such as but not limited to employees' medical, health, and tax information – without providing access to (or by) the public and unauthorized individuals. Many states have enacted laws that require confidentiality of veterinary medical records in efforts to prevent release of an animal's owner's personal information being released to the general public.

Employers must be vigilant about use of security measures in order to avoid theft or fraudulent use of personally identifiable or confidential business information. Failure to do so could potentially result in a number of different problems for the business owner/employer, such as (1) significant financial losses, (2) theft of animals, (3) loss of drugs/controlled substances/inventory, or (4) inadvertently providing client's/employee's residential information which results in criminal acts committed by the thief/perpetrator.

TERMS DEFINED

Identify Theft: A third party's fraudulent taking and use of another person's or business's uniquely identifiable information (social security/employer identification number, copied signatures, credit card numbers and holder's name) for the third party's financial gain.

Malware: Any malicious software that enters your entire computer system – as easily as someone clicking on an e-mail link. The malicious software/virus has the ability to freeze up your networked-computer system, to erase all your data, to potentially infect the networked-computer system with a slow-acting "virus" that can systemically cause your entire computer network (both old and new computers) to malfunction or simply to copy all data being entered into your computer network operation.

Phishing: A phone and e-mail technique used by identity thieves attempting to gain victims' personal information by calling or sending fraudulent e-mail messages that seem to come from legitimate businesses.

Ransomware: A type of malware that blocks all access to computerized data until the business owner pays a substantial fee, upon demand, to the perpetrator. Unfortunately, no guarantee exists the data will be fully restored even if payment is made or that future malware attacks will not occur.

Red Flag Rules: A set of federal regulations that require certain businesses and organizations to develop and implement plans to keep client information secure in efforts to discourage identify theft.



ISSUES AND OPTIONS

ISSUES

- One person, in a matter of minutes, can assume the identities of several people or businesses anywhere in the world simply by obtaining a name, address, birthdate, tax identification, or only the credit card number of multiple victims. Identity thieves use this information, without the victim's permission or knowledge, to commit additional crimes, such as purchasing consumer goods, obtaining medical care and drugs, gaining access to bank accounts, filing fake tax returns for misdirected large refund checks, or committing employment fraud.
- Identity thieves are almost impossible to prosecute because they do not necessarily act within any particular country, and, as reported in

13.6. IDENTITY THEFT PREVENTION PROGRAMS

many cases, their own identities are usually hidden by fake names or behind an "electronic cloud" of false data. According to the Federal Trade Commission, which is known as America's consumer protection agency, every day some type of identity theft occurs to millions of people and businesses worldwide.

• Identity theft is a multiple-victim crime. Unfortunately, neither the victim nor the target (i.e., business, financial company, vendors) becomes aware of the theft until after the damage has occurred.

• Business identity theft is on the rise. Generally, individuals are not the only targets or perpetrators of identity theft. Businesses, as entities of their own, are at risk for loss of income due to identity theft. Business identity theft (also known as "corporate or commercial identity theft") is a relatively new development. A criminal will electronically hijack a business's identity and use that identity to establish lines of credit with banks or retailers. With these lines of credit, the identity thieves can purchase their own inventory of products for resale, such as commercial electronics, medical equipment, gift cards, and other items that can be bought and exchanged for cash or sold with quick, relative ease.

OPTIONS

Use sound practice management plans for reducing identity theft and minimizing the potential for any type of identity theft – through the drafting of clear policies for the workplace, with regular training of employees, and requiring constant vigilance by all employees, such as:

Detection of Red Flags

Make a list identifying the various warning signals that might trigger identity theft at your practice. For example, "red flags" might include the following:

• Someone who has "just moved to the neighborhood" and is unable to provide a government-issued photo identification (ID) or any ID with a current address, phone number, or other verifiable information).

• Someone who neither resembles his or her photo ID nor provides personal information that matches prior information collected (such as differing birthdates).

• Someone who usually pays in cash only, and then issues a check for a large purchase (surgery, drugs, food, etc.).

• Someone who provides a handwritten credit card number or number over the phone instead of the actual card. These are the most common ways that veterinary practices "lose money" for services rendered – fake identities of clients. No chance or little possibility of catching the thief/thieves.

Deter Identity Thieves

Businesses can take simple measures to safeguard and prevent the potential for disclosure of employees' and clients' personal information. Examples include:

• Discrete intake of information. Refrain from using "sign in" sheets showing listing of patient–client's names and/or other personal information. Turn computer monitors away from clients' viewing range or use privacy screens.

• Locked/password-protected/secure storage. Provide computer security measures that, at the very least, require constantly changing complex password reentry by limited individuals to access when computers are turned on. Always perform ongoing backup of data systems to an offsite location – preferably, the information should be encrypted. Ensure all employees' personal information and clients' paper files are kept in locked cabinets or locked storage area. Provide a secure area (i.e., keyed storage lockers) for employees' personal belongings.

• Limited keyed access with video surveillance system of the building, files, computers, and other areas containing personally identifiable information to deter criminals is advisable. Use changing complex security codes, made available only to certain employees, whenever possible.

• Have a clearly drafted policy prohibiting (or limited restrictions for) employees reading personal e-mail on business computers – or, at the very least, prohibit employees from clicking on any links within e-mail messages and opening email from unknown senders (two of the primary ways that hackers or malware gain access to internal databases).

Mandatory Security Training of Employees

Regularly train and update your employees on clinical security procedure protocols (see 10.8 – Cybersecurity and Network Security). Teach employees what information can, and cannot, be discussed over the phone or expressed on the Internet or sent by e-mail/fax to third parties. For example, train employees not to publicly display or give out telephone numbers of staff members "to contact in an emergency" nor leave clients' paper files unattended at the front desk (for someone to take a photo of a page with identifiable information) or by posting computer access codes in easily viewable location.

• Disposal of information. Instead of placing documents into the trash or getting rid of old computers by placing in outside bins or third-party electronics company, make sure to cross-cut shred all documents and physically remove/destroy the hard disk from old computers.

13.6. Identity Theft Prevention Programs

• Avoid accepting a client's credit card number for payment over the phone and avoid using stored credit card numbers for processing clients' medical service payments. Without the client's signature on a purchase receipt, the charges can always be disputed (even by good clients!) and left unpaid without much legal recourse (if any) by your business.
• Require government-issued photo ID with current address for credit card and check payments. Do not rely solely on credit cards with stamped photos on front of card or company ID cards – be wary of checks with different addresses than photo ID card.
• Consider using third-party check payment services (such as *VeriCheck* or *TeleCheck*), which provide immediate check payment processing – similar to credit cards – for your business operations.
• Use secure, encrypted and password-protected portals for transacting online business.
• Do not provide business tax number or business banking information to any caller, visitor, or online request (unless you have initiated the contact and have confirmed the requesting business or the person's identity through alternate means, such as telephone call to corporate headquarters/regional bank director/place of employment).

Defend Against Identity Theft

Communicate with clients about your clinic's payment procedures *prior to* providing veterinary services. Post notices at the front desk, tell new clients, or clearly print the policy upon intake forms. This enables the client an opportunity to inform staff about any potential concerns (such as not having any form of photo ID with them) *before* services are rendered. Various examples of notices might include the following:
• "Major credit cards accepted with government-issued photo ID in cardholder's name only."
• "We accept local banks' debit cards and checks only with photo ID (Sorry, no out-of-state bank checks or debit cards accepted)."
• "Cash or pre-printed addressed checks only. No credit cards accepted."

Phishing is a phone and e-mail technique used by identity thieves attempting to gain victims' personal information by calling or sending fraudulent e-mail messages that seem to come from legitimate businesses. The victim-recipient is informed by phone or through e-mail from the fake "phishing" organization that money orders, lottery winnings, or other items belonging to the victim are being held in efforts to trick the victim into giving up personal information such as address, bank account numbers, social security number/individual taxpayer identification number, birthdates, or passwords.

Warning. Some phishing e-mails include more than fraudulent information – they can also carry viruses, malware, or "Trojan horses." If you identify that an e-mail is "phishy," do not open it and definitely do not click on any links in the e-mail. Immediately and permanently delete the e-mail. Train employees not to use business computers for personal use – and not to click on any links from communications that are unsecured transmissions.

If identity theft is suspected. Immediately contact law enforcement and/or the client–victim as soon as possible to inform them of the suspicious activity. File reports with the police, the credit bureaus, your bank, and the applicable businesses or governmental agencies, as soon as possible, describing the identify theft red flags/warning signs.

By having an identity theft prevention program in place, your clients and employees can feel assured that you are taking steps to protect their personal information from being hacked, stolen, or misused for criminal purposes.

13.6. IDENTITY THEFT PREVENTION PROGRAMS



EXAMPLES

N/A



CAUTIONS

General disclaimer. The following is a generic overview of the subject matter for educational purposes only and not intended as legal advice. The following recommendations might not be applicable to all workplace situations. Consult with an employment lawyer in your area for advice and consultation about your business needs regarding this subject matter.

Small businesses are just as exposed to hacking as large corporation operations. Small businesses are more at risk of "losing everything" due to lower budgets to cover losses. Consider contacting insurance companies to see who provides the best protection/least cost for losses due to computer hacking or malware attacks.

Tip. If possible, perform daily backups of your computer system – and make sure backup data is not physically connected to the business computer's network (such as using one computer to back up all data; see 10.7 – Information Security: Backing up and Archiving Your System). Obtain an up-to-date virus protection program for your network – and update your system regularly (oftentimes, with "patches").



MISCELLANEOUS

ABBREVIATIONS

ID: Identification

References

N/A

Recommended Reading

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Federal Trade Commission. www.ftc.org (accessed May 7, 2019). Offers a wide variety of resources and information – for consumers, businesses, and law enforcement – related to the detection, prevention and defenses against identity theft.

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13.7. EMPLOYMENT CONTRACTS



BASICS

OVERVIEW

• When veterinarians are working for an employer such as an educational institution, corporate practice, or private practice, they are an employee because they had the offer of a job, they accepted it, and they were promised consideration or pay as a benefit for working there. These actions meet the requirements of a contract.
• In that situation, there is an employment agreement or contract, whether the employee is aware of the existence of a written document or not.
• Contract law principles determine whether it is an express or implied employment contract, whether an oral contract or a written contract, and the enforceability of either. The initial bullet point included the three traditional elements of contract formation: offer, acceptance, and consideration.

TERMS DEFINED

Acceptance of Employment Offer: Acceptance of an offer may be manifested by a promise or by performance. The promise to become an employee can be verbal, leading to an implied contract, or by performance, that of beginning work, or of course by signing the agreement of acceptance in an employment contract.
At-Will Employment: At-will employment means that the employee is serving the employer at the will of both parties. This allows an employer to terminate its employees with or without cause, without incurring liability for the resulting terminations. Likewise, the employee can terminate without cause or any fixed duration of time to stay on the job. Generally, employment contracts for a definite period of time are the most commonly recognized exception to an at-will employment rule. With an employment agreement for a definite term in effect, in writing for clarification, or because it goes longer than a year, then an employer can only terminate an employee for "good cause" or for "just cause," without costs unless the agreement specifies an "at-will agreement."
Consideration: In contract law, consideration is generally expressed in terms of a benefit to the promisor or a detriment to the promisee. In our most common scenario, a written employment contract, or at least a letter of intent similar to an employment contract, is where the employer provides the promise of consideration or monetary payment to the employee for the work performed. Then there is adequate consideration for enforcement of other terms of the contract.
Offer of Employment: An offer is "a manifestation of willingness to enter into a bargain, so made as to justify another person an understanding, his assent to that bargain is invited, and so he will conclude it." As stated, the existence of an offer is presumed where the employment agreement is expressed. Where an employment agreement is implied, the offer may be oral or derived from writing, such as a hiring letter or policy statement. The two main requirements for an offer to be enforceable are that it must be definite and it must be certain.



ISSUES AND OPTIONS

• The main issues employees face, when under an employment agreement, usually have to do with the terms of employment, the consideration offered and paid or not, and the duration of employment, along with a commonly included noncompete agreement that is covered elsewhere in this book (see 13.11 – Noncompetition).
• The terms of employment may be misunderstood, especially where an agreement is implied. An implied employment agreement may be oral or derived from writing, such as a hiring letter or a policy statement. The offer for the employment must be definite and certain. In that offer there should be many terms that are clarified by the parties and agreed upon before signing. That offer should identify the parties, plus include many of the following terms:
  ◦ A statement of mutuality indicating an agreement on the part of employer to employee and an agreement by the employee to perform the services.
  ◦ A duties clause defining the employee's duties and responsibilities.
  ◦ A statement of consideration, including the salary, fringe benefits, and other compensations.
  ◦ A term or duration clause.
  ◦ A provision defining events and contingencies, such as employer's disability that might trigger termination aside from the expiration of the contract.
  ◦ A statement defining the employment relationship as terminable "at will," or alternatively limiting the employer's right to terminate the employee for cause.
• Employees may have to rely on terms of a "letter of intent," where official contracts are not signed by both parties, which is particularly more common in large organizations.
• There should be statements explaining ownership of employee inventions and other valuable intellectual property generated by the employee, in the scope of employment.
• Restrictive covenants prohibiting an employee's right to compete with the employer for a specified period of time, following the termination or limiting the employee's rights to divulge or use employer's trade secrets or other confidential business information.
• Restrictions against the solicitation of employer's work force or customers after an employee is terminated.
• Mandatory mediation or arbitration or a combination of both as a vehicle for dispute resolution.
• The law or venue governing interpretations and enforcement.
• Circumstances and notice of any amendment or modification.
• Remedies available for breach, which may include an obligation to pay attorneys' fees.

MORE SPECIFIC DETAILS

In the duties clause previously mentioned, there should definitely be a definition of the employee's duties and responsibilities while allowing the company to change those duties and responsibilities as required. The duties clause may also limit the employee's ability to work in other jobs outside the scope of the primary employment; if some outside employment is allowed, there may be a requirement to avoid conflicts of interest.

TERM OR DURATION CLAUSE

When an employee has a specific term in the contract, most courts interpret that to mean that the contract may not be terminated without "good cause" or "just cause," unless the agreement provides otherwise. Of course, the contract would then enumerate many, even if not all, examples of good cause or just cause for that particular contract. When the term of the contract or employment agreement exceeds one year, the agreement must be in writing to satisfy the Statute of Frauds. Even though this is the standard rule that a contract greater than a year, or that cannot be completed within a year, is unenforceable due to the Statute of Frauds, many courts will enforce them depending on the facts of the case.

It is very important in the term of duration section of the contract that there should be a detail as to whether the contract is renewable automatically at the expiration of the contract term and, if so, the terms of any renewal, whether it is another year or it is month to

month. If this is not specified, the courts may interpret it to be a repeat of another same duration term with the same details as the original contract. If these continuation terms are not specified, the agreement may alternatively have a renewal option and the procedure to exercise that option.

"AT-WILL" EMPLOYMENT PROVISIONS

As previously mentioned, employment contracts that do not speak to this provision are usually interpreted to mean the employee is not an "at-will" employee. Therefore, they can only be terminated with cause, whether "good cause" or "just cause," depending on the definitions of the agreement. Therefore, it is imperative, when an agreement is made for a specified term to avoid implication of a "for cause" termination, it must be stated which way this agreement is to be interpreted.



EXAMPLES

The following are a few examples of termination for cause, irrespective of whether we should define them as "good cause" or "just cause":

- Unsatisfactory job performance.
- Gross negligence or malfeasance in the performance of duties.
- Material breaches of the agreement.
- Breaches of the executive's duty of loyalty.
- Conviction of a felony or of a lesser crime involving an act of dishonesty.
- Acts of fraud, misrepresentation, theft, or embezzlement, or the misappropriation of corporate assets.
- Cessation of employer's business due to unprofitability, casualty loss, or other specified reasons.
- Changes in business ownership, including sale of the business, merger or consolidation, or a work force reduction based on reorganization.
- The death or disability of the executive.

If these termination provisions are listed, there should also be a statement that says, when these cause terminations to happen, the employer's obligations under the agreement end immediately, including payment of salary and benefits, but it does not extinguish the employee's obligation under any restrictive covenants contained in the agreement.



CAUTIONS

- It may seem like a minor issue, but with more employees being in different jurisdictions than the employers, it is very important that the agreement includes a choice of law designation stating the jurisdiction where disputes might be settled.
- Also, there should be an arbitration or, from the author's perspective, preferably a mediation clause that then could move to arbitration if the dispute is not settled by mediation.
- There should be an attorney's fees statement that clarifies that, when disputes arise, the prevailing party shall be allowed to obtain attorney's fees from the nonprevailing party.
- There should be a statement allowing for revisions or amendments, but requiring that they must be in writing to be enforceable.
- There should be a severability clause. This allows for parts of the contract to be thrown out by a judge without voiding the whole contract in a dispute situation.
- There is always a statement explaining that the terms of this written agreement are the entire agreement, which then can avoid presumptions of other factors in determining the terms of this employment relationship.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

Wilson, J.F., Nemoy, J.D., Fishman, A.J. Contracts, *Benefits, and Practice Management for the Veterinary Profession*. Priority Press, Ltd, Yardley, PA, 2000.

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13.8. Partnership Agreements



BASICS

OVERVIEW

- A partnership is a legal relationship created by a contract among individual owners of a business.
- Partnership agreements are essential to define the relationship among two or more veterinarians associating to practice together as a partnership, and between the partners and the partnership.
- Disputes between partners in a veterinary practice result from misunderstanding of the relationship with each other and with the partnership.
- Numerous areas of the relationship, from compensation to expectations, should be agreed to in writing as the basis for a successful partnership.
- Determination of triggering events and agreement for the purchase and sale of partnership interests are critical for a smooth transition of exiting and entering partners based upon certain future events.
- The Uniform Partnership Act (1997; last amended 2013)[1] governs the relations among the partners and between the partners and the partnership in most states to the extent the relationship is not covered by the partnership agreement.

TERMS DEFINED

Partner: A person who has joined together with one or more persons to carry on a partnership.
Partnership: An association of two or more persons to carry on as co-owners of a business for profit.
Partnership Agreement: The agreement, whether written, oral, or implied, among the partners concerning the partnership, including amendments to the partnership agreement.
Partnership-at-Will: Partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking; in other words, to practice as partners for an indefinite term until one or all of the partners elect to leave or dissolve the partnership.
Partnership Interest: All of a partner's interest in the partnership, including the partner's transferable interest and all management and other rights.
Property: All property owned and used in the operation of the partnership, including real estate, personal property, and tangible and/or intangible property.



ISSUES AND OPTIONS

PREPARATION OF THE PARTNERSHIP AGREEMENT

- An oral partnership agreement will rely primarily on the memory and good faith of each partner. The risk of problems developing among the partners and/or between a partner and the partnership is high.
- Partnership agreements should be in writing and should be prepared by an attorney after consultation with all of the prospective partners. The attorney should be chosen to represent the partnership, not any individual partner's interests.
- The partnership agreement should be completed and signed by all partners in advance of the partnership commencing operation of the veterinary practice. Once the veterinary practice begins, one or more of the partners may be less motivated to complete the agreement.

TERMS OF A PARTNERSHIP AGREEMENT

- The identity of each veterinarian partner.
- Name of the veterinary partnership and location of the veterinary practice.
- The purpose of the partnership should be described.
- The term of the partnership needs to be set forth, whether it is for a specific period of time or will be a partnership-at-will.
- The nature and amount of the contributions (cash or property) to the partnership by each partner should be set forth, including initial contributions as well as how future contributions will be made.
- The interest of each partner and the profits, losses, and liabilities of the partnership should be defined, as well as how distributions of profit will be made to the partners.
- The ownership of property to be used in the veterinary practice should be identified.
- Financial issues, including who will maintain the books and records of the partnership and where they will be kept, a determination of the tax year of the partnership, and what bank accounts the partnership will need.
- The acquisition and maintenance of insurance for the partnership to cover general liability and property damage as well as professional negligence should be agreed upon, including the source and manner of payment of premiums.
- Management of the veterinary partnership will be one of the most critical points contained in the agreement. Duties of each partner need to be set forth, as well as the designation of which partner or partners will assume the management responsibilities and how those partners will be selected. The authority and responsibility need to be clear, particularly regarding any restrictions on the authority of the individual partners and the managing partners.
- Partners must agree on the manner in which the partnership can act, as well as the frequency and conduct of partnership meetings. It is important to determine how and when action can be taken without a meeting.
- It would be wise to set forth in the partnership agreement the rights of each partner and the partnership in the event a partner is called to active military service.
- Triggering events for transfer of partnership interests must be defined, such as death, disability, and voluntary withdrawal or expulsion of a partner.
- Provisions should be made for maintenance of past veterinary medical files created by a withdrawing partner while a partner in the veterinary practice.
- A withdrawing partner should be given rights to have access to and copy veterinary medical files in the event of a veterinary medical negligence claim against the withdrawn partner.
- A withdrawing partner should be obligated to cooperate with the other partners and the partnership regarding any claims or issues involving the partnership during the period of time the withdrawn partner practiced veterinary medicine in the partnership.
- How the partnership will deal with a breach of the partnership agreement by a partner must be detailed.
- Restrictions on the transfer of the partnership interests is important to ensure any new partner is qualified and compatible with the other partners.
- Consent of the remaining partners should be required before the transfer of a partnership interest.
- The goodwill and client base of the veterinary practice should be protected through a covenant not to compete in the partnership agreement.
- Do not get "greedy" and overreach by including unreasonable limitations on the ability to practice in a covenant not to compete.
- The restriction on competition must be reasonable as to the length of time as well as the geographical area of practice.
- A larger area may be restricted with a rural practice, but in a metropolitan area, the area of noncompetition may be measured in city blocks rather than miles.
- A partner may be restricted from competing with the veterinary practice for up to three to five years (see 13.11 – Noncompetition).

• The more reasonable the restriction on the withdrawing partner competing, the more likely a court will uphold the restriction.
• An agreement as to how the value of a partnership interest will be determined is necessary. The procedure for selection of appraisers, the method of calculation of value, and the terms of purchase of a partnership interest are essential parts of the partnership agreement.
• The partnership agreement should be amended only by a written amendment signed by all partners. Any new partner joining the partnership after the initial partnership agreement is signed should sign the agreement with clear language to indicate an intent to be bound by all provisions of the original partnership agreement.
• Future events that would cause the partnership to be terminated and dissolved should be identified and the procedure set forth to accomplish termination and dissolution.
• The manner and method of notice to each partner should be set forth.
• Identification of which state's law controls the construction of the partnership agreement in the event of any dispute.
• If not preempted by the express language of the partnership agreement, the Uniform Partnership Act (1997; last amended 2013)[1] will control the relationship among the partners and the conduct of the partnership.



EXAMPLES

N/A



CAUTIONS

• Most states do not allow a veterinarian to limit his or her professional liability; therefore, insurance protecting the partnership against professional negligence is an absolute must.
• Veterinarians can limit their exposure to other third-party liabilities if they practice in a corporation or a limited liability company.
• A general partnership provides no limitation of liability to the individual partners to third parties.
• A strong written partnership agreement can enhance the probability of success of the partnership veterinary practice, but it can never replace the good faith and fair dealing, which must be expected of all the partners.



MISCELLANEOUS

• Individual veterinarians should select partners carefully and should choose other veterinarians as partners who have similar work ethics and business philosophy.
• Before deciding to engage in the practice of veterinary medicine as a general partnership, the prospective partners should consult with an attorney well versed in the selection and creation of business entities, a certified public accountant, and an insurance broker to determine which form of business entity would be most appropriate for these particular veterinarians and the type and location of the practice.
• All profits and losses of partners in a general partnership are passed through to each partner in direct proportion to their partnership interest, which is then reported on the individual partner's personal income tax return. This generally is a favorable method of taxation, which can also be similarly advantageous through practicing in a limited liability company or a corporation by electing Subchapter S status.
• General partnerships are becoming less common as a veterinary practice entity than professional corporations and limited liability companies.

ABBREVIATIONS

N/A

References

1. National Conference of Commissioners on Uniform State Laws. *Uniform Partnership Act (1997)* (last amended 2013). www.uniformlaws.org (accessed May 7, 2019).

Recommended Reading

Wilson, J.F., Nemoy, J.D., Fishman, A.J. *Contracts, Benefits and Practice Management for the Veterinary Profession*. Priority Press, Ltd, Yardley, PA, 2000.

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13.9. Buy/Sell Agreements



BASICS

OVERVIEW

Every business affiliation between owners must always provide for the escape or for one's getting out, as an issue that is equal to or more important than getting in. The document that plans for that is the buy/sell agreement. This document may be incorporated into other organizational agreements, but most commonly stands alone. The key is not what it is called or where it is located, but rather that the terms have been negotiated to agreement by all stakeholders.

This agreement should be a requirement in any form of business ownership, but it is more commonly included in corporation or limited liability company (LLC) arrangements.

- It is a separate document for the corporation.
- It may be a separate document in an LLC, or its terms may be included in the operating agreement.
- It is a binding contract for shareholders.
- It is vital to perpetual survival of a closely held corporation or LLC.
- Its purpose is to spell out definitively the shift of shareholder ownership upon the happening of certain stated events.
- Likewise, the family of a deceased shareholder has a built-in market for the stock of the decedent.
- If owners agree that nonemployed persons should not be shareholders, then this agreement provides for retirement income to exiting shareholders.
- A buy/sell agreement is also known as a cross-purchase agreement if it provides for other shareholders to purchase the stock.
- A buy/sell agreement is also known as a redemption agreement if the business entity is to be the stock purchaser.

TERMS DEFINED

Binding Contract: Document binding on all shareholders or owners of a given business, even though it may seem there is not separate consideration for this document. The consideration for signing this agreement is the mutual benefit that all parties get when they become the one party that wants to exit ownership.

Built-in Market: Because of this agreement, the family of a decedent is able to sell the share of the decedent, even if the shares are a minority interest, without having to go to the public to find an interested minority buyer.

Business Affiliation Escape: Provisions of a buy/sell agreement between associated business owners allowing for one or more shareholders to leave ownership for various reasons, including death.

Buy/Sell Agreement: Agreement between stockholders explaining methods for valuing the shares and methods for selling and buying shares by other stakeholders.

Business Ownership: Act of a person having an equity or capitalized interest in the goodwill and tangible assets of a business. It does not include associate employees.

Cross-Purchase Agreement: Another name for a buy/sell agreement where other shareholders individually buy out an exiting shareholder of the business.

Option to Purchase: The rights given to surviving or remaining shareholders allowing them the chance to purchase available shares before they can be sold to any other third party.

Perpetual Survival: Businesses, if successful and profitable, need perpetual or uninterrupted existence, whether one or more shareholders desire to leave or not.

Redemption Agreement: Another name for the buy/sell agreement where the business entity or corporation is buying the shares of an exiting owner.

Right of First Refusal: The rights given to surviving or remaining shareholders allowing them to meet or match a third party's offer to purchase available shares of a business, within a prescribed specific amount of time.

Separate Document: The buy/sell agreement in a closely held corporation is usually a standalone document and should not be part of the bylaws of the corporation. The buy/sell agreement may be called a shareholder agreement or incorporated into a shareholder agreement.

Shareholder Agreement: Another name for a separate document that may include the terms of the buy/sell agreement that details the ability of one of the owners to buy more, or sell some, of the shares of ownership of a business. It also may include many other items about the business operations and/or shareholder working agreements and schedules.

Stakeholder: Person holding some amount of ownership interest in a business, or at least this person is a representative of a shareholder.



ISSUES AND OPTIONS

Other than the specific terms to follow, of happenings or circumstance changes in the life of a shareholder that trigger this agreement, the major issue is how the buyout purchase price will be determined and how the payments will be made. Also, the priority of surviving ownership rights must be included.

- There must be definitiveness on whether a purchase should be mandatory or optional for the remaining shareholders.
- This agreement includes the terms of payments and the method of funding the future obligation of the organization or the remaining shareholders. This may include that certain buyouts may be covered by insurance purchased by the business.
- The agreement must include (at minimum) the seven following life events, of which any one can be a trigger for this agreement to be used. The seven triggering events include an owner's death, disability, retirement, bankruptcy (of any party or the business), marriage, divorce, or simply a shareholder desiring to get out whether a friendly or an adversarial relationship exists.
- There must be a decision on the kind of restrictions, if any, on transferability of shares. These restrictions vary from a requirement that only the business can purchase an exiting shareholding interest to alternately only giving surviving shareholders an option to purchase available shares or to only allow surviving shareholders the right of first refusal to purchase available shares.
- There must be a clear explanation of whether the buyout is to be by way of a cross-purchase agreement or by way of a stock redemption event.
- There is risk in a stock redemption buyout in that the purchase may be deemed a dividend distribution to the seller, thus creating the risk of loss of a capital gains tax basis.
- There must be a fixing of the value of the stock through the stock purchase agreement, or at least there must be a complete explanation of the methodology of business valuation to fix the estate tax value of the stock.

CALCULATIONS

Using the pre-agreed valuation formula or methodology decided by the shareholders in the buy/sell agreement to value the stock, the business valuation must be implemented at the time of the departure or exit or death of one shareholder. The calculations must provide for meeting the agreement's methods, and it must be determined if there is a requirement by other shareholders to give consent for the sale or redemption along with the payment methods and terms after the price has been determined.

- In calculating the payments, if made by installments, there is an issue as to whether the stock of the estate and/or of the surviving owners shall be pledged as security.

• Other security may also be given for the unpaid portion of the purchase price paid by surviving shareholders. Along with security, voting rights must be decided for stock held as collateral.
• If the parties agree that nonemployees of the corporation cannot be shareholders, then while the time payment buyout is happening, there may be voting restrictions placed on the decedent's estate or on the shares to be obtained by the surviving shareholder time purchasers.
• The agreement should declare whether the purchase price includes the value of goodwill, or do the shareholders agree to allow the stock to be transferred based on tangible assets or book value only.
• An important consideration is whether or not the surviving shareholders are required to purchase or whether they should just have the first right of refusal to purchase an exiting shareholder's stock. This decreases the pressure, especially on a young or new shareholder with less profit from the business, when there is an early exiting shareholder.
• If surviving shareholders only have the right of first refusal, then the burden to sell is placed on the seller to find the third-party offer to purchase, rather than on the surviving shareholders to immediately come up with a cash offer.



EXAMPLES

• Two shareholders own a veterinary practice. One is a local resident and the other is a relatively young practitioner from out of town, buying in. The young practitioner's parents become drastically ill across the country, and the young practitioner must go back home, out of the area, and can no longer work in the practice. The agreement will allow for the departing shareholder to at least get a commitment to be paid by the surviving shareholder or the corporation upon the unexpected, sudden departure.
• If the senior practice owner decides to sell a minority interest to more junior veterinarians, and the junior veterinarians are buying the stock on time, then agreements can be made in the buy/sell document to use stock as security, but to limit the voting rights so that the primary senior shareholder remains in control until the newer shareholders have finished paying for their stock.
• When there is an owner veterinarian who dies unexpectedly and the veterinarian's family and spouse now have an estate, including the ownership interest, but the shareholder buy/sell agreement specifies that there would not be stock ownership without employment, or even if the state law also prohibits nonveterinary owners, then the estate has hereby a fixed methodology for stock valuation and a planned methodology of payment receipts, either from the corporation or the surviving shareholders as they pay the estate.



CAUTIONS

N/A



MISCELLANEOUS

• Buy/sell agreements, whether cross-purchase agreements or redemption agreements, are mandatory for any multiple-owner veterinary hospital.
• Every buy/sell agreement must include provisions for stock sale on the death of a shareholder, the disability of a shareholder, the retirement of a shareholder (at least on the following conditions of a shareholder: bankruptcy, marriage, divorce, or simply the want-out, get-out, buy-out individual).
• Buy/sell agreements, as previously described, are discussed from a corporate perspective. They can and should apply to every form of multi-owner entity, including partnership, but the terms may be incorporated into the partnership agreement rather than having a separate document.
• Similarly, the terms required for this important document may be included in the operating agreement of an LLC.
• The most important point of this whole topic is that there should never be multiple owners in a business without a plan to allow exit from ownership by one or more owners without the event resulting in an adversarial relationship.

ABBREVIATIONS

LLC: Limited liability company

References

N/A

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13.10. EMPLOYEES VERSUS INDEPENDENT CONTRACTORS



BASICS

OVERVIEW

Classifying an employee is a complex issue that involves laws, rules, court cases, and state and federal regulations.

Businesses must pay payroll taxes and provide worker's compensation insurance coverage for employees. Businesses are not required to withhold and pay these taxes on workers that are independent contractors. Taxes and insurances can account for over 30% of a business's total labor costs. Additionally, liability from negligence actions and labor laws is increased if workers are employees, but not independent contractors. Therefore, a large incentive exists for practices to classify workers as independent contractors and not as employees.

The quintessential contractor is temporarily hired for a job or task, uses their own tools and equipment, determines their own schedule, takes their own investment and risks, and has complete control over how the task is completed. An example would be a construction worker hired to build an addition to the practice. Stated another way, contractors own their own businesses, which are independent of the practice.

In a classic employer–employee relationship, the employer sets the schedule, gives instructions and training, provides tools and equipment, provides the investment, and takes the risks associated with the work. An example would be a veterinary technician/nurse that works defined shifts in an urgent care practice using all of the practice's equipment. Stated another way, the employee is part of the business of the employer in terms of control and economic unit.

In reality, a continuum exists from these two extremes of classic contractor to classic employee, with much gray area for each individual situation.

Both parties to independent contractor relationships should seek the advice of labor attorneys or accountants who are knowledgeable about federal and state laws and agency rules.

Form SS-8 can be submitted to the Internal Revenue Service (IRS) for formal determination of worker status for purposes of federal employment taxes and income tax withholding, but employers may use the form as a "self-audit" to avoid misclassification.[1] None of the factors are fully dispositive of classification, but collectively influence the determination, and each factor should be considered when classifying workers in practices.

TERMS DEFINED

1099-MISC Form: The form a company issues to its independent contractors, citing all monies paid to the individual on an untaxed basis. It is then the responsibility of the independent contractor to file and pay all appropriate federal, state, and local taxes. Practices that pay independent contractors $600 or more in a year must file a 1099-MISC with the IRS and provide a copy to the recipient of the payment.

Employees: Workers hired by practice owners to perform specified job tasks during delineated time periods, subject to the authority and control of their employers.

Independent Contractors: Workers who are contracted by veterinary practice owners to perform certain jobs for the practice.

Payroll Taxes: Taxes that are paid by employees and employers. During payroll periods, the employer pays one half of the taxes and withholds the employee's one half and submits payments to the state and federal government. These taxes are comprised of social security and Medicare taxes, which are mandated by the Federal Insurance Contributions Act and unemployment taxes, which are mandated by the Federal Unemployment Tax Act and state counterparts.



ISSUES AND OPTIONS

THE INDEPENDENT CONTRACTOR

- True independent contractors have flexibility when practicing veterinary medicine or serving as relief veterinary technicians, because they are in control of their behavior and finances.
- They establish the fees for their time and maintain their own work schedules.
- They can deduct ordinary and necessary business expenses, such as home office expenses, travel, licensure, continuing education, Internet service, and phone plans.
- They can establish and maintain retirement plans and choose the types and numbers of practices for which they work.
- Contractors may lose money because they bear financial risk. Also, their income may vary from job to job, month to month, and year to year.
- They must pay business taxes, expenses, and their own benefits.
- To provide for vacations and sick leave, cover the costs of health insurance and continuing education, and pay association dues, liability insurance, and licensing fees, contractors need to add another 10–12% to the daily amount they receive for their efforts.
- To compare net income with employees, independent contractors must charge fees that are 25–32% higher than the salaries received by similarly positioned employees due to taxes and benefits.

THE VETERINARY PRACTICE

- Veterinary practices can benefit financially by using independent contractors because practices do not pay any federal or state income, payroll taxes, or worker's compensation on money paid to independent contractors.
- They simply generate an IRS 1099 form at the end of the tax year and submit to the independent contractor.
- Practices are able to contract with independent contractors for short time periods with minimal tax filing requirements.
- Except in unusual circumstances, practice owners are not liable for damages to third parties caused by the actions of independent contractors.
- Mistakenly classifying employees as independent contractors can result in disciplinary actions taken against employers by taxing agencies, including forced payment of back taxes plus interest and penalties.
- Veterinary practices cannot direct, supervise, or instruct independent contractors as to how they are to complete their work.
- They can establish standard fees for their veterinary practices; however, they cannot require that their independent contractors comply with such fee schedules.

THE IRS'S FACTORS FOR MAKING THE DETERMINATION BETWEEN INDEPENDENT CONTRACTOR OR EMPLOYEE

The three major groups of factors that will be examined in an audit are, behavioral control, financial control, and the type of relationship.

Behavioral Control

The more restrictions that the practice puts on the worker for time, assignment of tasks, and how to complete the tasks, the more likely the worker will be classified as an employee. The behavioral control test is the most important of the areas of factors.

- To determine behavioral control, questions will be asked such as:
  - What specific training and/or instructions is the worker given?
  - Who determines the methods, orders, or sequence by which the assignments are given?
  - At what location does the worker perform the services?

- Is the worker required to perform the work personally, or could they subcontract the work?
- Who hires and pays helpers or substitutes?

Financial Control

The more risk of loss that the worker carries, the more likely they will be classified as having their own business as an independent contractor. If the worker is paid hourly or by salary, they are more likely to be an employee. If they are paid by the job or project, an independent contractor classification is more likely.

- To determine behavioral control, questions will be asked such as:
  - What supplies, equipment, materials, and property are provided by each party?
  - What expenses are incurred by the worker in the performance of services for the firm?
  - How is the worker paid? By salary, hourly, commission, by project, or lump sum?
  - Who does the customer pay?
  - Can the worker realize a profit or loss?

Type of Relationship

The way that the practice and the worker intend their relationship has some bearing on the classification, but a simple title cannot overcome the function of the relationship.

- Questions that will be asked to determine the perceived relationship include:
  - Are benefits such as paid vacations, sick pay, paid holidays, pensions, insurance, or bonuses available to the worker?
  - Is the worker exclusive to the practice or do they work for other businesses?
  - Is the relationship permanent or indefinite, or is it period or project based?
  - Are the services performed a key aspect of the business, or are they peripheral to the core service offerings?
- If the parties can show that they have a "reasonable basis" for classifying a worker that later is found to be an incorrect classification, they can limit fines, taxes, and penalties. To pass the reasonable basis test, they must show a good-faith effort to comply with the law.

INDEPENDENT CONTRACTOR CONTRACTS

Independent contractor contracts evince the intent of both parties to create an independent contractor relationship.

An independent contractor contract should provide clear understanding of responsibilities, control, financial, liability, and risks to be borne by both parties.



EXAMPLES

COMMON SCENARIOS IN VETERINARY MEDICINE THAT WOULD LIKELY FAIL THE INDEPENDENT CONTRACTOR CLASSIFICATION

- General practitioners who work the same hours or days of the week and use the staff, fee schedules, and billing procedures of the practice owners, even if they work for more than one practice.
- General practitioners or veterinary technicians who work specified shifts at emergency clinics on a part-time but consistent basis over a period of several months or more.
- General practitioners or technicians who work as employees in one practice and fill in occasionally for a few days at a time at only one other practice.

VETERINARIANS AND TECHNICIANS WHO PROBABLY CAN MEET THE INDEPENDENT CONTRACTOR CRITERIA

- Specialists who work as mobile surgeons, ultrasonographers, endoscopists, internists, general practitioners, and consultants for practices, who complete specific procedures, consultations, or limited engagements and transfer the post-visit care to the veterinary practice.
- Veterinarians who work short periods of time at multiple veterinary practices as "relief veterinarians."
- Technicians that perform similar specialist or short-term relief services.



CAUTIONS

LIABILITY FOR ACTIONS OF INDEPENDENT CONTRACTORS VERSUS EMPLOYEES

- Employers are liable to third parties or their animal patients injured by the negligent acts of their employees.
- Veterinary practices generally are not liable for injuries suffered by third parties injured as a result of the negligence of their independent contractors. This is one of the risks inherent in providing services as an independent contractor and why such parties must have good insurance.
- Contractors can become liable for injuries caused or incurred by their actions under the extensive list of circumstances set forth in chapter 10 of Wilson et al.[2]
- If misclassified independent contractors fail to file their own income taxes, employers who have not filed payroll taxes on them may have to pay all past-due employment taxes plus interest and penalty charges.
- Veterinary practices and independent contractors should periodically reevaluate their working relationships to ensure that they in compliance with federal and state laws.
- Misclassification of employees as independent contractors, without a reasonable basis, can result in significant tax liability, fines, and jail time.[3]



MISCELLANEOUS

ABBREVIATIONS

IRS: Internal Revenue Service

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13.11. NONCOMPETITION



BASICS

OVERVIEW

• Noncompetition, in the form of noncompete clauses in employment agreements, or a covenant not to compete (CNC), or restrictive covenants, refers to specific legal terms used in contract law.
• Typical noncompete clauses attempt to prevent employees of the practice from participating in competitive businesses within a given distance of the practice and for a defined period of time after leaving the practice.
• Ordinary business competition is to be encouraged, and noncompetition is likely to only be enforced to prohibit activities that unfairly take business from a practice.
• Most US states recognize and enforce noncompete agreements, with a few notable exceptions. In most other countries, CNCs are allowable if the employer can document a reasonable business interest.
• Noncompetition clauses are just the most common types of restrictive covenants, but there are many others, including those in which employees agree not to solicit or accept business from the employer's existing customers, not to solicit or hire the employer's existing customers or staff, and agreements not to disclose confidential information.

TERMS DEFINED

Consideration: A legal term in which something of value is exchanged for a tangible benefit, such as a potential employee willingly signing a noncompete agreement in exchange for employment, compensation, and perhaps even additional remuneration.
Noncompetition: A noncompete agreement is a promise by an employee not to compete with his or her employer for a specified time and within a specified geographic region.
Restrictive Covenant: Any type of agreement that requires an individual to take or abstain from a specific action.
Trade Area: Also known as a catchment area, this is the geographic area around a business wherein you are most likely to acquire the majority of customers. The *majority* of customers are generally defined as 80% of the total customer base.



ISSUES AND OPTIONS

• The issue of noncompetition is most commonly encountered in employment contracts (see 13.7 – Employment Contracts), partnership agreements (see 13.8 – Partnership Agreements), and buy/sell agreements (see 13.9 – Buy/Sell Agreements). An agreement not to compete may be one of many covenants in an employment contract or a partnership or shareholder buy/sell agreement, or it may be written as a separate document as part of a purchase agreement for the sale of a practice.[1]
• Noncompete clauses are common in today's employment contracts, and may be present in about 90% of such contracts.[2]
• The purpose of the clause or covenant is to protect the practice after an employee has resigned or been terminated, and serves to stop that employee from competing unfairly against the practice with knowledge of certain confidential information, such as client lists, marketing plans, business contacts, or business practices.
• For most CNCs there is a contractual agreement that the employee will not compete against the practice after leaving, in a defined geographic area and for a defined period of time.
• As a contract provision, the noncompete clause is bound by regular contract requirements, which include the consideration doctrine – the agreement that the right to compete is being surrendered in exchange for a benefit (such as the offer of employment and compensation).
• The appropriate area and duration will vary depending on the type of practice and the setting. In most urban and suburban areas, there might be a CNC in the practice's predetermined trade area, the region from which it draws most of its clients (see 1.4 – Veterinary Trade Areas).
• CNCs are unlikely to be enforced by courts if the area is deemed unreasonable (e.g., within 120 miles/200 km) for a primary-care practice, or for an unreasonable time period (e.g., five years).
• A covenant that restricts the veterinarian from practicing in areas where the practice did not derive clients is likely to be regarded as an unfair restraint of trade because it negatively impacts the employee from practicing in an area from which the original practice did not have a significant presence.
• If a departing veterinarian violates a CNC, court action can be sought to enforce the covenant and order the veterinarian to stop the prohibited practice and pay for the damages she or he has wrongly caused.[1] However, such actions are not a foregone conclusion just because a CNC is in place, and courts may not choose to enforce such a covenant if they believe that it is restricting an individual's ability to work, and if there is public benefit associated with such competition. Individual jurisdictions may ultimately determine whether they will enforce such covenants.
• In deciding whether to enforce a CNC, courts are likely to evaluate the reasonableness of the covenant, including the actual activities prohibited, the geographic extent of the limitation, the time for which competition is prohibited, and the consideration given as part of the original agreement and covenant.
• Typically, the employer has the burden of proof regarding any CNC.
• Despite the issues involved in securing an enforceable CNC, the benefits outweigh the burdens because, without a CNC, a departing veterinarian, whether employee or seller, is free to engage in a competing practice.[1]
• Even without a CNC, employees are not allowed to take trade secrets, including client lists, but the extent of the impropriety may still need to be settled in court.

NONCOMPETITION CLAUSES IN EMPLOYMENT CONTRACTS

• Not all states enforce a CNC in an employment contract.[1] Still, without a covenant in place, there is little protection for the employer should an employee choose to leave and directly compete with that practice.
• Given all the concerns about the enforceability of noncompete agreements, one might wonder why they are included in so many contracts. Their inclusion seems to suggest a legitimate purpose when fairly negotiated.
• Noncompete clauses can be fairly negotiated. Employees are hired and compensated, and it should be expected that in exchange for these considerations that they should not harm the practice by directly competing with it by breaking covenants that were fairly negotiated prior to employment.
• Noncompete clauses, and the contracts in which they are contained, can be covered in plain language and really do not need to be obscured by "legalese" or require an attorney to decipher them. Both parties benefit if the intent is clearly communicated and accepted.
• To be considered fair and reasonable, noncompete clauses are best negotiated as part of initial contract discussions, in which the restricted time frame is not excessive (six months to two years is common), and the restricted area is defensible (the practice's existing trade/catchment area). The scope of activity restricted is typically that of the duties for which the veterinarian was hired for the practice; it would be unreasonable to restrict the individual from unrelated duties. For most primary-care veterinary practices, the trade area, the area from which most clients are derived, is typically a 10-minute drive time; for

specialty practices, that might be a 45-minute drive time (see 1.4 – Veterinary Trade Areas). If necessary, the trade area can be documented by creating a graphical representation of the existing client base, which can substantiate the legitimacy of the trade area claimed.
- It is more likely that courts will enforce noncompetition agreements (if they are allowed in the jurisdiction) if the employer can prove a legitimate business interest to protect, the restriction to the employee's right to compete is not excessive, and that the employee received adequate value in exchange for the restriction.
- In general, the CNC should be supported by appropriate consideration, which is the benefit to the veterinarian whose future options will be restricted. In some cases, in addition to the offer of employment, a separate amount of money is offered in exchange for agreeing not to compete. In buy/sell agreements, for the seller not to directly compete with the buyer, the sale typically includes the goodwill of the business and the seller should receive sufficient consideration for agreeing not to compete; often, a portion of the purchase price is allocated for this purpose.[1]



EXAMPLES

N/A



CAUTIONS

- Even if noncompetition clauses are ultimately unenforceable in a specific jurisdiction, if they are fairly negotiated then there are compelling ethical reasons to honor them.
- Breaching noncompete clauses may not always have immediate consequences in all cases, but it can raise concerns for future opportunities in which individuals are asked if they have ever acted in violation of prior employment contracts.
  - CNCs are best negotiated before employment has started, when the consideration aspect might be covered by the job offer and compensation. Asking existing employees to sign restrictive covenants after they are already working in the practice might require additional consideration in exchange for the restriction.
  - Both parties to the agreement should consult lawyers so that they have adequate representation in reaching a fair negotiated arrangement.

In most cases, noncompetition clauses are a feature of employment agreements. As such, noncompetition clauses are not typically included in agreements with independent contractors (see 13.10 – Employees versus Independent Contractors) and are not likely to be enforceable if written into agreements where the individual/entity truly is an independent contractor.



MISCELLANEOUS

ABBREVIATIONS

CNC: Covenant not to compete

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13.12. LEGAL DUTY TO REFER



BASICS

OVERVIEW

Our society imposes different types of duties – ethical, moral, and legal – on licensed professionals. Each type of duty carries with it differing sets of obligations and considerations. Typically, moral and ethical duties are defined by the profession's governing association's conduct guidelines as well as the practitioner's personal "moral compass." Yet, legal duties are imposed by federal laws, state statutes, and administrative agency regulations as determined by a third party's/legislator's (objective) standards. Unlike ethical/moral deviations, a practitioner's noncompliance with applicable laws and regulations can carry significant potential problems and penalties.

Regardless of the specific type of duty owed, a veterinarian has a legal/moral/ethical obligation not to cause harm or injury to either self, animals, clients/owners, or other persons.

Veterinarians do not have a legal duty to provide treatment to all injured animals.

However, in general, once a veterinarian begins to provide care or treatment to an animal, the duty to act or not act in a certain manner becomes critically important. In accordance with the veterinary profession's principles and guidelines established by the American Veterinary Medical Association (AVMA) and the American Animal Hospital Association (AAHA), there is an ethical duty of referral created when a veterinarian has already "assumed the responsibility" for making "clinical judgments regarding the health of the patient," the client has "agreed to follow the veterinarians' instructions" and that the veterinarian is either "readily available for follow-up evaluation *or* has arranged for the following: veterinary emergency coverage, and continuing care and treatment."

Aside from ethical or moral considerations, at the point when the veterinarian agrees to provide services to a patient/animal, he or she also becomes legally responsible ("liable") with regard to the treatment and care being rendered. Such treatment and care must be in accordance with (1) the standards of the profession, as defined by various regulatory administrative agencies, including the jurisdiction's Board of Veterinary Medicine, (2) all applicable federal, state, and local laws, and (3) the animal's owner's/client's needs or requests under the veterinarian–client–patient relationship (VCPR).

Generally, legal liability can potentially attach to a veterinarian's actions or inactions especially if, as a result, the animal suffers harm, injuries, or death that was potentially curable or preventable had the animal been referred to, or treated by, another veterinarian, a veterinary specialist/expert, or at a specialized (i.e., emergency) facility.

An exception where legal liability does not attach to a veterinarian's actions applies in jurisdictions with "Good Samaritan"-type laws. In those jurisdictions, veterinarians who provide on-site medical treatment or care to an animal at the scene of an accident or emergency, at no cost to the owner, are generally protected from legal liability – especially against allegations of malpractice or negligence in case of further injury/death that might occur to the animal.

TERMS DEFINED

Legal Duty: Any duty that is defined or regulated by laws in the jurisdiction where the veterinarian is licensed to practice.

Reasonableness: The subjective standard by which the actions of a veterinarian with similar qualifications, skills, and knowledge is determined.

Standard of Care: A standard of care typically means the degree of care that a prudent, reasonable, and similarly skilled/educated/licensed veterinary colleague would act, under similar circumstances, to prevent further injury, harm, or damages (including death) from occurring to the animal being treated.



ISSUES AND OPTIONS

PARSING "DUTY" VERSUS "LEGAL DUTY"

In general, a veterinarian's duty focuses upon the conduct and manner in which care is provided for the continuation of animals' good health and, in so doing, strive towards improving public health as well – especially through diagnosing, treating, and researching medical health conditions and diseases of animals. Generally, the duty is reflective of the standard of care imposed by (1) the obligations under the applicable state and federal laws, (2) local regulations, and (3) canons of professional ethics.

In exercising professional duties, the standards of care for veterinary medical treatment of an animal can vary significantly, depending upon the individual facts and circumstances presented.

Legal duty means any duty that is defined or regulated by laws in the jurisdiction where the veterinarian is licensed to practice. Legal duty can also be imputed upon a veterinarian in accordance with precedent established by case law, regulations, or standards applied to other legal claims (such as avoiding potential for fraudulent business practices).

- A variety of legal duties apply to the practice of veterinary medicine, such as the use/storage/recordkeeping/dispensing of controlled substances, maintaining a safe work environment, employment-related issues, licensure compliance, building codes and business permits, and in some jurisdictions there is a legal duty to refer patients under certain specific conditions/circumstances.
- A veterinarian's duty to meet the applicable "standards of care" becomes crucially important - especially for potentially triggering a legal duty to refer the patient to another practitioner.

"REASONABLENESS"

Referring patients to another practitioner is usually based upon the premise that, given similar facts and circumstances, would any other veterinarian with similar qualifications, skills, and knowledge have *reasonably* sent the patient/animal to another doctor with a more specialized level of expertise/knowledge or to a better-equipped facility in order to minimize further potential risk of harm or injury to the animal? If the answer is "yes" then there is the strong likelihood that the treating doctor would have a duty to refer his or her patient to another veterinarian. Yet, this is not necessarily a *legal* duty.

Depending upon the particular facts and circumstances, the failure or refusal of a treating veterinarian to refer a patient/animal elsewhere for continuing medical care and treatment might not rise to the level of a "legal duty violation," but it could trigger the creation of other legal claims, such as negligence, malpractice, fraudulent business practices, conversion, or breach of contract against the veterinarian.

Legal Duty to Refer versus Legal Liability for not Referring

Depending on the jurisdiction, a legal duty to refer typically occurs in one of two contexts: either specifically (by law or regulation) or indirectly (by triggering other laws/regulations that were violated as a result of veterinarian's failure to refer).

Depending upon the particular facts and circumstances at issue, if no specific law for referral applies when a VCPR is established, a legal duty to refer could potentially be created under one or more of the following circumstances:

- the client specifically requests referral to another practitioner, or
- the treating veterinarian's business is closed, or no veterinarian is present (due to nonbusiness hours, illness, or vacation), or
- required diagnostic medical equipment is nonfunctioning or not available, or
- the treating veterinarian has lack of experience or knowledge regarding the animal's particular condition (standard of care cannot be met by the treating veterinarian under the circumstances/facts of the situation), or

• lack of staff/personnel to assist veterinarian in providing necessary care to the animal.

An implied duty to refer becomes dependent upon several factors, such as:

• the degree of urgency of the situation;
• the limitations of the practitioner's training, skills or knowledge;
• the consent of the owner/guardian of the animal after being fully informed of alternatives (benefits, risks and estimated costs of each alternative); and
• the limitations of the particular location (rural versus metropolitan) and related ease of access to equipment, medications/drugs, specialists, assistants.

Yet, none of the above factors, considered independently, is determinative on its own of imposing any legal duty to refer a patient elsewhere.

POTENTIAL DEFENSES AGAINST CLIENT'S CLAIMS OF FAILURE TO REFER

• **Client rejected the referral.** The legal duty to refer a patient to another veterinarian does not necessarily mean that the client must agree to the referral. Keep in mind, this is not a definitive defense. Even if client rejects or fails to follow through on the veterinarian's recommended referral of the animal to another practitioner/facility, legal claims can still be potentially raised against the treating veterinarian for other reasons.
• **Contributory negligence of the client/complaining party.** In certain jurisdictions where the claim of contributory negligence can be made as a defense, the treating veterinarian should be able to show that the animal's owner (or caregiver) was partially to blame for the animal's post-treatment injuries or harm.
• Client's failure to provide expert testimony for allegations made in a lawsuit claiming that a referral of the patient would have produced different results or outcome.
• Failure to prove all of the required elements for legal duty to refer, especially in allegations of negligence or malpractice.
• Statute of limitations has passed.
• Evidentiary proof that prior treatment of animals with same condition had been successfully resolved.
• Evidentiary proof showing that no harm, injury, or damages were incurred as a result of veterinarian's treatment.

EXAMPLES

N/A

CAUTIONS

Review your local regulations and "Veterinary Practice Act" laws to determine which, if any, types of referrals are required ("legal duty") in your jurisdiction.

Clearly communicate with owner regarding referral or treatment and document the communications. Provide sufficient information for a reasonable person to understand the benefits and risks of *each* alternative treatment for the animal – including risks of nonreferral, risk of treatment being withheld, or potential euthanasia (if applicable). Inform the client/owner of the most common or serious complications, including follow-up care (medicine is an inexact science – be realistic). Document the communications.

Always use written consent and written waiver forms. When possible, have client sign refusal of treatment or refusal of referral, whichever is applicable, after the treating veterinarian has informed the client of the various medical alternatives (if any).

Takeaway message. Acknowledging one's own limitations can be difficult. Veterinarians who accept and acknowledge that the referral of an animal–patient for specialized treatment, including the ability of the owner to consult with specialty practitioners on a specific case – even if it is not a legal duty to do so – could potentially save that animal's life. At the very least, by personally seeking the advice of another veterinary practitioner specialist regarding possible treatment options, many veterinarians can potentially avoid losing money (on fees of defense attorneys or court-ordered fines/penalties) and avoid many stressful time-consuming moments with upset clients or lawyers alleging claims such as professional misconduct, fraud, negligence, or malpractice.

Disclaimer. *The following is a generic overview of the subject matter for educational purposes only and not intended as legal advice. Employment laws vary depending upon jurisdiction/location of the veterinary practice and the applicable set of facts and circumstances. Consult with an employment lawyer in your area for advice and consultation about your business needs regarding this subject matter.*

MISCELLANEOUS

ETHICS AND REFERRALS

In the United States, a veterinarian's ethical duties are established through the veterinary profession's guidelines and principles, such as those proffered by the AVMA and the AAHA. The AVMA has published a comprehensive set of ethical conduct guidelines known as the *Principles of Veterinary Medical Ethics* by which "all veterinarians are expected to adhere." The AAHA has established referral guidelines for "companion animal practices addressing all matters of communication between those veterinarians referring and those receiving patients." Both organizations emphasize the importance of collaboration with colleagues and clients in efforts to provide the highest quality of care for patients.

ABBREVIATIONS

AAHA: American Animal Hospital Association
AVMA: American Veterinary Medical Association
VCPR: Veterinarian–client–patient relationship

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N/A

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13.13. EXTRALABEL DRUG USE



BASICS

OVERVIEW

Although every year more drugs are approved specifically for use in animals, there still remain a number of conditions, diseases, and situations where veterinarians are required to use approved veterinary or human drugs to treat their patients in an extralabel manner. Extralabel use refers to the use of an approved drug in a manner that is not in accordance with the approved label directions and can include differences in:

- indication – treatment, prevention, or control for a condition or disease;
- species;
- signalment – age, sex, weight, breeding, lactating, pregnant;
- dosing regimen – dosage, route of administration, dosing interval;
- formulation – changing formulation for a specific use (e.g., injectable formulation used oral transmucosally).

The US Food and Drug Administration (FDA) recognizes the professional judgment of veterinarians, and legally allows use of approved human and animal drugs in an extralabel manner (within certain restrictions) under The Animal Medicinal Drug Use Clarification Act of 1994 (AMDUCA).[1] AMDUCA applies only to drugs approved by the FDA. Vaccines, bacterins, other biologics, and diagnostics are regulated by the United States Department of Agriculture, Animal and Plant Health Inspection Service, Center for Veterinary Biologics.[2] Veterinarians are allowed discretionary use of vaccines; state regulations should be referred to in order to determine if use of vaccines in animal species not listed on the label is allowed. Topical pesticides used to treat ticks and fleas (shampoos, collars, dust or powder, sprays, spot-on products) are regulated by the Environmental Protection Agency (EPA), which does not acknowledge veterinary discretion regarding use of these products. Under the Federal Insecticide, Fungicide, and Rodenticide Act, all extralabel uses of EPA veterinary products are illegal.[2]

TERMS DEFINED

Extralabel Use: Actual use or intended use of a drug in an animal in a manner that is not in accordance with the approved labeling. This includes, but is not limited to, use in species not listed in the labeling, use for indications (disease and other conditions) not listed in the labeling, use at dosage levels, frequencies, or routes of administration other than those stated in the labeling, and deviation from labeled withdrawal time based on these different uses.[1]

Veterinarian–Client–Patient Relationship (VCPR): A valid VCPR requires that the veterinarian: (1) assumes responsibility for and recommends management of the health of the patient, which the client has agreed to follow; (2) is personally acquainted with and has sufficient knowledge of the patient to diagnose the patient's medical condition; (3) is readily available for or has arraigned for follow-up and continuing care and treatment; (4) provides oversight of treatment, compliance, and outcome; and (5) maintains the patient's records.[3]



ISSUES AND OPTIONS

Prior to prescribing drugs in an extralabel manner, veterinarians should ensure that the diagnosis is confirmed and that there is no approved drug labeled, or if there is an approved drug that it has been determined to be ineffective for the intended use. In non-food-producing animals, a drug labeled for use in humans can be administered even if an animal-label drug for that species and medical condition exists. AMDUCA does not allow unrestricted extralabel use. Specific limitations of this law are as follows:[1]

- extralabel use is limited to circumstances when the health of an animal is threatened, or suffering or death may result from failure to treat;
- extralabel use of drugs may only take place within the scope of a valid VCPR;
- extralabel use of drugs in animal feed is prohibited;
- extralabel use cannot include list of drugs prohibited from extralabel use as specified and listed in 21 Code of Federal Regulations (CFR) 530.41.[1]

Because extralabel use of drugs in food-producing animals can pose a hazard for human health due to drug residues, additional restrictions apply to extralabel use of drugs in food-producing animals. A full description of the extralabel use of drugs in food animals is beyond the scope of this chapter but can be found in 21 CFR 530.[1] The rest of this chapter will focus on the extralabel use of FDA-approved drugs in non-food-producing animals.

LABELING OF DRUGS PRESCRIBED FOR EXTRALABEL USE

Extralabel use of approved drugs[4] can be dispensed either by the veterinarian or by a pharmacist on the order of a veterinarian. In order to ensure that the prescription contains information adequate to ensure the safe and proper use of the drug, the following are required:

1. Name and address of the prescribing veterinarian. When the drug is dispensed by a pharmacy, the labeling shall include, in addition to the veterinarian's information, the name and address of the dispensing pharmacy.
2. Established name of the drug (active ingredient) or drugs of each ingredient included in the formulation.
3. Directions for use specified by the veterinarian, including species or identification of the animal(s) being treated; dosage, frequency, and route of administration; and the duration of therapy.
4. Any cautionary statements.

ADDITIONAL CONSIDERATIONS

When deciding to use an approved drug in an extralabel manner, consider if there is a drug that is approved for that species and indication. Under AMDUCA, veterinarians are allowed to use drugs approved for use in humans even if an animal-label drug for that species and medical condition exists.[2] However, realize that the data generated for approval of these drugs relied on the pharmacokinetics, pharmacodynamics, clinical safety, and efficacy in humans. The decision to use a drug in an extralabel manner should be based on the evidence that supports the efficacy and safety of that drug for the intended use. There is a hierarchy to the level of evidence that evaluates the type and quality of published studies and other information. Systematic reviews and randomized controlled studies are considered the highest level of evidence. Single case reports, opinions and editorials, and in vitro studies are considered to be the lowest level of evidence. When prescribing drugs in an extralabel manner, the veterinarian must keep records of prescription/treatment and should report any adverse drug reactions associated with the extralabel use to the FDA-CVM (see 12.13 – Adverse Drug Event Reporting and Pharmacovigilance).

CLIENT CONSENT

Veterinarians should always discuss the available treatment options with their clients, especially when extralabel use of a drug is indicated. It is important for clients to understand that their pets are being treated with a drug in an extralabel manner and the limit of safety and efficacy information on the use of these drugs. Various states have implemented legislation that requires that client consent be obtained for extralabel use. Veterinarians should check with their local laws on requirements for a signed consent form.[2] Client consent forms should

include the intended use for the drug that is used in an extralabel manner as well as statements that (a) identify the drug is not approved by the FDA for the intended use, (b) reveal there is limited knowledge on the safety of the drug for the intended use, and (c) indicate the client is giving written consent for the drug to be used in the manner stated in the consent form.

COMPOUNDING UNDER AMDUCA

The FDA defines compounding as a practice in which a licensed pharmacist, a licensed physician, or, in the case of an outsourcing facility, a person under the supervision of a licensed pharmacist combines, mixes, or alters ingredients of a drug to create a medication tailored to the needs of an individual patient.[5] Under AMDUCA,[2] compounding is considered extralabel drug use and must be made from an approved, finished dosage form of human or animal drugs only. AMDUCA does not permit veterinarians, pharmacists, or outsourcing facilities to compound preparations from bulk (i.e., raw active ingredient) drugs. Compounding is allowed if the following criteria are followed.

1. The veterinarian follows AMDUCA regulations.
2. There is not an approved animal or human drug in the available dosage form and concentration that will adequately treat the diagnosed condition.
3. Compounding is performed by a licensed pharmacist upon the order of a veterinarian or by a veterinarian within the scope of their professional practice with proper compounding practices to ensure the preparation is safe and effective.
4. Only the amount needed for treating an individual patient adequately should be compounded at a specific time.
5. All relevant state laws relating to the compounding of drugs for use in animals are followed.

EXAMPLES

N/A

CAUTIONS

LIABILITY FOR THE VETERINARIAN WHEN PRESCRIBING DRUGS IN AN EXTRALABEL MANNER

Veterinarians can minimize their risk for liability regarding any adverse drugs event that occurs in association with the extralabel use of a drug by following the criteria set forth in AMDUCA and local regulations that govern extralabel use of drugs. Failure to follow these regulations could potentially make a veterinarian liable if an adverse event occurs and increase their risk of actions by the FDA, including warning letters, regulatory meetings, product seizures, injunctions, or prosecution. Veterinarians may also face disciplinary action by their state's veterinary medical board. Veterinarians are advised to check with their liability insurance carrier for terms of coverage and liability risk associated with specific extralabel uses of drugs.[2]

MISCELLANEOUS

ABBREVIATIONS

AMDUCA: Animal Medicinal Drug Use Clarification Act
CFR: Code of Federal Regulations
CVM: Center for Veterinary Medicine
EPA: Environmental Protection Agency
FDA: Food and Drug Administration
VCPR: Veterinarian–client–patient relationship

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Recommended Reading

N/A

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13.14. DISABILITY LAW



BASICS

OVERVIEW

Disability law refers to those issues that may be covered under the Americans with Disabilities Act of 1990 (ADA), now revised. The law was originally enacted on July 26, 1990, and became effective for employers with 25 of more employees on July 26, 1992. This was revised downward, however, to 15 or more employees on July 26, 1994.

The ADA's employment discrimination provisions are defined in one seemingly simple sentence that has gone on for 14 years of revision through the courts. The provisions that impose restraints upon employers are as follows: "No covered entity shall discriminate against a qualified individual with a disability because of the disability of such individual in regard to job application procedures, the hiring, advancement, or discharge of employees, employee compensation, job training, and other terms, conditions, and privileges of employment." The outcome of employers trying to abide by the definition of this statute is that employers get imposed an affirmative obligation to make "reasonable accommodations."

TERMS DEFINED

Covered Entities: The entities covered under this act include employers, unions, and joint labor–management committees.

Disability: As defined in the ADA: (1) a physical or mental impairment that substantially eliminates one or more of the major life activities of such individual; (2) a record of such impairment; or (3) being regarded as having such impairment.[1]

Employer: As defined in the ADA, a person engaged in an industry affecting commerce that, as of July 26, 1994, employs 15 or more employees. This definition also includes an employer as a person acting as the agent of an employer, also being an employer.

Equal Employment Opportunity Commission (EEOC): This is the commission at either the federal or state level that is responsible for implementing the regulations to enforce the ADA statutes, whether state or federal.

Person: As defined in the ADA, "person" includes one or more individuals, governments, governmental agencies, political subdivisions, labor unions, partnerships, associations, corporations, or legal representatives. Thus, from this definition, it can be seen that employers include the private sector and state and local governments employing 15 or more employees. The federal government, however, is expressly excluded.



ISSUES AND OPTIONS

DISCRIMINATION

Discrimination against the individual might include any of the following:

- Limiting, segregating, or classifying a job applicant or employee in a way that adversely affects the opportunities or status of the applicant or employee because of his disability.
- Entering into an arrangement such as with an employment or referral agency or a leasing organization that subjects an applicant or employee to discrimination.
- Using standards, criteria, or administrative procedures that either discriminate or "perpetuate the discrimination of others who are subject to common administrative control."
- Discriminating against a qualified individual because of the known disability of an individual with whom the qualified individual is known to have a relationship or association.
- Not making a reasonable accommodation to the known physical or mental limitations of an otherwise qualified applicant or employee with a disability, unless the accommodation would impose an undue hardship on the business operation.
- Denying employment opportunities to an applicant or employee who is an otherwise qualified individual with a disability, if the denial is based on the need of the business to make reasonable accommodations.
- Using qualification standards, employment tests, or other selection criteria that screen out an individual or class of individuals with disabilities, unless the selection criteria used by the employer are job related and consistent with business necessities.
- Failing to administer tests concerning employment in the most effective manner to ensure that, when the tests are administered to an applicant or employee who has disability that impairs sensory, manual, or speaking skills, the test results accurately measure the skills, aptitude, or other factors the test purports to measure.[2]

IMPAIRMENTS

The EEOC recognizes physical, mental, and lifestyle impairments, as well as exclusions from these categories.

Physical Impairments

- Physiological disorder or condition.
- Cosmetic disfigurement.
- Anatomical loss affecting one or more of the following body systems:
  - neurological
  - muscle skeleton
  - special sense organs
  - respiratory (including speech organs)
  - cardiovascular
  - reproductive
  - digestive
  - genitourinary
  - hemic and lymphatic
  - skin
  - endocrine.[3]

Mental Impairments

Mental or psychological disorder, such as mental retardation, organic brain syndrome, emotional or mental illness, and specific learning disabilities.[4]

Nonimpairments

The following are exclusions from impairments, according to the ADA:

- homosexuality;
- bisexuality;
- transvestitism;
- transsexualism;
- pedophilia;
- exhibitionism;
- voyeurism;
- gender identify disorders not resulting from physical impairment;
- other sexual behavior disorders;
- compulsive gambling;
- kleptomania;
- pyromania;
- psychoactive substance use disorders resulting from current illegal use of drugs.[5]

Major Life Activities

The following are the major life activities that, when limited, can be an impairment:

- caring for oneself;
- performing manual tasks;
- sitting, standing, lifting, reaching, and walking;
- seeing, hearing, speaking, breathing, learning, and working.[6]

13.14. DISABILITY LAW

DISABILITIES AND THE ADA

The major issues for any employer regarding the ADA are whether or not an individual is protected by the ADA and whether or not the employer has to provide some form of reasonable accommodation to enable the employee to perform the essential functions of the job.

A "qualified individual with a disability" is defined as an individual with a disability who, with or without a reasonable accommodation, can perform the essential functions of the employment position that such an individual holds or desires. The ADA provides that "consideration shall be given to the employer's judgment as to what functions of the job are essential."[7] Evidence of the essential functions of a job may be determined by the written job description, assuming the job description was written prior to advertising or interviewing for the job. The regulations define "essential functions" to mean the fundamental job duties of an employment position and to exclude marginal functions.[8] Regulations provide that a job function may be considered essential for any of several reasons, including the following:

- The reason the position exists is to perform the function.
- There are a limited number of employees available among whom the performance of the function could be distributed.
- The function is so highly specialized that the position's incumbent is hired because of his or her expertise or ability to perform the function.[9]

The other major issue in trying to maintain compliance with the ADA is whether or not the employer is able to reach reasonable accommodation. The term "reasonable accommodation" is defined in the ADA as follows:

- The term "reasonable accommodation" may include making existing facilities used by employees readily accessible to and usable by individuals with disabilities.
- Job restructuring, part-time or modified work schedules, reassignment to a vacant position, acquisition, or medication of equipment or devices, appropriate adjustment or medications of examinations, training materials, or policies, the provision of qualified readers or interpreters, and other similar accommodations for individuals with disabilities.[10]

The last major issue for an employer to be concerned about in meeting compliance with the ADA is that, in the requirement to provide reasonable accommodation, there is a limiting factor called undue hardship. Under the undue hardship definitions for the ADA, it provides that an employer has no obligation to extend an accommodation if an employer is able to demonstrate that the accommodation would impose an undue hardship on the operation of the employer's business.[11] The determination of what constitutes an undue hardship is not complex and is based on all relevant facts. An undue hardship is defined as "an action requiring significant difficulty or expense when considered in light of factors set forth in the following paragraph."[12] The factors to be considered in determining whether a particular accommodation would be an undue hardship for covered entity include:

- The nature and cost of the accommodation.
- The overall financial resources of the facility or facilities involved in the provision of the accommodation.
- Number of persons employed at the facility.
- Effect on expenses and resources, or the impact otherwise of such accommodation upon the facility's operation.
- Overall financial resources of the covered entity.
- Number of employees of the covered entity.
- Number, type, and location of covered entity facilities.
- Type of operation of the covered entity, including the composition, structure, and functions of the covered entity.
- Geographical separateness, administrative or fiscal relationship with the facility or facilities in question to the covered entity.[13]

Undue hardship refers to any accommodation that would be unduly costly, extensive, substantial, or disruptive, or that would fundamentally alter the nature or operation of the business.[14]



EXAMPLES

As defined under the ADA, a disability is any physical or mental impairment limiting one or more major life activities. The courts point out that the duration, extent, and impact of the impairment must be taken into account to determine if a temporary impairment is covered under the ADA. For example, a broken leg that heals normally would not be considered a disability. But if a broken leg took significantly longer than normal to heal and during that period the individual could not walk, the person would be considered disabled.

Stress or depression could be considered an impairment; however, it would have to be documented as a physiological or mental disorder. A person suffering from "general stress" because of a job or personal pressures could not claim ADA protection.



CAUTIONS

A person who has a contagious disease is considered to have an impairment. You do not have to hire or retain anyone, however, whose contagious disease poses a direct threat to the health or safety of your clients, patients, or other employees if no reasonable accommodation could reduce or eliminate the threat. Please note the aforementioned list of exclusions from ADA impairment or disabilities.



MISCELLANEOUS

Accommodation request. Before an employee can obtain protection under the ADA, he or she must inform management of his or her qualifying condition. An organization that is unaware of an employee's disability is not required to accommodate it.

ABBREVIATIONS

ADA: Americans with Disabilities Act
EEOC: Equal Employment Opportunity Commission

References

1. 42 U.S.C. § 12102(2).
2. 42 U.S.C. § 12112(b).
3. 29 C.F.R. § 1630.2(h)(1).
4. 29 C.F.R. § 1630.2(h)(2).
5. 42 U.S.C. § 12211.
6. 29 C.F.R. § 1630.2(i).
7. 42 U.S.C. § 12111(8).
8. 29 C.F.R. § 1630.2(n)(1).
9. 29 C.F.R. § 1630.2(n)(2).
10. 42 U.S.C. § 12111(9).
11. 42 U.S.C. § 12112(b)(5)(a).
12. 42 U.S.C. § 12111(10)(a).
13. 42 U.S.C. § 12111(10)(b).
14. 29 C.F.R. appendix to part § 1630.2(p).

Recommended Reading

N/A

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Karl Salzsieder, DVM, JD, CVA. Salzsieder Consulting and Legal Services; Total Practice Solutions Group, Practice Brokerage, Longview, WA. www.TPSGsales.com.

13.15. WORKPLACE HARASSMENT



BASICS

OVERVIEW

- Within the United States, Title VII of the Civil Rights Act of 1967, as amended, prohibits a covered employer from discriminating against any employee on the basis of any protected status as defined by that law or certain other federal laws.
- Title VII finds illegal discrimination to include harassment of any employee on the basis of any protected status.
- Title VII is enforced by the Equal Employment Opportunity Commission.
- Protected statuses include:
  - sex
  - race
  - color
  - national origin
  - religion
  - age
  - disability
  - veteran status
  - pregnancy
  - alienage or citizenship
  - marital status
  - creed
  - genetic predisposition or carrier status
  - sexual orientation.
- Workplace harassment is much more than just sexual harassment.
- Individuals or classes of employees can sue their employers to recover compensation and punitive damages as well as attorney's fees for violations of Title VII.
- Workplace respite can take two forms: hostile work environment and quid pro quo.
- Employers are strictly liable for quid pro quo harassment.
- Employers may be strictly liable for harassment based on a hostile work environment, unless the employer can demonstrate that it had a written, disseminated, affective policy prohibiting harassment; that the policy provided a suitable mechanism for complaining about harassment; and that the complaining employee failed to follow that policy.
- Supervisors are not individually liable under Title VII, but their actions are imputed to the employer.
- Harassment policies apply in the workplace and in any work-related setting outside of the workplace, such as during business trips, continuing education events, business meetings, and business-related social events.

TERMS DEFINED

Direct Harassment: Occurs when one person is targeted for harassing, intimidating, or offensive behavior because that individual is a member of a protected group.

Hostile Work Environment: Exists when conduct based on protected status, by anyone in the workplace, has the purpose or effect of creating a hostile, intimidating, or offensive work environment. The conduct can be verbal, nonverbal, or physical. Harassing conduct includes, but is not limited to: epithets, slurs, or negative stereotyping; threatening, intimidating, or hostile acts; denigrating jokes and display or circulation in the workplace of written or graphic material that denigrates or shows hostility or aversion toward an individual or group (including through e-mail or other Internet communication sites).

Quid Pro Quo Sexual Harassment: Occurs when a supervisor conditions the granting of employment benefits upon the receipt of sexual favors from a subordinate, or when a supervisor punishes the subordinate for refusing to submit to his or her request for sexual favors.

Sexual Harassment: Exists when there are unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature; for example: submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or, such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.



ISSUES AND OPTIONS

- Title VII requires employers to maintain a work environment free from unlawful discrimination and harassment.
- Employers with 15 or more employees are covered by Title VII.
- Many states have laws preventing harassment for smaller employers.
- Many states have laws defining protected statuses that are much broader than those covered by federal laws; in those states, state law supersedes federal.
- In recognition that consensual flirting, dating, and romance are often difficult to discern from illegal sexual harassment, an employee who seeks to claim sexual harassment must demonstrate that the complaint of conduct was unwelcome.
- Quid pro quo sexual harassment creates strict liability for an employer if it occurs. In these situations, a supervisor must condition terms of employment on the employee's submission to sexual advances, and the employee must also suffer some adverse employment action.
- Sexual harassment based on a hostile work environment creates liability for an employer who knew or should have known of the hostile conduct and failed to intervene.
- Sexual harassment may include a range of subtle and not so subtle behaviors and may involve individuals of the same or different gender. Depending on the circumstances, these behaviors may include, but are not limited to: unwanted sexual advances or requests for sexual favors; sexual jokes and innuendo; verbal abuse of a sexual nature; commentary about an individual's body, sexual prowess, or sexual deficiencies; leering, catcalls, or touching; insulting or obscene comments or gestures; display or circulation in the workplace of sexually suggestive objects or pictures (including through e-mail); and other physical, verbal, or visual conduct of a sexual nature. Sex-based harassment – that is, harassment not involving sexual activity or language (e.g., male manager yells only at female employees and not males) – may also constitute discrimination if it is severe or pervasive and directed at employees because of their gender.
- Employers are deemed to know about prohibited harassment even if the only one who knew was a low-level supervisor. Any supervisor knowledge is implied to the employer.
- Employers are also liable for harassment by clients, vendors, and or sales representatives who have access to employees.
- Employers should have written policies regarding harassment; they should also train supervisors and employees about how to use the policy and how to follow policy.
- Supervisors must take action to stop it as soon as it comes to their attention, even if the person being harassed does not want to raise a complaint. The obligation of an employer who learns of alleged traffic is to do as follows:
  - Complete an internal investigation, talk to all parties and witnesses involved, before coming to a conclusion.
  - If necessary, separate parties involved pending an investigation. This may include transferring one party or another.
  - All parties should be told that they must cooperate fully with the inquiry, and any harassment, intimidation, retaliation, or interference of the investigation is grounds for discipline.

- After all facts have been collected, decide whether prohibited harassment has occurred.
- If harassment has occurred, determine the proper response – which could be as little as a verbal warning or as serious as immediate termination.
- All records and documents should be kept regarding the investigation, but not in the individual parties' personnel files, unless it has been deemed that the complaining employee complained in bad faith. In addition, the information should not be stored in the personnel file of the alleged harasser if it was deemed unfounded.
- Regular training of veterinary team members should include what kind of conduct is prohibited, as well as what to do if prohibited activity is discovered.
- The written harassment policy should be clearly defined in the employment manual and disseminated to new employees.

REPORTING PROCEDURE

- When creating a workplace harassment entry in an employee's employment file, create a reporting procedure for employees to follow, including informing the immediate supervisor, the practice manager, and the owner of the business.
- Ensure that all complaints are investigated promptly, and maintain confidentiality to the fullest extent possible.
- Retaliating or discriminating against an employee for complaining of harassment or for participating in the investigation of harassment is prohibited.



EXAMPLES

N/A



CAUTIONS

When creating a workplace harassment entry into the employee file, have an attorney review the statement, insuring it is in compliance with both state and federal regulations.



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

US Equal Employment Opportunity Commission. www.eeoc.gov (accessed May 7, 2019).

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13.16. FAIR LABOR STANDARDS ACT



BASICS

OVERVIEW

- The Fair Labor Standards Act (FLSA) is a federal law regulating the way in which most employers pay their employees.
- The FLSA sets standards for minimum wage, overtime compensation, equal pay, payroll recordkeeping, and child labor.
- The FLSA does not regulate:
  - vacation, holiday, severance, or sick pay;
  - meal or rest periods, holidays off, or vacations;
  - premium pay for weekend or holiday work;
  - pay raises or fringe benefits; or
  - a discharge notice, reason for discharge, or immediate payment of final wages to terminated employees.
- The FLSA does not provide wage payment or collection procedures for an employee's usual or promised wages or commissions in excess of those required by the FLSA. However, some states do have laws under which such claims (including fringe benefits) can be filed.
- The FLSA does not:
  - limit the total number of hours an employee can work per day or per week;
  - manage how frequently an employee must be paid;
  - require an employer to observe any particular meal or break schedule or policy.

These subjects are governed by state laws, which vary widely from state to state.

- Any state may adopt more rigorous standards than the federal.
- The US Department of Labor enforces the FLSA and has authority to audit employer payrolls, compel payment of back wages, issue civil penalties, and/or to bring criminal charges against employers for violations.
- Compliance with the FLSA recordkeeping requirement is critical to avoid liability under FLSA.
- Ensure the practice is compliant with fringe benefit reporting.
- When hiring independent contractors, ensure they are true contractors versus employees (see 13.10 – Employees versus Independent Contractors).

TERMS DEFINED

Compensatory Time: Time off given to the employee to compensate for extra time worked in a single workweek.

Exempt Employees: Professionals, executives, certain administrators, and computer workers are exempt from the minimum wage and overtime compensation present provision of the FLSA if they meet specific regulatory tests.

Fringe Benefits: Any benefit provided in excess of compensation that is not excluded according to law. Pet care discounts is an example of a fringe benefit.

Minimum Wage: There is a federal minimum wage; however, many states, cities, or locales have higher minimum wages than the federal minimum wage. Ensure you are in compliance with the highest paid wage required in your location.

Overtime: All time worked in excess of 40 hours per workweek.

Overtime Compensation: One and a half times the regular rate of pay.

Regular Rate: The regular rate is an hourly rate equal to the amount an employee receives per hour for all time worked during any workweek, without regard to the manner and means by which employees' pay is earned.

Remuneration: All monies received for time worked in a pay period, whether deemed wages, commissions, nondiscretionary bonuses, tips, or any other form of compensation for services rendered.

Time Worked: All time during which an employee is at work and not free to leave, including in most cases waiting time. Time worked does not include paid time off, such as sick leave, vacation days, or paid holidays, even if an employee is paid by the hour for that time.

Workweek: Any period of seven consecutive 24-hour periods, as determined by employer. Once the workweek has been defined, it cannot be changed without notice.



ISSUES AND OPTIONS

- Covered employers must pay nonexempt employees at least the federal or state minimum wage (whichever is higher) for all time worked during any workweek.
- Covered employers must pay nonexempt employees at least one and a half times the regular rate for all time worked in excess of 40 hours in one workweek.
- Covered employers must pay men and women equal wages in an equivalent workweek.
- Covered employers must not employ children under the age of 14, and children under the age of 16 can only work limited hours.
- Employers must keep payroll records and time sheets for nonexempt employees. Record retention varies by state.
- Employers must keep pay records and schedules for exempt employees. Record retention varies by state.
- The wage garnishment law limits the amount of an individual's income that may be legally garnished and prohibits firing an employee whose pay is garnished for payment of a single debt.

MINIMUM WAGE RULES

- Time worked includes all time that the employee is ready and available to work, including waiting time.
- Even if not scheduled, if an employee works late or comes in early, this time counts as working time.
- Lunch periods and breaks can count as working time if the employee is expected to remain on the work premises and/or is expected to perform tasks during those periods. Some states mandate lunch and break periods, in which the employee is not to perform work-related tasks. Ensure you are in compliance with your state regulations.
- Sick days, vacation days, or holidays, even if paid, do not count toward working time.
- Deductions made from wages for such items as cash or merchandise shortages, employer-required uniforms, and tools of the trade are not legal to the extent that they reduce the wages of employees below the minimum rate required by the FLSA or reduce the amount of overtime pay due under the FLSA.
- To calculate the actual wage paid to an employee, divide the gross weekly pay (including all wages, commissions, and bonuses) by the actual number of hours worked. This yields the regular rate that must equal or exceed the minimum wage.

OVERTIME RULES

- Employers must calculate overtime compensation due for each workweek, even if the employee is paid less frequently than that (i.e., bi-weekly, semi-monthly, etc.).
- Overtime is calculated as one and a half times of the regular rate.
- All time worked over 40 hours per workweek by a nonexempt employee must be compensated at the overtime rate, even if the employee was not authorized to work extra time.
- Compensatory time must be taken in the same workweek as the extra time for which it compensates. However, in the private sector, it is unlawful to bank, defer, or carry over compensatory time to any subsequent pay period in lieu of overtime compensation.

RECORDKEEPING REQUIREMENTS

- Employers must display an official poster outlining the provisions of the FLSA, which is available at no cost from local Department of Labor offices.

13.16. FAIR LABOR STANDARDS ACT

• Every covered employer must keep certain records for each nonexempt worker. The FLSA requires no particular form for the records but does require that the records include certain identifying information about the employee and data about the hours worked and the wages earned. The law requires this information to be accurate. The following is a listing of the basic records that an employer must maintain:
  ◦ employee's full name and social security number;
  ◦ address, including zip code;
  ◦ birthdate, if younger than 19;
  ◦ sex and occupation;
  ◦ time and day of week when employee's workweek begins;
  ◦ hours worked each day;
  ◦ total hours worked each workweek;
  ◦ basis on which employee's wages are paid (e.g., "$9 per hour", "$440 a week", "piecework");
  ◦ regular hourly pay rate;
  ◦ total daily or weekly straight-time earnings;
  ◦ total overtime earnings for the workweek;
  ◦ all additions to or deductions from the employee's wages;
  ◦ total wages paid each pay period;
  ◦ date of payment and the pay period covered by the payment.
• Each employer shall preserve payroll records, collective bargaining agreements, and sales and purchase records for at least three years (or as determined by state regulation; whichever period is longer).
• Records on which wage computations are based should be retained for two years – that is, time cards and piecework tickets, wage rate tables, work and time schedules, and records of additions to or deductions from wages – (or as determined by state regulation; whichever period is longer).
• These records must be open for inspection by the division's representatives, who may ask the employer to make extensions, computations, or transcriptions. The records may be kept at the place of employment or in a central records office.
• Employers may use any timekeeping method they choose. For example, they may use a time clock, have a timekeeper keep track of employee's work hours, or tell their workers to write their own times on the records. Any timekeeping plan is acceptable as long as it is complete and accurate.
• Employees on fixed schedules. Employees may work on a fixed schedule from which they seldom vary. The employer may keep a record showing the exact schedule of daily and weekly hours and merely indicate that the worker did follow the schedule. When a worker is on a job for a longer or shorter period of time than the schedule shows, the employer must record the number of hours the worker actually worked, on an exception basis.

EXECUTIVE EXEMPTION

To qualify for the executive employee exemption, all of the following tests must be met:
• the employee must be compensated on a salary basis (as defined in the regulations) at a rate not less than a specified amount per week;
• the employee's primary duty must be managing the enterprise, or managing a customarily recognized department or subdivision of the enterprise;
• the employee must customarily and regularly direct the work of at least two or more other full-time employees or their equivalent; and
• the employee must have the authority to hire or fire other employees, or the employee's suggestions and recommendations as to the hiring, firing, advancement, promotion or any other change of status of other employees must be given particular weight.

This definition can apply to practice administrators.

ADMINISTRATIVE EXEMPTIONS

To qualify for the administrative employee exemption, currently all of the following tests must be met:
• The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than a specified amount per week.
• The employee's primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers.
• The employee's primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.
• This definition can apply to practice managers (not veterinary technicians).

PROFESSIONAL EXEMPTION

• To qualify for the *learned professional* employee exemption, all of the following tests must be met:
  ◦ The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than a specified amount per week.
  ◦ The employee's primary duty must be the performance of work requiring advanced knowledge, defined as work which is predominantly intellectual in character and which includes work requiring the consistent exercise of discretion and judgment.
  ◦ The advanced knowledge must be in a field of science or learning.
  ◦ The advanced knowledge must be customarily acquired by a prolonged course of specialized intellectual instruction.
  ◦ This definition applies to veterinarians only (not veterinary technicians).
• To qualify for the *creative professional* employee exemption, all of the following tests must be met:
  ◦ The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than a specified amount per week.
  ◦ The employee's primary duty must be the performance of work requiring invention, imagination, originality, or talent in a recognized field of artistic or creative endeavor.

COMPUTER EMPLOYEE EXEMPTION

To qualify for the computer employee exemption, the following tests must be met:
• The employee must be compensated *either* on a salary or fee basis (as defined in the regulations) at a rate not less than a specified amount per week *or*, if compensated on an hourly basis, at a rate not less than a specified amount per hour.
• The employee must be employed as a computer systems analyst, computer programmer, software engineer, or other similarly skilled worker in the computer field performing the duties described in the following.
• The employee's primary duty must consist of:
  ◦ The application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software, or system functional specifications.
  ◦ The design, development, documentation, analysis, creation, testing, or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications.
  ◦ The design, documentation, testing, creation, or modification of computer programs related to machine operating systems.
  ◦ A combination of the aforementioned duties, the performance of which requires the same level of skills.

13.16. Fair Labor Standards Act

HIGHLY COMPENSATED EMPLOYEES

Highly compensated employees performing office or non-manual work and paid total annual compensation of a specified amount or more (which must include at least a specified amount per week paid on a salary or fee basis) are exempt from the FLSA if they customarily and regularly perform at least one of the duties of an exempt executive, administrative or professional employee identified in the standard tests for exemption.

NURSING MOTHERS

- The Patient Protection and Affordable Care Act, signed into law on March 23, 2010 (P.L. 111-148), amended Section 7 of the FLSA, to provide a break time requirement for nursing mothers.
- Employers are required to provide reasonable break time for an employee to express breast milk for her nursing child for one year after the child's birth each time such employee has need to express the milk. Employers are also required to provide a place, other than a bathroom, that is shielded from view and free from intrusion from coworkers and the public, which may be used by an employee to express breast milk. State regulations may require greater employee protections. Ensure the practice is compliant with the more stringent regulation.
- Employers are not required under the FLSA to compensate nursing mothers for breaks taken for the purpose of expressing milk. However, where employers already provide compensated breaks, an employee who uses that break time to express milk must be compensated in the same way that other employees are compensated for break time. In addition, the FLSA's general requirement is that the employee must be completely relieved from duty or else the time must be compensated as work time applies.

INDEPENDENT CONTRACTORS

- The veterinary profession often hires independent contractors to carry on business. Often, employees are misclassified as independent contractors. It is prudent to understand the difference between the classifications to avoid penalty by the Internal Revenue Service (IRS; see 13.10 – Employees versus Independent Contractors).
- Workers who are economically dependent on the business of the employer, regardless of skill level, are considered to be employees, and most workers are employees. On the other hand, independent contractors are workers with economic independence who are in business for themselves.
- The Supreme Court has indicated that there is no single rule or test for determining whether an individual is an employee or independent contractor for purposes of the FLSA. The court has held that the totality of the working relationship is determinative, meaning that all facts relevant to the relationship between the worker and the employer must be considered.
- While the factors considered can vary, and while no one set of factors is exclusive, the following factors are generally considered when determining whether an employment relationship exists under the FLSA (i.e., whether a worker is an employee, as opposed to an independent contractor):
  - *The extent to which the work performed is an integral part of the employer's business.* If the work performed by a worker is integral to the employer's business, it is more likely that the worker is economically dependent on the employer and less likely that the worker is in business for himself or herself. For example, work is integral to the employer's business if it is a part of its production process or if it is a service that the employer is in business to provide.
  - *Whether the worker's managerial skills affect his or her opportunity for profit and loss.* Managerial skill may be indicated by the hiring and supervision of workers or by investment in equipment. Analysis of this factor should focus on whether the worker exercises managerial skills and, if so, whether those skills affect that worker's opportunity for both profit and loss.
  - *The relative investments in facilities and equipment by the worker and the employer.* The worker must make some investment compared with the employer's investment (and bear some risk for a loss) in order for there to be an indication that he or she is an independent contractor in business for himself or herself. A worker's investment in tools and equipment to perform the work does not necessarily indicate independent contractor status, because such tools and equipment may simply be required to perform the work for the employer. If a worker's business investment compares favorably enough to the employer's that they appear to be sharing risk of loss, this factor indicates that the worker may be an independent contractor.
  - *The worker's skill and initiative.* Both employees and independent contractors may be skilled workers. To indicate possible independent contractor status, the worker's skills should demonstrate that he or she exercises independent business judgment. Further, the fact that a worker is in open market competition with others would suggest independent contractor status. For example, specialized skills possessed by carpenters, construction workers, and electricians are not themselves indicative of independent contractor status; rather, it is whether these workers take initiative to operate as independent businesses, as opposed to being economically dependent, that suggests independent contractor status.
  - *The permanency of the worker's relationship with the employer.* Permanency or indefiniteness in the worker's relationship with the employer suggests that the worker is an employee, as opposed to an independent contractor. However, a worker's lack of a permanent relationship with the employer does not necessarily suggest independent contractor status because the impermanent relationship may be due to industry-specific factors, or the fact that an employer routinely uses staffing agencies.
  - *The nature and degree of control by the employer.* Analysis of this factor includes who sets pay amounts and work hours and who determines how the work is performed, as well as whether the worker is free to work for others and hire helpers. An independent contractor generally works free from control by the employer (or anyone else, including the employer's clients). This is a complex factor that warrants careful review, because both employees and independent contractors can have work situations that include minimal control by the employer. However, this factor does not hold any greater weight than the other factors. For example, a worker's control of his or her own work hours is not necessarily indicative of independent contractor status; instead, the worker must control meaningful aspects of the working relationship. Further, the mere fact that a worker works from home or offsite is not indicative of independent contractor status because the employer may exercise substantial control over the working relationship even if it exercises less day-to-day control over the employee's work at the remote worksite.

FRINGE BENEFITS

- Any fringe benefit you provide is taxable and must be included in the recipient's pay unless the law specifically excludes it.
- Fringe benefits can be reported with payroll in each pay period, monthly or quarterly.
- Fines and penalties are applied to both the employer and employee should an audit reveal lack of reporting.
- Examples of fringe benefits often seen in veterinary practices include:
  - Pet care benefits.
    - Any discount on services provided to the employee greater than a 20% discount of the cost charged to clients (see Examples section).
  - Athletic club membership (unless the club facility is located on practice property).
  - Employer-furnished facilities (reasonable cost or fair value of board, lodging, or other facilities furnished by the employer for the employee's benefit).

13.16. FAIR LABOR STANDARDS ACT



EXAMPLES

If a practice provides free services as an employee benefit, 80% of the value charged to clients must be reported. IRS guidelines allow 20% of the fair market value to be provided as an employee benefit.



CAUTIONS

- Regulatory agencies can complete a random audit at any time. Be sure to have all records available for audits.
- New regulations regarding the FLSA are pending at the time of publication. Be sure to review the most current regulations at www.dol.gov.
- Review the section covering independent contractors, to ensure that relief veterinarians, groomers, or any other "partial" employees are classified correctly.
- Penalties for violating the FLSA are extremely steep, and cases are hard to defend. Keep scrupulous records and carefully analyze the status of their exempt employees.
- Employees who have filed complaints or provided information cannot be discriminated against or discharged because of such activity. If adverse action is taken against an employee for engaging in protected activity, the affected employee or the Secretary of Labor may file suit for relief, including reinstatement to his or her job, payment of lost wages, and damages.



MISCELLANEOUS

ABBREVIATIONS

FLSA: Fair Labor Standards Act
IRS: Internal Revenue Service

References

N/A

Recommended Reading

US Department of Labor. www.dol.gov (accessed May 7, 2019).

AUTHOR

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13.17. EMPLOYMENT LEGALITIES: BIAS



BASICS

OVERVIEW

All human beings differ from one another. Unfortunately, acts of discrimination, harassment, and violence occur throughout human societies, sometimes based solely upon those pervasive differences. These acts and behaviors are usually based on pre-judgmental beliefs or judgments made without regard to, or consideration of, the actual facts about a person's life, talents, skills, or abilities. Oftentimes, this bias, both conscious and unconscious, also appears in our workplaces.

Unconscious bias is something that innately exists in all of us and which, if not managed appropriately, can give rise to unlawful, overt discriminatory actions and behavior. Any type of discrimination can adversely impact the overall sense of "team" in the workplace – causing problems such as bullying, low morale/high turnover of employees, verbal or physical sexual harassment, and oftentimes a "toxic" work environment.

Employment bias occurs in workplaces when a decision, treatment, or consideration is made against (or in favor of) a person based upon his or her perceived class, grouping, category, or physical attributes rather than on actual capabilities and talents, usually in a way that is considered to be unfair. This perceived unfairness by others in the workplace will often result in claims of discrimination, harassment, or retaliation.

Reports of employment discrimination and harassment are spotlighted almost daily in media headlines. Significant social and cultural attitudes are changing, and still evolving, regarding our perception and tolerance of others. Efforts to reduce the potential for illegal biases to infiltrate any business operation will require an active, daily effort by the employer – through enforcement of legally compliant personnel policies, training of supervisors and employees about those policies, and, where warranted, consistently applied discipline in the event of policy violations.

TERMS DEFINED

Disability: According to the Americans with Disabilities Act, a physical or mental impairment that substantially limits a major activity (of which the person *has a record* of having such physical or mental impairment or *is regarded as having* such an impairment).



ISSUES AND OPTIONS

Numerous laws prohibit discrimination in the workplace. The most notable federal law for protecting people against discrimination in the United States is the Civil Rights Act. Originally, the Civil Rights Act of 1866 (42 U.S.C. section 1981) prohibited all private employers from discriminating on the basis of race or ethnicity. In 1964, the Civil Rights Act was expanded, under its Title VII, making it illegal for any covered employer to refuse to hire, terminate employment, or otherwise to discriminate against any employee regarding any terms or conditions of employment (including, but not limited to, hiring, training, evaluation, job assignments, pay, benefits, promotion, layoff, and termination) because of an employee's race, color, religion, sex, or national origin.

Some other federal laws prohibiting discrimination in the workplace include the following:

- Age Discrimination in Employment Act
- Americans with Disabilities Act
- Equal Pay Act
- Executive Order 11246 (applies to federal employers/contractors)
- Fair Labor Standards Act
- Genetic Information Nondiscrimination Act
- Immigration Reform and Control Act
- Migrant and Seasonal Agricultural Worker Protection Act
- The Rehabilitation Act (applies to federally funded employers)
- Uniformed Services Employment and Reemployment Rights Act
- Vietnam Era Veterans Readjustment Assistant Act.

Not all businesses or workplaces are necessarily covered by these federal laws. Yet, individual state's laws or a city's ordinances (where the particular veterinary practice is located) might prohibit employers within that jurisdiction from discriminatory or retaliatory actions against protected groups of people or protected traits.

For example, some states and various cities have laws that include employment-related protections against discrimination or harassment pertaining to:

- sexual orientation or preference
- smokers
- welfare recipients
- persons who are morbidly obese, or
- persons with prior arrests/convictions.

By contrast, other states and local jurisdictions do not provide employment-related protections for such traits or characteristics.

The current "hot topics of employment bias" include race, gender, disability, harassment, age, religion, and criminal history.

RACE AND GENDER

The most controversial targets of bias – both historically and currently, in and out of workplaces – involve race and gender.

Race

Absolute prohibition against racial discrimination at any level – potential damages include significant fines and penalties as well as possible incarceration and unending negative business reputation stigma. There should be zero tolerance for racial discrimination at the workplace.

Gender/Sex

Despite gender/sexual discrimination being prohibited in the workplace – there are legal debates concerning the definition of "gender" (or "sex") within the Civil Rights Act. Namely, whether "sexual orientation" and "gender transitioning" are protectable interests – as being inclusive within the term "gender" or not. There are currently no federal laws prohibiting discrimination on the basis of sexual orientation or gender transitioning. Yet, there are a few state and city laws that prohibit discriminatory actions based on a person's gender transitions or sexual orientation – regardless of whether an employer, employee, client, or a vendor is involved.

DISABILITY

Generally, job applicants and employees with qualified disabilities (or those whom employers regard as having a disability) are to be treated as any other applicant or employee. For example, when hiring, an employer should select someone who is able to perform the essential functions of a job – with or without reasonable accommodations.

HARASSMENT

Basically, harassment is a subtype of employment discrimination – usually expressed through unwelcome verbal or physical behavior that is based on race, color, religion, sex (including pregnancy), gender/gender identity, nationality, age (40 or older), physical or mental disability, or genetic information.

Harassment can occur between people of the same gender, between manager and employee, and even during the interview process.

Employers must take steps to to draft well-written policies that prohibit and penalize acts of harassment in the workplace, including the prohibition for "social media bullying" by maliciously targeting/victimizing work colleagues.

AGE

Under federal and state laws, employers cannot discriminate against an applicant or employee (including firing an employee) who is of a certain age, usually 40 years or older, unless it can be shown that they are not qualified physically, mentally, or by training or experience to satisfactorily perform the essential functions of the job.

RELIGION

Basically, the same principles apply with other antidiscrimination situations; namely, that a religious practice of "sincerely held belief" should be accommodated unless an employer can show that (a) the employee's religious observances are unable to be reasonably accommodated, (b) it causes the employee not to be able to perform the duties for which hired, or (c) accommodation would create an undue hardship on the business.

Be wary of drafting policies that could potentially restrict an employee's ability to comply with religious traditions (such as dress code policies for hair/clothing or break periods for prayer).

CRIMINAL HISTORY

Generally, for business necessity reasons, an employment decision can be based upon an applicant's or employee's criminal record. However, in many states there are strict procedures that must be followed when employers want to obtain criminal history information. Familiarize yourself with state laws before asking a job applicant to volunteer information about their criminal convictions – it might prove to be illegal.

PRACTICE TIPS

In efforts to minimize potential for bias at the workplace, especially while making employment-related decisions:

- Treat all job applicants and employees fairly, equally, and consistently – especially for promotions, training, and discipline.
- Provide equal pay for equal jobs and skill levels. If variations exist, be able to show business-related differences that are not based on (nor perceived to be based on) gender, race, age, religion, or national origin.
- Strive to create and maintain a workplace culture of respect. Provide effective and ongoing training of management/supervisors and to employees – especially regarding the adverse impact of unconscious bias, the negative impact of stereotyping others, and the positive impact of promoting tolerance among employees (both inside and outside of the workplace).
- Post notices and enact policies – especially those required by state and federal laws – informing employees of their rights as well as the company's procedures for filing complaints. Handbook policies and procedures should reflect current laws and include antidiscrimination, antiharassment and antiretaliation clauses as well as providing employees the ability to communicate with employer (or management) regarding complaints of discriminatory or harassing behavior at the workplace. Notices of employees' rights must be posted in highly visible areas within the workplace (usually in a break room or employee locker area).
- Handle all complaints of alleged discrimination or harassment seriously, and investigate immediately and thoroughly, no matter how slight the claim or claims might seem to the employer or manager. Treat the complainer with respect, avoid blaming or retaliating against the complainer, interview all people involved, and keep investigations as confidential as possible.



EXAMPLES

N/A



CAUTIONS

Employers can be sued for discrimination by someone who never worked for them. Discrimination can be claimed at the job advertisement or interview phase. These cases usually arise as a result of employers who exclude potentially qualified applicants in job advertisements, illegal interviewing practices, or discriminatory hiring (most often resulting from an interviewer's biases against an applicant).

Takeaway message. In general, the focused goal of employers' decisions when hiring should be based on the applicant's abilities – and when firing should be based either on employee's failure to perform the duties for which hired or having committed an illegal act.

Neither hiring nor firing should be based upon generic factors such as appearance, ethnicity, or disability. Screening of job applicants and termination actions (including other disciplinary measures) must be job related and consistent with business necessity.

Disclaimer. *This particular area of law is, and has been, a "hot topic" in our society for generations – and is still undergoing constant changes. This is a brief, noninclusive, generic overview of some employment laws affecting – or applicable to – current discriminatory behaviors in the workplace. This overview is intended for educational purposes only – not as legal advice. The information contained in this chapter might not be definitive of the laws in your particular jurisdiction nor applicable to future laws. Consult with an employment or civil rights attorney in your area for up-to-date information that is relative to your specific workplace needs and goals.*



MISCELLANEOUS

ABBREVIATIONS

N/A

References

N/A

Recommended Reading

US Equal Employment Opportunity Commission. www.eeoc.gov (accessed May 7, 2019). Guidelines on antidiscrimination policies and practices in the workplace.

AUTHOR

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13.18. ACCOMMODATING EMPLOYEES WITH DISABILITIES



BASICS

OVERVIEW

Dealing with problematic employees in the workplace can be extremely challenging – especially when trying work within, and be compliant with, the multitude of employment laws affecting workplaces. However, if an employee's alleged "problematic" behavior arises as a result of, or is due to, or is claimed to be the result of, a disability then this scenario can present its own distinct set of challenges, especially when an employer either ignores or is not aware of federal and state laws related to the Americans with Disabilities Act (ADA – or referred to as the ADAAA for ADA, as amended).

One of the challenges facing many employers who become aware of a job applicant's or employee's disability is understanding how to balance legitimate business interests and workplace accommodations – even though not all disabilities are physical or obvious. For example, some not-so-obvious disabilities can appear as short-term, intermittent (such as seizures or migraines), or psychological impairments (such as post-traumatic stress or bipolar disorders). Yet, regardless of the type of disability that an employee or job applicant might have, employers are responsible – and can be held liable – for failing to follow applicable state and federal laws, in a consistent manner, with all employees/applicants, for the particular set of circumstances presented.

The Equal Employment Opportunity Commission (EEOC) is the primary agency in America that enforces and investigates claims of federal law violations related to illegal discrimination based on a person's race, color, religion, sex (can include pregnancy, gender identity, and sexual orientation), national origin, age (40 or older) and genetic information – including job applicants and employees who have, or are regarded as having, disabilities of any kind. If a job applicant or employee has a disability – whether known or unknown to an employer, regardless if the disability is physical or psychological, and regardless if temporary or long-term – employers must adhere to applicable state and federal laws before taking any adverse actions, such as not hiring, demotions, disciplinary actions, or terminations. An employer's failure to act within the confines of the law could potentially result in legal action, fines, punitive damages, and other penalties imposed against the employer by either the affected individual or by an administrative agency (such as the EEOC or Department of Labor).

Discrimination against a qualified individual with a disability is prohibited in every part of the employment process – including, but not limited to, advertising, job application procedures, testing, job descriptions, leaves of absence/sick leave, fringe benefits, social media policies, disciplinary proceedings, and termination. The ADA and its amendments (ADAAA) encompass the primary law in the United States that applies to, and provides protections for, disabled persons in the workplace. The ADA applies to workplaces with more than 15 employees, yet there are also individual state's laws that apply to businesses with less than 15 employees and protect disabled persons from discrimination, harassment, or retaliation in the workplace.

Under the ADA, a person with a disability is someone who has "a physical or mental impairment that substantially limits one or more major life activities," has "a history" of physical or mental impairment, or is "regarded as having" such an impairment. Major life activities include, but are not limited to, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, reading, concentrating, communicating, and working.

Under the ADA, an employer may not discriminate against (treat any differently than another employee or applicant) a "qualified individual on the basis of disability" in any of the employment's terms, conditions, or benefits. A "qualified individual" under the ADA is anyone who can perform the essential functions of a job, with or without having reasonable accommodations. State laws vary between states – some laws may include smokers, alcoholics, or morbidly obese as being "disabled" – and therefore employers should be aware of their particular state's laws.

Running afoul of your state's laws or the federal laws with respect to treatment of disabled persons in the workplace could prove extremely expensive, stressful, time consuming, causing negative morale in workplace, and damaging to a business's reputation.

TERMS DEFINED

Disability: Any impairment, physical or psychological, that substantially affects a person's activities. Applicable federal or state laws can define the term "disability" differently.



ISSUES AND OPTIONS

The two key considerations in administering a workplace's disciplinary and accommodation policies are (1) consistency and (2) reasonableness. By developing disciplinary policies and programs that are specifically tailored to an individual workplace, employers can address various types of problematic behavior in almost any situation. Disciplinary proceedings (up to and including termination) should be administered in a consistent manner, for the same/similar set of circumstances involving any employee – regardless if disabled, regarded as disabled, or not disabled – otherwise a perception of unfair/disparate treatment could result in the potential filing of claims for discrimination or retaliation by other employees who were treated differently under the same/similar set of circumstances.

Detailed job descriptions can help minimize misunderstandings, avoid litigation, and promote workplace efficiency. An employer's written requirements should accurately describe the necessary functions ("essential functions") for performing the duties of the specific job for which the applicant/employee is hired, such as, but not limited to, physical requirements (bending, lifting, standing, use of both arms, squatting, stretching/reaching, and more), educational/licensed professional status (if any), defined level of mental wellbeing if applicable (such as ability to communicate effectively and be alert at all times while working with animals) as well as physical presence at the workplace. A well-written job description, applied consistently to all prior and present employees for each specific workplace position, can serve as a valuable defense against allegations of discrimination by anyone unable to perform their duties, with or without accommodation.

Avoid using job descriptions that are generic, too broadly written, or do not apply to the particular duties for which the person being hired is to perform at your workplace.

A job function considered to be "essential" is usually evaluated on a case-by-case basis. Generally, essential functions of any job do not include the functions that are marginally performed for that particular position. When lawsuits or grievances arise, determining whether a task is an "essential" function, relevant evidence usually includes (1) the employer's opinion of what is considered essential for the job, (2) the written job description, (3) the amount of time spent performing the function as part of the job for which hired, (4) the experience of past employees in the same position performing that particular function, (5) the experience of current employees performing that function in similar job positions, and, if applicable, (6) a collective bargaining agreement's terms produced by a workplace union.

REASONABLE ACCOMMODATION

Under the ADA, employers must provide reasonable accommodations in response to a qualified job applicant's/employee's request – unless such accommodation causes undue hardship to the business. "Reasonable accommodation" and "undue hardship" depend upon the specific facts and circumstances at issue.

13.18. ACCOMMODATING EMPLOYEES WITH DISABILITIES

• "Reasonable accommodation" is one that enables the employee to perform the essential functions of the job in the present or immediate future – without the employer incurring significant expenses or significant changes or causing the business/workplace to suffer as a result of the accommodation provided. Examples of reasonable accommodation include, but are not limited to, granting leave of absences, reducing to part-time hours, or light duty/job restructuring (does not necessarily include elimination of essential functions) – provided that these changes do not create a hardship for the particular business.
• The employer and employee should engage in an interactive discussion to determine if a reasonable accommodation can be made – including the precise nature of the problem, how the disability is prompting a need for an accommodation, and what accommodations might be effective.
• Not all requests for accommodations might be reasonable nor must be fulfilled. For example, the ADA does not require an employer to:
  ◦ create or fund a new position as an accommodation;
  ◦ hire new employees (to replace disabled employee during absence);
  ◦ purchase equipment or personal use items (wheelchair, glasses, hearing aids, etc.) for disabled individual;
  ◦ eliminate essential functions of the job;
  ◦ lower the production standard of the workplace;
  ◦ physically alter the workplace;
  ◦ meet the demands of an employee for the exact accommodation(s) requested.
• **"Undue hardship"** generally means that an accommodation would be substantially costly, disruptive, or would fundamentally alter the nature or operation of the business. Among the factors to be considered in determining whether an accommodation is an "undue hardship" are (1) the type and cost of the accommodation, (2) the employer's size and financial resources, and (3) the nature and structure of the business operation.

Regardless of disability status, an employer might be able to terminate employment of a physically or mentally impaired applicant or employee if the burden of proof is satisfied for showing that the person (1) is unable to perform the essential duties of the job for which he or she applied/was hired, even with accommodation, or (2) creates "a direct threat of harm," by causing an imminently dangerous/significantly unsafe workplace situation or perpetrates a criminal act.



EXAMPLES

N/A



CAUTIONS

Not all impairments are obvious or constant. Employers should provide ongoing training and clear policies for supervisors/managers to include the following:
• Recognizing and avoiding acts that may be perceived as discriminatory or retaliatory (learn to treat all employees in same/similar manner).
• Knowing how to respond promptly and to effectively/immediately investigate complaints about discrimination or bullying or harassment.
• Providing interactive communications in response to accommodation requests from an applicant or employee who has a claimed disability/impairment.
• Avoiding sharing or exposing any person's medical information with third parties (except for those in workplace management who are required to know). Maintain confidentiality of all employees' health records and information.

Avoid the mistaken belief that employees can automatically be terminated due to tardiness or absences from the workplace. Unless a legitimate business necessity reason exists, termination or other adverse actions due to absenteeism/tardiness of a disabled person can oftentimes prove legally problematic.

Both federal and state laws afford protections against adverse actions being taken by qualifying business employers on eligible employees who must be absent from the workplace – even for intermittent absences – due to military services, a "serious health condition," or as a result of a work injury, or due to a disability, or a family-/service-member's care, or "qualifying exigencies."

Be wary of the potential of overlap among various laws – such as the ADA, Family and Medical Leave Act (FMLA), and workers' compensation laws – especially when a leave of absence is provided as reasonable accommodation for an employee's disability. For example, the "maximum" 12 weeks of absence afforded by the FMLA can be extended beyond 12 weeks to unlimited absences for a "qualified individual" under the ADA or under workers' compensation laws, or under military-related laws – provided that the absences do not create an undue hardship for the employer's business.

Seek legal consultation prior to terminating any employee for a workplace policy violation – especially if the employee is known to have a disability, is out on a protected leave of absence, belongs to a legally protected status, or if he or she recently filed a complaint related to workplace conditions. When deciding not to hire an applicant, refrain from citing any ground that does not relate to the person's ability (or inability) to perform the duties of the job. If in doubt, contact a local human resources (HR) specialist or employment attorney.

Disclaimer. *This brief, not all-inclusive, generic overview is intended for educational purposes only – not as legal advice. The information contained in this chapter might not be definitive of the laws in your particular jurisdiction nor applicable to future laws. The recommendations might not be applicable to all workplace situations. Always consult with an employment lawyer in your area for up-to-date information that is relative to your specific workplace needs and goals.*



MISCELLANEOUS

There are many fact- and circumstance-specific workplace scenarios that cannot be covered here. Employers ought to consider contacting legal counsel or an HR expert for advice prior to taking adverse action (especially termination of employment) or retaliating in any manner against a job applicant or employee who might have a disability.

ABBREVIATIONS

ADA: Americans with Disabilities Act
EEOC: Equal Employment Opportunity Commission
FMLA: Family and Medical Leave Act
HR: Human resources

References

N/A

Recommended Reading

The following provide helpful forms for the workplace and clauses to be included in an employee handbook with respect to disability laws.
Equal Employment Opportunity Commission. www.eeoc.gov (accessed May 7, 2019).
US Department of Labor. www.dol.gov (accessed May 7, 2019).

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13.19. OWNERSHIP VERSUS GUARDIANSHIP



BASICS

OVERVIEW

Animals continue to have an increased presence and favorable relationship with humans in our society. Societal views regarding animals as companions continue to shift to a more inclusive and developed human–animal bond (see 1.19 – Importance of the Human–Animal Bond).

However, for over 2,000 years the law in multiple countries and societies has regarded animals as property, capable of being bought and sold at the discretion of the owner. US society is still undergoing a shift from an agrarian society where animals held utilitarian and economic value to an urban and suburban society where animals are more likely to be used for companionship and emotional value. Generally, the law slowly evolves, lagging behind the ethical and moral views of society at large as regulatory bodies pass legislation that aligns with its constituents.

Reviewing the history of domesticated animals can help to understand the development of the law using the animals as property model.

Canines were first domesticated long before the development of written law or history. Prehistoric people that kept domestic dogs were more proficient hunters, had warning of approaching aggressors, and additional protection. Later, in modern times, before the invention of many advanced technologies, dogs were used in roles of transportation, herding, tracking, hunting, warfare, as guards, for fighting, and security. These roles and jobs filled a need within society, and those people that had dogs that could perform these roles owned a valuable asset. If that asset was lost or damaged by another person, the law found ways to compensate the owner. In today's society, these roles and responsibilities have been replaced with other mechanical assets, such as security systems, a mechanized food supply chain, cars and snow machines, and other weapons for fighting and warfare.

Cats have long held a mutualistic or commensal relationship with humans. Ancient Egyptians revered cats as gods but also helped Egyptian culture to flourish because of their ability to control rodent populations in grain storage. Cats also fought, killed, and repelled venomous snakes and other vermin. Egyptian law held severe punishment for those harming cats. Other societies formed commensal relationships with cats to reduce rodent populations, and thereby disease and mortality. Cats were viewed as an asset to keep and protect, and thus our laws evolved alongside our relationship with domestic cats.

However, in the last 50–100 years, humans have developed technologies that replace the need for dogs and cats to cohabitate in our homes. Many still keep pets in our homes for the want of companionship, and emotional and sentimental value. This shift from need-based property to want-based companions has created tension in our legal and court system and is why some advocate resolving that tension by creating legal guardianship and further rights for animals within the legal system.

Beginning with Boulder, Colorado, in 2000, some municipalities began replacing the term "owner" with "guardian" in their municipal code. The legislature of Rhode Island amended its animal cruelty statutes in 2001, stating that the terms "owner" and "guardian" are to be used "interchangeably." In five years following 2001, over 20 cities changed the terminology in their ordinances from "owner" to "guardian."

Veterinary professional associations, such as the American Veterinary Medical Association and state veterinary medical associations, as well as lay organizations, such as the American Kennel Club and the Cat Fanciers Association, have adopted position statements to recommend that "guardian" not replace "owner" even if just semantically.[1,2]

By shifting terminology from owner to guardian, the implication is that ownership is removed, and the guardian does not own, but merely cares for the animal. Some commentators have advocated that animals fall into different classification of property, such as "sentient" property or "living" property.

Uncertainty exists as to whether a shift to guardianship terminology will lead to increased duties, liabilities, and costs to veterinary service providers.

Legally, the term "guardian" invokes the counterpart term "ward." Under human guardianship laws, wards have legal rights, and complex laws, duties, and case law have formed around the protection of those rights.

TERMS DEFINED

Adoption: A legal action that permanently alters the relationship with the child's biological or previous parents. After adoption, the biological parents give up all parental rights and obligation. As contrasted with guardianship, which is a legal relationship between guardian and ward coexisting with the biological or adopted parents.

Fiduciary Duty/Relationship: A fiduciary duty is the highest standard of responsibility to another. A person who has a fiduciary duty is called the fiduciary, and owes the duty of good faith, trust confidence, and candor.

Guardian: One who has legal authority and duty to care for another's person (ward) or property because of the other's infancy, incapacity, or disability.

Guardian Ad Litem: A guardian, appointed to the court to appear in a lawsuit on behalf of an incompetent or minor party.

Guardianship: The fiduciary relationship between a guardian and a ward, whereby the guardian assumes the role of owner to make decisions about the ward's person or property; guardianship is almost always an involuntary procedure imposed by the state on the ward. Guardianship implies a fiduciary duty in the relationship.

Owner: One who has the right to possess, use, and convey something.

Ownership: The bundle of rights allowing one to use, manage, and enjoy property, including the right to convey to others.

Standing: The legal requirement for a party to prove that they can participate in a lawsuit. Simply put, standing is the legal right and ability to sue and be sued. The party must show that they have an actual harm, that there is causation between the behavior of the other party and the actual harm, and the action of the court can actually correct the issue.

Ward: A person, usually a minor or incompetent, who cannot properly take care of themselves.

13.19. OWNERSHIP VERSUS GUARDIANSHIP



ISSUES AND OPTIONS

GUARDIANSHIP GENERALLY

• Guardianship is generally used in a legal guardian situation where a person cannot properly care for himself or herself.
• Typically, guardianship is used in one of three categories: an incapacitated senior; a minor that has not reached the age of majority and a natural guardian (usually parent) is not available; and developmentally disabled adults.
• Guardians are typically appointed and overseen by a court. Typically, two distinctions are made in a guardianship relationship: (1) a "guardian of the person" is an individual with authority and fiduciary responsibilities for the actual person, and (2) the "conservator" or "guardian of the property" oversees money or significant property that belongs to the ward.

Advocates of guardianship for animals do not generally promote the traditional legal implications of guardianship be transferred to animals. Typically, pro-animal guardianship associations reject the notions of ownership itself and support a stance that animals are more than "mere property."[3] Some write that the word "owner" does not accurately reflect the true bond that develops between people and animals, and that "guardian" more adequately describes the high level or responsibility, care, and respect that people show the animals.[4] Furthermore, commentators often negatively describe the notion that the law treats animals as inferior to humans and that the law is behind the norms and views of society.[5] Lastly, animal guardianship advocates often suggest that guardianship would relieve animal cruelty and suffering.

VETERINARY MEDICINE AFFECTED

• The role of veterinarians and veterinary practices in a guardianship scenario remain unclear. Currently, veterinarians have an ethical obligation to concurrently serve the interests of the animal, the owner, and public safety.[1,2]
• Most guardianship advocates contemplate guardianship for companion animals, including canine and feline species, but there are large issues regarding members of those species kept for working or financial reasons. For example, law enforcement dogs and military working dogs would not fit the guardianship model well.
• Furthermore, some livestock and food animals may be included in a definition of companion animals. Currently, a clean line of ownership and human guardianship exists between nonhuman and human animals. Including guardianship of nonhuman species may create more fair outcomes for certain individuals, but without precise drafting and complex rules the application could become very tedious.

NONECONOMIC DAMAGES

• In civil lawsuits related to the tort of negligence there are several classifications of damages. Damages are the compensation that a court will award to the plaintiff for the losses that they have endured because of the actions of the defendant. In most jurisdictions there are compensatory damages and punitive damages.
• Punitive damages are rare and are designed as punishment to defray the defendant or other defendants from engaging in the behavior again.
• Compensatory damages can be further divided into economic (special) damages and noneconomic (general) damages.
• Economic damages are losses that the plaintiff can quantifiably verify, such as medical expenses, loss of past or future earnings, replacement costs of property, loss of use of property, or cost of repair of property. These damages are permissible when a plaintiff's property is damaged by the negligence of the defendant. Commonly, these damages are sought in car accident cases, medical malpractice cases, and other personal injury lawsuits. In the law of veterinary malpractice, economic damages would include the cost of veterinary care to repair the loss, the cost of replacement of the animal and other losses to income or lost wages.
• Noneconomic (general) damages are losses that are nonverifiable or quantitative but still exist. Courts have awarded damages for physical and emotional pain, suffering, loss of companionship, loss of consortium, loss of reputation, disfigurement, loss of enjoyment of life, emotional distress, and other factors. The law of damages and recovery in most jurisdictions limits the plaintiffs who can recover noneconomic damages to close family members, such as the parents, children, and spouses of the injured or killed. Very few jurisdictions will extend noneconomic damages for loss or injury of an animal. By limiting the recovery of damages to only verifiable money loss, actions in negligence toward animals, including veterinary malpractice, are greatly reduced.
• Presumably, animal guardianship would increase claims and the possibility of noneconomic damages for negligence involving companion animals.

> Use of terms in popular culture that help create a pro-guardianship view by society: Furbaby, pet parent, four-legged family, dog mom, kiddos, children Adoption, rescue

Rights that Animal Owners Currently Hold

• Ability to buy, sell, trade, lease, and breed their animal.
• Ability to make decisions concerning the health and wellbeing of their animal, including whether to pursue veterinary care and options regarding veterinary care.
• Ability to make end-of-life decisions, including the option of humane euthanasia.
• Ability to make reproductive decisions, including breeding, spaying, and neutering.
• Control over the confidentiality of veterinary information and control of medical records.
• Ability to insure under property/causality insurance.
• Ability to make financial decisions regarding their animal(s).

Duties that Animal Owners Have

• Must refrain from animal cruelty, negligence, bestiality, and animal hoarding under federal state and local laws.
• Must provide adequate food, water, shelter, and, in some states, veterinary care.

13.19. OWNERSHIP VERSUS GUARDIANSHIP

• Must carry liability insurance for certain animals and in some jurisdictions.
• Must keep their animal(s) from causing injury or damages to other people, animals, or property.

Rights that Guardians of Wards Traditionally Hold

• Ability to sue in court on behalf of the ward.

Duties that Guardians of Wards Traditionally Have

• Must provide food, water, shelter, education, and medical care.
• Must conduct financial decision-making with the utmost of care.
• Held to highest possible standard under the law; must place the interest of the ward before their interests.
• Must report to the court, generally at least annually, on the status of the ward and financial relationship.

Duties of the Guardian in an Animal Guardianship Scenario

• Enhanced requirements for food, water, shelter, and veterinary care.
• Increased penalties for cruelty, abuse, and negligence.

FIFTH AMENDMENT TAKING

The Fifth Amendment to the US Constitution states "nor shall private property be taken for public use, without just compensation." An issue is created when animals are classified as private property and a law proclaims the property as owned by the government and cared for by former owner. In its legal sense, this is a Fifth Amendment taking and requires "just compensation" by the government.

STANDING

Currently, animals do not have standing in court to sue on their own behalf, and a person is unlikely to have standing to sue on behalf of an animal, because standing is usually limited to "persons." Some statues do grant standing to nonpersons and property. Because animals will not be able to hire an attorney or argue in court, standing for animals would always require a third party to file the lawsuit. Guardians of persons regularly file lawsuits on behalf of an incapacitated person or minor. Extensive case law exists describing standing for guardians of the person, guardians of property, and guardian ad litem. Conceivably, under animal guardianship, even semantically, standing would be more achievable. Cities and states wishing to add guardianship language, even symbolically, should carefully draft and give court guidance as to the legal ability and right to sue for animals.

IDENTIFICATION

In most minor child custody cases, where the courts struggle with guardianship, the birth certificate system identifies and verifies the existence of the child through a permanent system and creates a record of the child's family ties. A true animal guardianship system would need a uniformly implemented protocol for the proof of existence of the animal, positive identification of the animal, and the ties to the guardian. Some have advocated for the use of a microchip system as the permanent system, but due to the varying manufacturers, databases, and technology, an extensive overhaul and implementation would be needed for that to transfer into a guardianship model.

ANIMAL CRUELTY AND NEGLIGENCE STATUTES

• Every state and most cities have laws and ordinances that prohibit animal cruelty and negligence and prescribe a minimum standard care for animal owners and others (see 13.22 – Animal Cruelty). Other laws prohibit animal hoarding, bestiality, puppy mills, and overworking of farm animals. In essence, animal owners do not have unlimited rights as to the treatment and care of their property. Two forms of animal cruelty statutes exist: (1) prohibits act of commission, meaning a positive act such as beating, kicking, torturing, maiming, dragging, and overworking; and (2) prohibits act of omission, or an absence of an action, such as negligence in feeding, watering, providing shelter, or veterinary care.
• Generally, acts of omission are misdemeanors and acts of commission that result in severe injury or death are felonies. These statutes have long existed in animal law and are constantly being updated with more severe penalties. However, in reality, these statutes are selectively enforced and at times difficult to prove.
• Advocates of animal guardianship will often cite a reduction in animal cruelty, abuse, and negligence as a need for pursuing animal guardianship, without evidence of how or why it will achieve the desired outcome.



EXAMPLES

• Cities that have passed guardianship language:
  ◦ Boulder, Colorado
  ◦ Sherwood, Arkansas
  ◦ West Hollywood, California
  ◦ Berkeley, California
  ◦ Amherst, Massachusetts
  ◦ Menomonee Falls, Wisconsin
  ◦ Woodstock, New York
  ◦ San Francisco, California
  ◦ Sebastopol, California
  ◦ Wanaque, New Jersey
  ◦ Windsor, Ontario Canada
  ◦ Albandy, California
  ◦ St. Louis, Missouri
  ◦ Bloomington, Indiana
  ◦ Imperial Beach, California
  ◦ San Jose, California
  ◦ Parma, Ohio
  ◦ Richmond, California.
• Counties:
  ◦ Marin County, California
  ◦ Santa Clara County, California.
• State:
  ◦ Rhode Island.

13.19. OWNERSHIP VERSUS GUARDIANSHIP



CAUTIONS

- Use of the words "guardian" and "guardianship," even semantically or symbolically, can confuse clients, legislative bodies, lawyers, and even courts.
- Proper enforcement of current animal cruelty, abuse, and negligence laws is needed.
- Nearly two decades since the first guardianship terminology ordinances were passed, many of the projected issues regarding court involvement, noneconomic damages, and animal standing have not been fulfilled.
- However, veterinarians should understand the legal implications of animal guardianship and animal rights.



MISCELLANEOUS

ABBREVIATIONS

AVMA: American Veterinary Medical Association

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13.20. Pet Trusts and Wills



BASICS

OVERVIEW

• As pets are treated more and more like family members, it is only natural that pet owners will want to plan for the eventuality when they may no longer be able to provide the care needed. This is not only the case for long-lived animals, or even for seniors, but anyone can find themselves in a situation (accident, infirmity, debilitating illness, natural disaster, terrorist event, etc.) when they are unable to properly care for their pets and need assistance in this regard, either while still alive or following death.
• Despite the aging of the US population, the recognition of the human–animal bond as an important connection between people and their pets (see 1.19 – Importance of the Human–Animal Bond), and a continuous trend for increased spending on our pets, most pet owners do not consider what might happen to their pets if they die or become even partially disabled. In perhaps too many instances these pets do not receive the continued care their owners would have wanted, and the pets may end up relinquished to a shelter or even euthanized.
• Even if there are individuals willing to care for a decedent's pet(s), if there is not a will or trust that mentions the pet and the owner's intentions for its care then there may be legal quandaries over who is allowed to take the animal and how to deal with pet-related expenses.
• Wills and trusts are methods for individuals to make their wishes known regarding their pets. However, pets cannot directly be left property, including money, following their owner's death, so a human intermediary is required.
• A will can transfer assets following a death, but it cannot dictate ongoing supervision. A trust, on the other hand, can outline the continued care of pets, name new caregivers, provide funding for pet care, and empower the trustee, who has a legal duty of carrying out the wishes of the settlor. Accordingly, most attorneys recommend trusts for pets rather than just including a pet in a will.
• An additional estate instrument that is sometimes used for similar purposes is known as a pet protection agreement. This is actually a laypersons' document that can be used to help ensure the wellbeing of pets after a pet owner's death or disability. It does not have the legal weight of a trust or a will, but it is a low-cost alternative that can be completed without the assistance of an attorney.

TERMS DEFINED

Beneficiary: The individual who benefits from a trust agreement.
Decedent: A person who has died.
Executor: A person or entity appointed by a testator to carry out the terms of their will.
Grantor: An individual who transfers or conveys ownership.
Probate: The court process by which a will is proved valid or invalid.
Responsibility: The duty to perform or complete an assigned task.
Settlor: A person who has created a trust. Also known as a trustor or grantor.
Testator: A person who has made a will.
Trust: A relationship whereby property is held by one individual for the benefit of another.
Trustee: The individual or organization who receives the settlor's property for the benefit of the beneficiaries.
Will: Also known as a testament, the legal declaration by which a person names one or more persons to manage aspects of the estate after the testator's death.



ISSUES AND OPTIONS

WILLS

• A will is a legal declaration by a testator in which an individual or individuals are named to manage an estate and transfer property after death.
• In the strictest historical sense, wills refer to real estate property, whereas testaments refer to personal property, but today everything is included under the so-called last will and testament.
• Pet owners can include their pets as provisions in their wills, but there are several reasons why this might not be the optimal solution. Wills can take weeks or months to be executed, might have to go through probate, and can be contested by others. When pets are transferred in a will, they are conveyed as any other type of property and the testator can specify what they hope for in terms of pet care, and even provide support in the form of monetary assets for this purpose, but the beneficiary is under no obligation to act as the grantor intended.
• Although a will may allow a pet to be transferred to someone else following the owner's death, it is important to realize that this may not be helpful if the owner remains alive but is unable to provide adequate care and would just benefit from some assistance in caring for their pet(s). The will is strictly an instrument for transferring property after the testator's death.
• It is for this reason, and many others, that trusts are often considered better options for pet owners; but if that is not possible, the will does offer the prospect for the pet owner to make their wishes known regarding the transfer of ownership of any pets.

TRUSTS

• A trust is a legal agreement that provides for the care of a pet in the event of an owner's disability or death. The owner does not need to be incapacitated for the trust to take effect, as long as the pet owner is deemed unable to manage their pet's care.
• With the adoption of a new provision for the Uniform Trust Act of 2000, many states allowed laws that permitted the creation of pet trusts.
• Although not universally available in all states, pet trust laws have been enacted in almost all states and the District of Columbia.[1]
• Pet trust laws do vary on a state-by-state basis, so pet owners should enlist an attorney skilled in estate planning in their state of residence. Because there are some states in which a pet trust is not valid, and others where enforcement is discretionary, trusts need to be reviewed whenever moving to another state.
• Some states allow a trust to provide for an animal for its entire life, whereas others may be limited to 21 years, so it is important to know the law in any particular state of residence. The trust can also be written to cover offspring of the pet beneficiary.
• Typically, the trust is written for the trustee to hold property (including money) "in trust" for the settlor's pet(s), and it can take effect during their lifetime or after their death. The trustee can then make payments to a designated caregiver, as provided in the trust. Trust funds are not subject to probate, the terms of the trust are not part of the public record, and there are no funding delays once the trust has been triggered by a specified situation.

• The instructions in a pet trust can be very specific, so pet owners can feel confident that the trust is likely enforceable by law and that their wishes regarding their pets will be respected. Such instructions might include the frequency of veterinary visits, favorite foods to be fed, grooming requirements, and even the mode of burial or cremation after the pet's death. The pet's anticipated standard of living should be well documented within the trust.
• Pet owners should not be secretive with friends and family members about their intentions for their pets. They should especially discuss such arrangements with anticipated caregivers to ensure that such individuals are willing and prepared for the task proposed. Without this agreement, it will likely be left up to the trustee to find an appropriate individual or organization to provide such services.
• When the pet dies and there is still money left in the trust, the assets are distributed to a second beneficiary, such as an individual, a charitable foundation, or a corporation.
• In preparing a trust, it is important to select trustees who will be responsible for following the directions specified, and the caregivers who will ultimately be providing the day-to-day care requested. Because both trustees and caregivers are susceptible to the same fates as the rest of us, thought should be given also to successor trustees and caregivers who would be next in line should first choices no longer be able to provide the services requested. Secondary beneficiaries are also named, in the event that assets remain in the trust after the beneficiary pets have died.



EXAMPLES

N/A



CAUTIONS

• Because pets cannot legally hold title to property in the United States, they also cannot be direct beneficiaries of a will or trust. Therefore, individuals or other legal entities must fulfill the intermediary role, with pets being the eventual beneficiaries of the instrument.
• There are significant differences between states in pet trust laws, including how long they can remain in effect, how much can be left for a pet beneficiary, and how enforceable a pet trust might be, so trusts should only be created after consultation with an experienced estate attorney, with expertise in the likely state of residence of the pet and caregiver.
• It is possible to create a trust for each individual pet to be cared for, but an alternative is to create one trust meant to serve all pets that would be owned during a pet owner's lifetime.
• Situations change, including moving to a state with different pet trust laws or enforcement, changes in relationships with would-be trustees and caregivers, and changes in number or types of pets that might alter the circumstances in a pet trust. Whenever such changes occur, it is important to revisit the trust and consider whether amendments are warranted.



MISCELLANEOUS

• Veterinarians can assist pet owners in the creation of a pet trust by providing them with a personalized pet profile for lifelong care (see 5.12 – Discussing Pet-Specific Care and 4.10 – Personalized Pet Profiles) that would enable them to estimate the costs of medical care over the pet's anticipated lifespan. To that end, they would also need to add reasonable costs for feeding, grooming, and miscellaneous other expenses that would be relevant to a particular pet. It is also important for the pet owner to consider the assets necessary to adequately cover the administration of the trust, including trustee fees, attorney consultation, and other such expenses.
• Whenever money is involved, fraud can also exist, so care should be taken to ensure that the pet can be accurately identified. Suitable permanent forms of identification include microchipping and archived DNA samples from which identification can be confirmed. Photos and veterinary documentation of identifiable markings also help with identifying pet beneficiaries.
• If pet owners do not create a trust or will, they should consider what will likely happen to their pets in the case of death or disability. Other options exist, including life trusts, pet protection agreements, or private arrangements with friends, family members, or charitable pet-related organizations or shelters. Not having any plan can create a hardship not only for any pets involved, but also for those that are ultimately going to be left with making decisions related to those pets.

ABBREVIATIONS

N/A

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13.21. ANIMAL ABANDONMENT



BASICS

OVERVIEW

Veterinary hospitals operate under a paradoxical paradigm. On the one hand, the ethical considerations and professional arts engender a holistic respect to avoid harm and maximize wellbeing by treating their clients' nonhuman animals as "patients" with independent lives. On the other hand, business pressures dictate that bills be promptly paid, forcing some to recharacterize the animal as "mere chattel," more like a broken radiator or crashed computer, to be detained pursuant to a retention lien until the client pays all amounts owing. The same considerations apply to nonhuman animal corpses.

May a veterinary hospital refuse to return a companion animal or her remains until the bill has been paid in full, or even in part, deeming the animal "abandoned" for invoice arrearage?

Unrelated to paying invoices, one encounters the separate question of how to care for animals relinquished to the sole custody of the veterinarian. So long as the law continues to regard nonhuman animals as mere personalty and does not extend guardianship law principles to nonhumans, animal care practitioners have been known to invoke the statutory protections of the abandonment statute, other statutory liens such as the generic chattel lien and specific veterinary lien, and, in the right circumstance, agister lien. Others rely on consensual liens at time of service per written contract. The common law also defines abandonment of personalty.

TERMS DEFINED

Abandonment: The relinquishing of a right or interest with the intention of never again claiming it.
Agister Lien: A lien on the animals under an agister's care, to secure payment of the agister's fee. An agister is one who takes and pastures grazing animals for a fee, a type of bailee for hire.
Chattel Lien: A statutory lien that secures payment for labor or materials supplied in improving, repairing, or maintaining personal property, such as an automobile.
Common Law: A product of judicial evolution, a sort of gap-filling or gloss established over generations by judges; compare with "statutory or code law," which is set forth by legislative ordinance.
Foreclosure: A legal proceeding to terminate a debtor's interest in property, instituted by the creditor either to gain title or to force a sale in order to satisfy the unpaid debt secured by the property.
Personalty: Personal property; compare "realty," which is real property.
Possessory Lien: A lien allowing the creditor to keep possession of the encumbered property until the debt is satisfied. A power of sale may or may not be combined with this right of possession.



ISSUES AND OPTIONS

VETERINARY LIEN

• More than half of the US states have codified veterinary liens. Some limit their scope to livestock or large animals.
• Others expire once the veterinarian loses possession (called "possessory liens," in contrast to those that continue despite dispossession, called "nonpossessory liens").

ABANDONMENT

• Many states have animal abandonment statutes aimed at providing a clear framework for disposing of deserted animals. Some extend beyond veterinarians to boarding kennel owners or any person who treats, boards, or cares for a nonhuman animal.
• Some statutes "deem abandoned" an animal that has been placed in the custody of a veterinarian for a specific period of time but has not been removed at the end of that period; alternatively, if left for an indeterminate period, the law requires that some notice be given to the animal owner–guardian prior to being "deemed abandoned." And, of course, failing to pay agreed upon or reasonable treatment charges may also give rise to an abandonment claim.
• Important, however, is the distinction between the right to reimbursement and the right to retain possession of and lien the animal until a bill is paid. And where the right to retain possession exists, a second distinction arises between using the proceeds from sale of the animal to satisfy the debt versus having lawful authority only to deliver the animal to the sheriff for auction or to the humane society for euthanasia or adoption. Obviously, the practical effect of threatening to deliver one's pet to a third party works to ensure prompt payment.
• If your state or locality did not enact a statute governing animal abandonment, then one may consider the common law definition. Abandonment must be proved by clear, unequivocal, and decisive evidence.
• Critical to the determination of this claim is an actual intent to relinquish or part with the right or rights claimed to be abandoned. "Abandoned property" is property to which the "owner has relinquished all right, title, claim, and possession, *with intention* of not reclaiming it *or resuming* its ownership, possession or enjoyment."[1] (Emphasis added.)
• The burden will be on the veterinarian to *clearly, unequivocally, and decisively* prove the client's actual intent to relinquish ownership of the companion animal. In the absence of any express evidence to support this claim, and where alternative, less equivocal intentions may be reasonably inferred, abandonment cannot lie. Hence, the veterinarian should take steps to confirm intent to relinquish, preferably in writing and in the presence of witnesses, to discredit all plausible excuses that might later be raised by the client after you have relocated the animal patient.
• Ideally, one should release the animal upon demand but then exhaustively pursue collections. To detain a loved one's companion animal or animal's cremated remains pending payment of a debt is not only impolitic but amounts to emotional blackmail. If a mother left her child with a pediatrician, could the doctor hold the adolescent hostage until she paid the bill for services rendered? The application to beloved nonhuman animals does not seriously require further exposition. Particularly where most businesses, including human healthcare providers, bill on net-30 or even net-90 terms, a demand for payment coupled with a refusal to return the pet's body may result in a lawsuit or bad press.
• Although sensible to presume that the daily boarding costs should accrue toward the balance, one can readily see the risk it poses for creating a further impasse in negotiations, for as each day passes, the total due and owing increases such that the boarding fee alone may dwarf the disputed sum.

CHATTEL LIEN

• Chattel liens grant the artisan or mechanic a retention lien over any personal property "repaired" through "labor" performed or "material" furnished at the request of its owner. Thus, an animal guardian who surrenders her dog to a veterinarian for a routine neuter may face a chattel lien plus daily boarding costs if she does not promptly pay the veterinarian's full bill. But leaving a cat with a veterinarian for private cremation, although typically outsourced, should not trigger a chattel lien, because the "property" may not have been repaired as contemplated by statute.
• Be mindful that you could lose your lien by bad faith overcharging (i.e., extorting more than the contract debt through withholding possession). If the client makes an unconditional tender of the true amount due, you must surrender the animal.

AGISTER LIEN

Finally, most agister liens apply only to farmers, ranchers, herders of cattle, livery and boarding stable keepers, vets, and other persons to whom horses, mules, cattle, or sheep are entrusted for feeding, herding, pasturing, training, caring for, or ranching. It provides a possessory lien that attaches at the time amounts are due until paid a period after attachment. Read the statute closely, as the class of animals covered often limits to traditional livestock species.



EXAMPLES

If your ability to evaluate the client's ability to pay has gone haywire, and you find yourself out thousands of dollars incurred through hours of legitimate care and hospital resources, you may either comply strictly with the specific statutory lien that applies in your jurisdiction, if it exists, or choose to deem the client's animal abandoned. Make sure to read the relevant state or local law governing these transactions. If the statute offers sparse guidance, err on the side of professionalism and compassion by considering the following:

- Mail first-class and certified, return receipt requested, a clear notice indicating that you will deem the animal abandoned by a certain date (at least 15 days is sensible) if the bill is not paid. If you know that the animal is owned jointly by, for instance, a breeder or spouse or domestic partner, then send the notice to the co-owner(s) as well.
- State in no uncertain terms that this is the "last opportunity to retrieve" the animal. Make this and the date conspicuous (that means bolded, offset, larger font, different color).
- Include a copy of the relevant laws, in full.
- On the day the animal is deemed abandoned, send a second notice, both first-class and certified, return receipt requested, to the last known address stating precisely where the animal has been sent, including the name, address, and phone number of the agency or shelter. Mail this notice the day before delivery to the shelter or agency, but no later than the day of transfer. Inform the client of the minimum number of days the animal is likely to be held at that agency before being euthanized or adopted out (confirm with the shelter). You can even include a copy of the relevant impoundment law, which can be obtained from the shelter.
- Inform the shelter, sheriff, or agency that the animal has been "deemed abandoned" under the pertinent statute. Provide the shelter with the last known contact information for the owner–guardian(s).



CAUTIONS

Although some states permit veterinarians to foreclose on their possessory lien by selling the client's companion animal, such as California Civil Code § 3051, others subject veterinarians to discipline, such as 256 Massachusetts Code of Regulations § 7.01(4). Regardless, prudence and due regard for the best interest of the animal should guide the veterinarian.



MISCELLANEOUS

ABBREVIATIONS

N/A

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Recommended Reading

N/A

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13.22. ANIMAL CRUELTY



BASICS

OVERVIEW

In the Antebellum South, legislators appeared to condone cruelty to slaves more than barbarism against animals. The Louisiana Black Code of 1808 merely fined those who maimed or killed slaves $200 to $500, whereas those who "wantonly or maliciously killed any horse, mare, gelding, mule, or jack-ass" were fined $200 or imprisoned for six months.[1]

Over the centuries, times have changed. With slavery banned by Emancipation Proclamation and Jim Crow days ended, all races began to enjoy equal treatment under the law. Meanwhile, nonhuman animals that previously enjoyed a higher status than slaves were left with the same stale protections of yore. Not until the late twentieth century did states begin passing felony animal cruelty laws, with minimum penalties of one year in state prison, larger fines, and the standard disenfranchisements associated with a felony conviction.

Currently, only the American Samoa and Northern Marianas do not felonize animal cruelty. Still, not all laws are created equally. For instance, Idaho passed its first felony animal cruelty law in 2012, but felony provisions only apply on the third conviction. As civic sensitivity increases to the plight, new responsibilities and limitations on veterinary practice emerge.

TERMS DEFINED

Abuse: Traditionally reserved for positive acts causing unnecessary injury or death to an animal, such as overworking, torturing, traumatizing, or mutilating.

Animal: Varies by jurisdiction. Common omissions include noncaptive wildlife, invertebrates, insects, fish, amphibians, or reptiles.

Criminal Negligence: Unlike intent, knowledge, or recklessness, criminal neglect *does not* involve a state of awareness. A person acts negligently when he or she inadvertently creates a substantial and unjustifiable risk of which he or she ought to be aware. His or her fault is *inattentiveness.*

Expungeability: After a prescribed period of time of good behavior, the ability of a convicted defendant to cleanse the criminal conviction from their record.

Intentionally: The actor's conscious object is to perform an action of that nature or to cause such a result. The action is *purposive.*

Knowingly: The actor is simply aware that their conduct is of the required nature or that the prohibited result is practically certain to follow from their conduct. A man who wills that a particular act or result takes place *has intent*, whereas another who is merely willing that it should take place *has knowledge.*

Malice: The intentional and wrongful doing of an act without lawful justification and with evil motivation.

Mandated Reporter: Those individuals required by law to notify law enforcement of penal code violations. Good faith immunity from civil and criminal prosecution often protects those upon whom the duty to report is imposed.

Neglect: Often relegated to negative acts causing unnecessary injury or death to an animal, such as deprivation of medical attention, ventilation, shelter, space, and sustenance.

Recklessly: The actor is consciously creating a risk that injury might result with a probability less than substantial certainty (if they know that injury is *certain* to result, they act *knowingly.*) It is an unjustified, substantial risk known by the actor and consciously disregarded by the actor. Their fault is *indifference.*



ISSUES AND OPTIONS

NEGLIGENCE

A person who accidentally (i.e., without knowledge) creates an unjustified, substantial risk that an illegal result will occur *is criminally negligent*; a person who knowingly creates an unjustified, substantial risk that an illegal result will occur *is reckless*; where the probability of the risk is substantially or virtually certain (i.e., no longer a risk but, rather, necessarily or will very likely cause a particular result), the person *has knowledge*; where the person desires that the outcome occur, there lies *intent.*

CRUELTY STATUTES

The standard cruelty statutes prohibit the unnecessary and unlawful infliction of substantial pain, physical injury, or death by a means causing undue suffering. Traditionally, circuses, rodeos, institutions performing animal experimentation, ranchers, packers, and farmers engaging in accepted animal husbandry practices, and veterinarians employing accepted professional techniques may find safe harbor from cruelty laws. Of course, some municipalities ban degrees of ear cropping, tail docking, foot soring, and declawing, regarding the procedures as illegal forms of animal mutilation. In some states, the veterinary practice acts subject practitioners to discipline for engaging in acts of animal cruelty, even with exoneration after a criminal trial.

Important distinctions among jurisdictions include the class of animals protected (some exclude insects, fish, and game animals), the class of acts excepted from prosecution, the mental states criminalized (i.e., neglect, recklessness, knowledge, intent, malice), the conditions imposed upon conviction (e.g., forfeiture of animals, injunction against future ownership of animals, psychological treatment, civil penalty, fine and imprisonment, cost of care), the conviction's expungeability, the crime's classification (i.e., misdemeanor or felony) and felony ranking (e.g., some laws declare animal cruelty an "unranked" felony, resulting in identical jail time for a defendant with no priors and a defendant with a lengthy rap sheet), and the need for an expert to prove undue pain or suffering. Oregon obviates the need for expert veterinary testimony by presuming cruelty upon proof of objective physical manifestations, such as pierces, cuts, punctures, bruises, or burns.[2] This legislative move avoided requiring judicial interpretation of the type that occurred in the Washington State case *State v. Zawistowski.*

Vern and Katonya Zawistowski faced six counts of second-degree animal cruelty charging them with neglect in causing unnecessary pain to Silver and Princess Tarzana (horses) from underfeeding, poor dentition, and malnutrition. The Pierce County Superior Court threw out the district court jury convictions, and the state appealed in September 2003. Division II reinstated the convictions. This

published decision clarified the threshold for proving nonhuman animal pain sufficient to obtain a second-degree animal cruelty conviction. The second-degree animal cruelty law, RCW 16.52.207, did not define "pain" or "unnecessary," and no Washington court had determined whether such factors as amount, frequency, or duration apply differently, if at all, between nonhuman animals and humans. The *Zawistowski* court solidified the nexus between starving an animal and causing unnecessary pain in adopting the dictionary definitions: "pain" as "a state of physical or mental lack of well-being or physical or mental uneasiness that ranges from mild discomfort or dull distress to acute often unbearable agony" and "hunger" as "[t]he discomfort, weakness, or pain caused by a lack of food."[3]

The *Zawistowski* court did not define "substantial pain" for first-degree, felony animal cruelty. It also did not address the variable sensitivities of certain animals to experience pain; for instance, insects, fish, and invertebrates such as butterflies, salmon, lobster, and octopi are not protected by most cruelty statutes even though zoologists and other scientists have raised research-grounded doubts. By adopting the dictionary definition, the *Zawistowski* decision could serve to protect nonhuman animals against psychic pain as well as physical discomfort sustained by underfeeding and malnutrition. Traditionally, however, psychological injury without physical manifestations will not trigger a cruelty or neglect violation.

Because veterinarians, like human medical doctors, teachers, and social workers who tend to see with greatest frequency injuries most consistent with criminally abusive acts, are often the first responders early in the cycle of animal abuse, some states have mandated animal cruelty reporting by veterinarians to law enforcement. For instance, Minnesota requires reporting known or suspected cases of abuse, cruelty, or neglect.[4] Naturally, veterinarians fear foremost the loss of business should word spread that they work with police to nab "innocent," well-meaning clientele. More significantly, they may risk courting a civil lawsuit for breach of confidentiality or a disciplinary complaint, or even criminal recourse in the form of false reporting. That said, many jurisdictions have enacted anti-SLAPP laws (SLAPP means "Strategic Lawsuit Against Public Participation") that immunize those who report matters to government agencies, even in bad faith, on matters relevant to that agency, and sport civil penalties and recovery of attorney fee provisions to the prevailing defendant. Those states that impose duties of confidentiality, such as California, Illinois, Texas, Kansas, and Georgia, may explicitly or implicitly exempt reporting suspected animal cruelty to law enforcement.



EXAMPLES

Take the rare case of a man maliciously kicking a pregnant dog in the abdomen, causing her to miscarry and with obvious trauma to the in-utero puppies. Under most cruelty statutes, the prosecutor could charge one count of cruelty to the mother for unnecessarily causing physical injury to a nonhuman animal. But what of the puppies? Virtually no cruelty statute explicitly defines "animal" to include the unborn, and technically a canine embryo or fetus is no less classifiable as an animal than a whelped pup. Even if applicable to the unborn puppies, most prosecutors would still need to prove death by means causing undue suffering or substantial pain, issues that remarkably portend the tremendous conflict over homocentric disputes such as abortion. For if the cruelty statutes protect pre-nonhumans, on what basis may one not similarly protect pre-humans under one of the numerous proposed fetus protection statutes? Others may even argue that a human fetus is a "nonhuman mammal" for purposes of the animal cruelty statute precisely because it has not attained viability outside the womb. There is also the question of whether the puppies' gestational affixation to the mother renders them indistinguishable from her, such that only one count of cruelty is appropriate. In much of civil animal law, unborn animals are considered accessions to personal property (i.e., a part of the whole that increases the value of the latter).

A green belt in karate was demonstrating her skill to her friends. She made as if to strike her parakeet with her foot; however, her kick broke the bird's neck and killed him. Assuming the cruelty statute protects avians, and that the pain or suffering can be proved, whether she is charged with criminal negligence or recklessness depends upon whether she took a risk that was both substantial and unjustifiable, which may turn on whether she took steps to mitigate the risk of death to the bird.

What if an individual wanted to humanely kill his sickly, suffering dog by using a revolver? He believed he was quite the marksman and thought he knew how to kill his dog instantly. Unfortunately, he did not fire properly. It took some time and a few more rounds to put his dog to rest. There is no doubt that during this time, the dog unduly suffered. There is clearly an *intent* to kill, but not an intent to kill with undue suffering. There *is knowledge* that the dog would die from being shot, especially improperly, but no apparent knowledge the dog would suffer as a result of his firing the first bullet. In this sense, there was only a *risk* of misfiring. Clearly, the man took a *risk* that he would not instantly kill the dog, and that the dog might needlessly suffer by euthanizing in this fashion. But was the risk *substantial*? Based on his experience as a sharpshooter? Based on his reliance on perhaps incorrect instructions on bullet placement? Was it *unjustified*? This may depend on the circumstances surrounding the fading health of the dog and the proximity to the vet. If substantial and unjustified, did he consciously create the risk (i.e., fail to take precautions to minimize or eliminate the risk and thereby show indifference to the outcome)? If so, he may be *reckless*. If there were a substantial risk that he did not consciously create (i.e., inadvertently), then he may be *criminally negligent*.



CAUTIONS

Though not routine, it is conceivable a veterinarian could find himself or herself facing extortion charges should he or she withhold possession of the animal pending the suspected abuser's signature on an owner surrender form; in short, threatening to call the cops if the victimized animal is not turned over to his or her care. In most states, threatening criminal prosecution in order to obtain property or money amounts to extortion in some lesser degree. On the other hand, one may defend against extortion if the threatened criminal charge is reasonably believed to be true and the sole purpose of making the threat is to compel the person threatened to right the wrong.

Mental state	*Likelihood of result/injury*	*Awareness*
Intent	Certainty	Aware and desirous of result
Knowledge	Certainty	Aware of conduct and result
Reckless	Substantial, unjustifiable risk	Aware but conscious disregard
Criminally negligent	Substantial, unjustifiable risk	Failure to be aware

13.22. ANIMAL CRUELTY



MISCELLANEOUS

ABBREVIATIONS

SLAPP: Strategic lawsuit against public participation

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Section 14

Planning and Decision Making

14.1. CAREER PLANNING



BASICS

OVERVIEW

Career planning is an integral component of career success. Regardless of talent, skill level, or experience, failure to appropriately plan can lead to the failure to reach one's full potential. The employment landscape has evolved during the last several years. As a result, professionals, especially those who are part of the Millennial Generation, are changing jobs more frequently than in the past, sometimes as often as every 18 months to two years. At the very least, the average professional should expect to change jobs four times by the time they're 32 years old.[1] This evolution underscores the need for career planning to an even greater degree, as an acceleration in workplace dynamics requires more forethought in order to take full advantage of premium employment opportunities.

Successful career planning requires the identification, integration, and management of several key factors. These factors include professional considerations such as passion, talent and abilities, skills assessment, and needs analysis. These factors also include personal considerations such as family, work-life balance, relocation, and personality/mindset. Successful career planning also requires the setting of both long-term and short-term goals, a corresponding plan of action that addresses both sets of goals, and accountability measures to ensure progress.

TERMS DEFINED

Career Planning: The continuous process by which an individual assesses the current state of their career, sets specific objectives for advancement and/or growth, and takes action designed to meet those objectives.

Hard Skills: These are teachable skills and quantifiable skills. This means they produce quantifiable results and you can be graded and/or evaluated for your ability.

Soft Skills: These are skills that involve the way a person interacts with other people, specifically their boss and coworkers within the workplace setting.



ISSUES AND OPTIONS

PROFESSIONAL CONSIDERATIONS

Passion

What a person is passionate about plays a central role in career planning, especially in terms of satisfaction. Any plan should include how passion can be continually pursued, and any course of action undertaken should reflect this pursuit.

Talent and Abilities

Natural talent and raw abilities often serve as the cornerstone of a career planning initiative, especially if that talent and those abilities line up with the person's passion. If an individual is good at something and they are also passionate about it, that combination serves as the driving catalyst for the creation of a career plan.

Skills Assessment

Talent and abilities translate into specific skills, which is important because those skills translate into the value that employers crave in the workplace. The more and better skills that an individual possesses, the more valuable they are viewed by their employer (and potential employers).

Needs Analysis

What a person wants professionally is a key factor in that person's career plan. This includes the type of work they want to do, the type of organizations and/or veterinary practices for which they want to work, and their clearly defined parameters for what they consider to be career success.

PERSONAL CONSIDERATIONS

Family

Career planning absolutely must include family considerations. This is especially the case if an individual is married and has children. Their plan should be created with the inclusion of whatever family dynamics apply to their situation.

Work-life balance

How much and how long a person is willing to work affects their career plan in more ways than one. First, it can affect the direction of the plan. Second, it can affect the pace of the plan. This personal consideration often goes hand in hand with the personal consideration of family.

Relocation

A person's ability and/or willingness to relocate directly influences the scope of their career planning. Once again, family is also a part of this consideration. A career plan often entails pursuing another employment opportunity and changing employers. In such a situation, it is important to determine priorities by asking the following questions:[2]

- Is this position more beneficial for my family in regard to income and benefits?
- Will our children be able to adjust to the move?
- Will this part of the country that we are relocating to benefit my family?
- Will my spouse be able to find a job?
- Will this position be essential for furthering my career? Or not?
- What will we gain or lose by relocating?

Personality/Mindset

A person's personality and their mindset or attitude regarding their career also affects their planning efforts. Some people take their careers more seriously than others. What is a priority for one person is not necessarily a priority for somebody else. Within this consideration, it is key for the individual to identify their priorities and apply them strategically to their plan.

SETTING OF GOALS

Long-Term Goals

Any career plan must have the end in mind. In other words, any plan must have an ultimate objective. This objective sets the direction of the plan, as well as the scope and the trajectory. After all, the overriding goal of a career plan is to reach the ultimate objective (or objectives, if there are more than one).

Short-Term Goals

These types of goals are critical for individuals pursuing their ultimate objective (or objectives). They serve as a "bridge" of sorts, connecting the individual with where they are in the present to where they want to be in the future. Short-term goals should be based upon the same professional and personal considerations that the long-term goals are based upon.

ACTION STEPS

There are two main ways for an individual to grow their career. They can grow their career with their current employer, or they can grow their career by seeking out and finding an employment opportunity with another organization. These two paths could include the following paths:

- A job change within their current employer, including through a promotion.
- A job change and a career change within the same industry.
- A job change and a career change to an entirely different industry.

The path that an individual takes and the corresponding short-term and long-term goals that are associated with that path dictate the appropriate course of action. For example, the following steps could comprise one or more courses of action:

- Engaging in continuing education programs, either within the current employer or outside of it
- Adding additional skills, either hard skills, soft skills, or both.
- Creating or developing a résumé or curriculum vitae (CV).
- Launching a job search for the purpose of identifying suitable employment opportunities
- Creating a cover letter to accompany the résumé or CV.

The action steps required for the achievement of both long-term and short-term goals with the career plan should be sequential, logical, and spelled out in no uncertain terms. Specifics are recommended and generalities should be avoided. Too much in the way of "gray areas" can derail a well-intentioned plan.

ACCOUNTABILITY MEASURES

A career plan with corresponding action steps for the achievement of short-term and long-term goals is only useful if the plan is effective. That is why a system of accountability, combined with analysis regarding the plan's execution, is paramount (see 2.6 – Accountability). While an individual could hold themselves accountable for the success of their plan, accountability with the help of a third party is the preferred method. That third party can take the form of one or more of the following:

- family member
- colleague
- career counselor
- career coach
- search consultant/recruiter.

Keep in mind that career counselors, career coaches, and search consultants can also help with a person's career planning efforts. Their knowledge and experience can be applied to nearly every step of the process, and their expertise can be instrumental in helping to determine important decisions. In the final analysis, the quality of decisions made ultimately dictates how successful a career plan really is.



EXAMPLES

N/A



CAUTIONS

It is dangerous during any career planning endeavor to not be open to at least considering opportunities, either those that a person uncovers on their own or those that are presented to them. Not being open to opportunity, for whatever reason, can be a career-limiting move. In addition, an aversion and/or fear of taking risks can also thwart even the most carefully constructed career plan. Remember: a plan is only as good as the extent to which it is successfully executed. Everything looks good on paper, but a person's career (and life) do not exist solely on paper.



MISCELLANEOUS

- Successful career planning (and execution) requires a proactive mindset, as opposed to a reactive one. This means taking proactive steps regarding one's career, including within the realm of networking, which is an essential ingredient in plan execution. When an individual is proactive, they are working from a position of strength, as opposed to a position of weakness. In addition, they create more options and opportunities for themselves, which results in better decisions. Good decisions ultimately form the cornerstone of effective career planning.
- As an extension of the proactive versus reactive mindset, the best time to search for a job is when you already have a job. (Remember that there are two main ways for an individual to grow their career. They can grow their career with their current employer, or they can grow their career by seeking out and finding an employment opportunity with another organization.) While this might seem counterintuitive, searching for a job when you already have one is the perfect illustration of moving from a position of strength as opposed to a position of weakness. When you operate from a position of strength, you have more options. When you operate from a position of weakness, you have fewer options.

ABBREVIATIONS

CV: Curriculum vitae

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14.2. Professional Development Plans



BASICS

OVERVIEW

Professional development plans are important for veterinary practices and other organizations. That is because they serve more than one purpose, and each of those purposes is crucial for long-term health and viability. There are three main aspects of a professional development plan. They can be classified as (1) onboarding/training, (2) skills development, and (3) career advancement and enhancement.

As far as the multiple purposes that a professional development plan serves, it helps a practice to maximize the productivity of new employees, infuse employees with more skills so they provide more value to the organization, and increase its retention rate of those employees overall. This promotes more continuity, more production, and ultimately more profit.

TERMS DEFINED

Hard Skills: These are teachable skills and quantifiable skills. This means they produce quantifiable results, and a person can be graded and/or evaluated for their ability.

Professional Development Plan: A plan assembled by an organization's management for the purpose of enriching its employee's skills and enhancing their careers, and at the same time aligning the employees' motives with the organization's business needs and goals.

Soft Skills: These are skills that involve the way a person interacts with other people, specifically their boss and coworkers within the workplace setting.

Transferrable Soft Skills: These are skills that involve the way a person interacts with other people that can be transferred between positions and even between industries.



ISSUES AND OPTIONS

Professional development plans are essential for all employees, but even more so for top-performing employees. There are two main reasons why this is the case. First, a veterinary practice or organization can least afford to lose its top-performing employees. Second, top-performing employees are the ones most likely to leave due to the fact that the organization does not offer a career development plan for its employees.

It is important to note that professional development initiatives can be conducted on both an individual basis and within a group and that professional development plans are a continuous process at all levels (see 3.14 – Staff Development).

ONBOARDING/TRAINING

Onboarding

Onboarding is the first and most important step in a professional development plan – see 3.9 – Staff Orientation (Onboarding and Integration). That is because if the employee is not onboarded properly, then they are at greater risk for leaving the practice. There are two phases of the onboarding process:

- **Phase 1: acceptance to employment.** During this two-week period, management must assure the new employee that they have made the correct decision. This helps prevent the person from accepting a counteroffer.
- **Phase 2: start of employment.** During this phase, management provides all of the paperwork, housekeeping details, and hardware and software tools to the employee.

Note that there is a degree of overlap between the second phase of the onboarding process and the start of training.

Training

All training within this aspect of professional development is related to either the employee's job, to the veterinary practice or organization at large, or both. This training includes, but is not limited to, the following:

- Job duties and responsibilities, both individually and in collaboration with others.
- Company policies as contained in the employee handbook.
- Company culture communicated either orally, in written format, or both.
- Training regarding updates to hardware and/or software.
- New products or services prior to or following release.

Other aspects to consider are those of method and setting, specifically how the training will be administered and where it will be administered. That depends, as one might expect, on the type of training involved.

For example, a training session regarding a new company policy would require a lecture format in a large group setting. Method and setting are at the discretion of the manager associated with the training.

In addition, evaluation measures must be undertaken to ensure training proficiency and skills acquisition. This often includes periodic performance evaluations, sometimes as often as twice per calendar year.

SKILLS DEVELOPMENT

This training involves skills and abilities that do not necessarily pertain to the employee's job or the veterinary practice or company at large. However, the organization stands to benefit tremendously from its employees continuing to hone and grow their skill sets. The following are some of the ways that it can benefit:

- Employees with more and different skills provide more overall value to the organization.
- These employees are better able to apply their skills and abilities to solve more problems.
- These employees can assume additional duties and responsibilities not part of their original job description.

Whereas the skills involved with onboarding/training are primarily hard skills, those involved here are primarily soft skills (although hard skills are not excluded). Specifically, they are classified as transferable soft skills, meaning that they can be applied within an employment setting, regardless of the industry or position. The following is a list of some of the more important transferrable soft skills:

- communication (both written and verbal);
- time management;
- sales (or put another way, the art of persuasion);
- emotional intelligence;
- leadership.

Of these, leadership is the most valuable to an organization's professional development efforts (see 2.12 – Leadership). That is because employees with leadership skills are candidates for promotion and management.

Skills development training within a professional development plan takes many different forms, depending upon the type of training involved. These forms of training are either formal or informal in nature, and they can be individual, one on one, or within a group. The following are examples.

- **On-the-job experience (informal).** During the course of employment, an employee is invariably confronted with unforeseen challenges. They could include additional duties or responsibilities, inclusion on a special project, or a critical assignment involving another department. All of these situations could result in the acquisition and development of important skills.
- **Employer-initiated training (formal).** This can take the form of special classes, online training, or trade shows and conventions. Some employers even have a tuition reimbursement program. Formal mentorship arrangements also fall into this category, which are beneficial for cross-training and succession planning.

• **Employer-initiated training (informal).** This example represents other opportunities that the employer offers to its employees, such as a training library of books and videos or DVDs or informal mentorship arrangements.
• **Employee-initiated training (formal).** An employee who decides to go back to school to further their education is an example of this type of training. In short, this also includes any type of formal training that their employer does not initiate.
• **Employee-initiated training (informal).** This includes anything that the employee does on their own to improve their skills and does not constitute a formal training situation. An example is reading books of their own accord.

If the veterinary practice or organization plans and pays for the training, it is employer initiated. If the employee plans and pays for it, it is employee initiated. Evaluation measures depend upon the type of training, the method, the parties involved, and the setting.

CAREER ADVANCEMENT AND ENHANCEMENT

In regard to top employees, this is the most important part of a veterinary practice's professional development plan. That is because top employees are most interested in growing their career, and there are two ways they can do so. They can either grow their career with their current employer, or they can do so by seeking an employment opportunity with another employer. There are two main areas of focus here:
1. **Advancement** – employees want to "climb the career ladder" through promotions.
2. **Enhancement** – employees want to enjoy the benefits and perks that are associated with advancement.

Consequently, a veterinary practice or organization must create a plan for employees, especially top employees, to advance and enhance their career within the organization. If it does not, then those employees are at risk for leaving.

As a result, the veterinary practice or organization should discuss career issues with its employees. Specifically, they should discuss the professional considerations of passion, talent and abilities, skills assessment, and needs analysis and the personal considerations of family, work-life balance, relocation, and personality/mindset (see 14.1 – Career Planning).

THE BOTTOM LINE

The bottom line in terms of professional development plans is just that: the bottom line. Employers that create, implement, track, and measure their plans benefits from the following:
• **More productive new employees.** Less ramp-up time means that new employees are completing tasks and solving problems more quickly.
• **More valuable employees.** Not only are employees more productive in a shorter amount of time, but they also acquire more and different skills, steadily increasing their value in many different ways over time.
• **Increased retention rate.** Employees who are part of a professional development plan feel more engaged with their employer and are less likely to leave for another employment opportunity.
• **Better workforce management strategy.** With greater retention comes more promoting from within and less need to hire from the outside. This saves time, money, and energy, not to mention the fact that employees who stay and grow with the company perform at increasingly higher levels.



EXAMPLES

N/A



CAUTIONS

An effective professional development plan can require a substantial amount of time, energy, and effort. However, if done properly, this investment can yield a tremendous return in terms of increased production, profitability, and retention. In addition, this plan is a continuous endeavor, evolving over time to meet the demands of the employees and the organization. As a result, veterinary practices and organizations should approach their professional development plans studiously and execute and measure them thoroughly.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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14.3. RÉSUMÉ AND COVER LETTER



BASICS

OVERVIEW

A person's résumé and cover letter are more than just a compilation of dates, timelines, skills, and experience. They should work together to tell a story about how that person has provided value to their employers and how they can provide value to potential employers by solving whatever problems that employer is seeking to solve.

TERMS DEFINED

Hard Skills: These are teachable skills and quantifiable skills. This means they produce quantifiable results and a person can be graded and/or evaluated for their ability.

Résumé: A brief summary of personal, educational, and professional qualifications and experience, typically used as part of a job application.

Soft Skills: These are skills that involve the way a person interacts with other people, specifically their boss and coworkers within the workplace setting.

Transferrable Soft Skills: These are skills that involve the way a person interacts with other people that can be transferred between positions and even between industries.



ISSUES AND OPTIONS

RÉSUMÉ

The importance of the résumé lies in the purpose that it serves. It is a major component of both a job search and the hiring process:

- A résumé helps a job seeker get a telephone interview.
- A telephone interview helps a job seeker get a face-to-face interview.
- The face-to-face interview brings the job seeker closer to an offer of employment.

So, without a résumé, an offer of employment is nearly impossible. This underscores the importance of the résumé and the information that it should convey.

First, make sure that you title your document appropriately. Do *not* name it something generic, such as "My Resume" or "Document 12." Instead, give your résumé an accurate, descriptive, eye-catching title. Examples include "John Smith for Technical Services Veterinarian" or "Feline Veterinarian Janet Jones."

Physical appearance

- Avoid bright color paper, as that can distract from the contents of the résumé.
- Use a common font, such as Times New Roman or Arial. A font size of 12 is best, but a size of 11 or 10 is acceptable in some cases.
- Layout and spacing can vary in accordance with the template used.
- The résumé should be no longer than two pages.
- Do not include a photograph of yourself or a cartoon or funny graphic on your résumé. Employers use what are called applicant tracking systems (ATSs) for screening résumés. An ATS may not properly import your résumé if it contains any of these elements.
- If sending the résumé electronically, do so in a Word Document format. If you send a PDF version, the ATS may not import it properly.

Contents

Format

You can use more than one format for your résumé. However, the one that is recommended is the traditional format. There are three different types of traditional résumés:[1]

- **Historical/chronological.** This type is set up in reverse chronological order, most recent first. This style is best suited for those with significant experience in their field.
- **Functional.** This format uses titles (or job functions) as headings and may ignore historical format. Recent college graduates typically use this style.
- **Analytical.** This format uses skill fields as headings and also ignores historical sequence. If you have diverse experience or are trying to change careers, use this style.

No matter the traditional format that you use, make the work history as relevant as you can to your job search and tailor the résumé to the specific job for which you are applying. This entails more work on your part, but it also increases your chances for success.

Contact information

- Put your name at the top of the résumé. Do not simply write the word "Résumé" at the top. Use regular caps and not all caps, though you can use a bold face to make your name stand out.
- You do not necessarily have to provide a full mailing address, but at least include a city and state. This is needed in case relocation is an issue.
- List your cell phone number. Even if you have a home telephone number, include your cell number instead. Hiring managers know that you are more likely to answer your cell phone. Not only that, but some hiring managers text candidates, as well.
- Be sure that your voicemail message is professional. You do not want a potential employer to get the wrong impression from an unprofessional message or greeting.
- You should also include your e-mail address, since e-mail correspondence is common during the hiring process. However, include a professional-sounding e-mail address. If you are using an outdated e-mail service such as AOL or Hotmail, sign up for a Gmail account. They're free and easy to use.

Executive summary/professional summary

- Do not include a mission statement or an objective statement on your résumé. Instead, use an executive summary or a professional summary. If you state your mission or objective, then it might not line up perfectly with the organization's mission and current opening. But if you list an executive summary, then it might more closely align with the company's expectations.
- If you know exactly what you want, why not say it? It may be best to take a broad approach. For example, instead of writing a sentence like, "Seeking a career opportunity in industry," try including a simple title after your contact information, such as "Veterinarian."
- Include your title and years of experience first, then list special skills. Next, talk about your character traits or work style. Remember that this is a summary. Do not go over three sentences.
  - *Example.* Small Animal Veterinarian with more than 10 years of experience with two veterinary hospitals. More than three years of experience directing a hospital. Customer service oriented.
- Like every part of the résumé, you should strive to convey the potential value that you could bring to an organization.

14.3. RÉSUMÉ AND COVER LETTER

Qualifications
• Provide a few short statements that help to summarize your skills, abilities, and experience in a way that illustrates your value.
• This is a prime place to list things that do not fall under work history and experience, especially if it is a unique qualification.
Education
• Use reverse chronological order for the education section. List the names of the academic institutions and their locations.
• List the degrees that you have earned, including majors, minors, and dates.
• It is typically not necessary to include your high school in this section.
Professional experience (work history)
• Once again, it is important that this is listed in reverse chronological order and not chronological order. This can be confusing and misleading, especially if the person looking at the résumé does not look at it for very long. So, start with the job that you currently have.
• Then list each position held in reverse chronological order, going back at least 10 years. If you held multiple positions with the same employer, be sure to list all of them to show how you have progressed.
• List the name of the employer, its location, your job title, the dates that you held that job title, and a description of your job duties.
• Create your statements to be short, but impactful.
• Choose your words carefully and efficiently. Every word should convey and denote the value you possess as a worker and potential employee.
• You should describe your responsibilities and your accomplishments. The body of the position description has two parts: a description of your responsibilities and your accomplishments.

When detailing your accomplishments, remember to tie those accomplishments to tangible value. The following are 12 accomplishments that are of the most interest to employers:[2]
1. Increased revenues
2. Saved money
3. Increased efficiencies
4. Cut overhead
5. Increased sales
6. Improved workplace safety
7. Purchasing accomplishments
8. New products and/or new lines
9. Improved record keeping process
10. Increased productivity
11. Successful advertising campaign
12. Effective budgeting.

In addition, highlight hard skills, soft skills, and transferrable soft skills throughout your professional experience. The following is a list of some of the more important transferrable soft skills:
• communication (both written and verbal);
• time management;
• sales (or put another way, the art of persuasion);
• emotional intelligence;
• leadership.

When applicable, highlight these skills within the work history section (see 14.2 – Professional Development Plans). While hard skills are required, soft skills (and especially transferrable soft skills) are highly valued by veterinary practice owners and employers.

Formats for professional experience
There are two basic formats for organizing the professional experience section. They are feature–accomplishment–benefit (FAB) and situation–solution–outcome (SSO) formats.[3]
• **FAB.** Use the FAB format to organize your skills and sell your accomplishments:
  ◦ *Feature:* The actual responsibilities.
  ◦ *Accomplishment:* The performing of responsibilities.
  ◦ *Benefit:* How your performance affected your employer.
  ◦ *Example:* Small animal veterinarian.
  ◦ *Feature:* Turned around clinic.
  ◦ *Accomplishment:* Increased clientele base by 30% in one year.
  ◦ *Benefit:* Increased annual revenue by more than 45% in one year.
  ◦ *Statement:* Turned around clinic by increasing clientele base by 30%, which led to increased revenues of more than 45% last year.
• **SSO.** The SSO format might be used to demonstrate your problem-solving capabilities:
  ◦ *Situation:* What situation was your company facing?
  ◦ *Solution:* What did you do to solve the problem?
  ◦ *Outcome:* What was the outcome?
  ◦ *Example:* Vice president of sales.
  ◦ *Situation:* Company wanted to grow nongovernment business.
  ◦ *Solution:* Created and implemented commercial market penetration strategy.
  ◦ *Outcome:* Increased revenues over $50 million.
  ◦ *Statement:* Company wanted to grow nongovernment business. Developed business that resulted in the capture of commercial sales with increased revenues of over $50 million.

If you have had a gap in your work experience, fill that gap with something that adds value to your résumé. For example, it could be related to volunteering or charity work. However, do not make it appear as if you "disappeared" during that time.
Other relevant experience
• These are experiences that support the central theme and focus of the résumé. As such, they should be relevant and also convey value.
• List the experiences in reverse chronological order, including names, locations, position titles (if applicable), dates, and descriptions of the experience and any associated duties.
• This section can include voluntary work, especially if it falls with the parameters of the veterinary profession or serves as evidence of transferrable soft skills.
Honors/awards
• List the name of the honor or award and the date you received it and provide a brief description of it.
• Honors and awards earned at education institutions can also be included here.
Certifications/memberships
The veterinary profession requires and offers numerous certifications, some of which are prerequisites for certain jobs and some of which are supplementary in nature. However, they all support your value and should be included, starting with the most recent ones first.
Clubs/hobbies
• Clubs that pertain to the veterinary industry should be given preference, especially if membership in these clubs helps to further illustrate your value as a potential employee.

14.3. Résumé and Cover Letter

• List the full names of the clubs of which you are or have been a member, and also list the dates of membership for each.
• Hobbies are not 100% necessary on a résumé, but they can represent interests outside of work and may speak to how well-rounded you are as a person.
• If your hobbies can also convey your value, that is a bonus. Example: being fluent in more than one language and having a desire to become fluent in more languages.

References

• Do not write "References available upon request" on your résumé. This is an outdated statement that was common practice 20 years ago, but not today.
• Choose between three and five people to serve as references who can speak at length about your skills and your experience.
• Request permission from the people you choose to serve as references. Do not assume that they will be willing to do so.
• List references on a separate sheet of paper and not as part of your résumé. Include their full name, telephone number, e-mail address, and mailing address. Once again, be sure that you have permission to provide all this information.
• If a list of references is required at the time you apply for the position, then submit your references then. However, still take multiple copies of your references with you to your interview.

COVER LETTER

• A cover letter serves as the precursor to your résumé. It should introduce you and also entice the reader to investigate your résumé.
• As a result, your cover letter should not contain the same information that is contained in your résumé.
• A cover letter is not used in every situation, but it is advisable to have one ready. For example, you typically would not take one to a face-to-face interview, although you should have your list of references with you (as noted earlier).
• Use a professional grade of paper. Ideally, use the same type of paper that you used for your résumé for consistency's sake.
• The cover letter should be one page in length.
• Include the date at the top, followed by the addressee's full name and address.
• Single space the lines, and put a line between the paragraphs. You can left justify or align the paragraphs, depending upon your personal preference.
• Like the résumé, use a common font, such as Times New Roman or Arial. Also like the résumé, a font size of 12 is best, but a size of 11 or 10 is acceptable. (It is more acceptable than a two-page cover letter.)

Introduction

• If you know the name of the person who will be reading your cover letter, present a formal greeting, such as "Dear," "Mr.," or "Mrs." Do not use the person's first name. If you do not know the name of the person, then do your best to find out beforehand.
• Do not use "To Whom It May Concern." Like "References available upon request," this is an outdated practice.
• The two most common instances involving a cover letter include when you are applying for a specific job (in response to an advertisement or otherwise) or you are simply presenting your candidacy.

Applying for a specific job

• Reference where you saw the job advertisement.
• Explain what about the advertisement piqued your interest in the position.
• Mention briefly how your interests, background, and experience tie you to the position in a way that will compel the reader to read your résumé.

Presenting your candidacy

• Explain how you know about their organization, providing only relevant details.
• Explain why you are contacting them.

Note: if you have met or spoken with the person before, be sure to reference that prior contact. Be as detailed as possible so that you "jog their memory." Prior contact is a useful icebreaker and helps to engage the reader more easily.

Value Proposition

• Everything in the employment marketplace revolves around value. After the introductory paragraph is where you should describe the value that you could bring as an employee (see 9.6 – Value-Added Analysis).
• Convey your value in terms of both your experience and your skills.
• Remember that in terms of skills, value is defined by hard skills, soft skills, and transferrable soft skills.
• Tie your experience, your hard skills, your soft skills, and your transferrable soft skills first to the position for which you are applying (if you are applying for a position) or frame them in a way that conveys the value that you could bring to a potential new employer.
• If you have conducted research about the veterinary practice or organization (and you should have), this is the time to reference the results of that research, in as much as it relates to the position and/or your candidacy. This is especially the case if you are presenting your candidacy and are not applying for a specific position. This shows both interest and initiative.

Closing

• This is the section where you should include one or more calls to action (CTAs). Ideally, you want the person who is reading your cover letter to also read your résumé (one CTA). Then, you want them to contact you, either over the telephone or via e-mail (another CTA).
• Not only can you ask for action on their part, but you can also express the fact that you plan to take action. Indicate that you will follow up with them, once again either by telephone or e-mail or both, at a time in the future. You can either designate a time or leave it open ended.
• If you indicate that you plan to take action, then you must be prepared to follow through. Doing what you say you are going to do is the number one way to brand yourself as dependable and reliable, which also illustrates your value.
• However, do not "stalk" the person. If you have attempted to follow up and have not been able to initiate contact, repeatedly attempting to do so can ultimately work against you.
• Use a common closing, such as "Sincerely" or "Cordially." Do not get too creative with your closing. What you see as creative another person might see as unprofessional.
• Type your full name with your title and/or degree after it, with the appropriate number of spaces left above for your signature.
• You can either include contact information following your name, or you can use a letterhead that includes your contact information at the top of the page.

14.3. RÉSUMÉ AND COVER LETTER



EXAMPLES

See 15.2 – Sample Résumé and Cover Letter.



CAUTIONS

• Your LinkedIn profile is *not* the same thing as your résumé. Unfortunately, job seekers and candidates have been attempting to treat them as interchangeable during the past few years. However, they are not interchangeable and should not be treated as such.
• If a hiring manager or a recruiter asks you to send your résumé, you should send it to them as an attachment in an e-mail.
• Though your LinkedIn profile is not your résumé, it is advisable that you update your LinkedIn profile at the same time that you update your résumé.
• It is recommended that you update both your résumé and your LinkedIn profile at least once per quarter, or more frequently if that is warranted.

What *not* to include on your résumé:

• Do not include personal information on your résumé. This includes your ethnicity, your religion, and your children.
• Do not disclose your marital status.
• Do not disclose your current salary information.
• Do not include your social security number.

Above all, be truthful when constructing your résumé. One of the things that job seekers lie about the most is job experience. If you lie to get the job, you will almost certainly be found out. It is extremely difficult to fake experience. Not only will you be fired, but your reputation will also be tarnished within the industry.

Speaking of which, the veterinary industry is a small one. People within it travel in the same circles. This increases the chances that any lies you propagate with your résumé will eventually be discovered and you will be dealt with accordingly.



MISCELLANEOUS

ABBREVIATIONS

ATS: Applicant Tracking System
CTA: Call to action
FAB: Feature–accomplishment–benefit
SSO: Situation–solution–outcome

References

1. Pursell, S. *Resume Writing – Tips and Tricks for Writing a Great Resume*. www.TheVetRecruiter.com/resumes (accessed May 7, 2019).

Recommended Reading

N/A

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14.4. CURRICULUM VITAE



BASICS

OVERVIEW

A curriculum vitae or vita (CV) is a special type of résumé used extensively in countries outside of the United States. Within the United States, a CV is typically used only within the academic and/or medical communities, including the veterinary profession. A CV differs from a résumé in many ways, starting with the fact that it is exceptionally detailed and is not held to length restrictions. As such, a CV includes numerous sections and subsections containing information such as degrees earned, teaching experience, publications, presentations, and any research that has been conducted, among other things.

TERMS DEFINED

Curriculum Vitae (CV): An ongoing account of an individual's education, qualifications, and experience.



ISSUES AND OPTIONS

FORMAT

- Use standard-sized letter paper, which might be 8.5 in. × 11 in. (215.9 mm × 279.4 mm) in North America, but could be A4 elsewhere (210 mm × 297 mm or 8.26 in. × 11.69 in.).
- Like the résumé (see 14.3 – Résumé and Cover Letter), use a traditional font like Times New Roman or Arial. In terms of font size, 12 point is preferable, although you can use 11.
- Also, like the résumé, use reverse chronological order throughout, meaning that the most recent information is listed first.
- Since there are no length restrictions, it is important to number the pages of the CV. You may also list your name in the footer section of each page, depending upon your preferences.

CONTACT INFORMATION

- Put your full name at the top of the CV.
- List your cell phone number and your home telephone number if you have one.
- List your full address. Although just the city and state are needed for résumés, the CV requires more information.
- List the e-mail address at which you would like to receive correspondence, but make sure that the address sounds professional and does not tarnish your CV.

EXECUTIVE SUMMARY/PROFESSIONAL SUMMARY

- Like the résumé, do not include a mission statement or an objective statement on your résumé. Instead, use an executive summary or a professional summary.
- The overall goal is to convey the value that you could bring. If possible, tie your summary and your CV as closely to the value that the organization is seeking as you can.
- Include your current title in your summary, as well as years of experience and any special skills. Do not go over three sentences.

EDUCATION

- Once again, list all information in reverse chronological format.
- Start with academic institutions that you have attended, including dates and locations.
- List the degrees you earned while at these institutions, spelling out the name of each degree.
- Include majors and minors, and in the case of graduate programs the title of your thesis.
- This section can also include academic honors, as well as internships and residencies.

PROFESSIONAL EXPERIENCE (WORK HISTORY)

- Once again, use reverse chronological order.
- List the name of the employer, its location, your job title, the dates that you held that job title, and a description of your job duties.
- If you held multiple positions with the same employer, be sure to list all of them to show how you have progressed.
- You can include internships (paid or otherwise) and unpaid positions.
- You can include specialized skills within this section, or you can include them in a separate section. Noteworthy skills could be those associated with using specific pieces of lab equipment, being familiar with technology tools and computer software, and the ability to speak and/or read a foreign language.
- Unpaid consulting experience can also be listed here. If applicable, include the name of the organization and the dates of your consultation.

OTHER RELEVANT EXPERIENCE

- Any experience deemed relevant to the CV and not included in another section can be included in this section.
- List the experiences in reverse chronological order, including names, locations, position titles (if applicable), dates, and descriptions of the experience and any associated duties.

TEACHING EXPERIENCE

- Once again, use reverse chronological order.
- Include the institution's name and location.
- Also include the course title, the course number, and the semester that you taught the course.

CERTIFICATIONS

- These can also be listed in reverse chronological order, so that the most recent certification is listed first.
- Include the name of the certification, the name of the organization or institution that issued it, and the date that it was issued.

HONORS AND AWARDS

- Use reverse chronological order.
- List the name of the honor or award and the date you received it and provide a brief description of it.
- You can categorize the awards within this section, if this is applicable. Those categories would be academic, professional, and community.

RESEARCH-RELATED ACTIVITIES

- There are many ways in which to segment the information in this section. However, there are two main categories: presentations and publications.
- In the presentations category, include speaking engagements, providing information such as date, venue, title of presentation, and format of presentation (paper, poster, etc.).
- Publications encompass anything falling within the realm of the written word. This includes the traditional medium, such as journal articles, magazine articles, and books, and the technology-driven medium, such as blogs and e-zines.
- Once again, include the name of the publication, the title of your work, and the date that it was published.

GRANTS

- Include the standard information under this section, which includes the name of the grant, the source, the amount funded, and the dates.
- An attractive ratio of grant writing to grant funding is a boost to any CV, as funding is unsurprisingly the bottom line in this section.

SERVICE ORGANIZATIONS

- As always, use the reverse chronological format.
- Once again, you can divide the memberships into the categories of academic, professional, and community.
- Include the name of the organization involved with the service and the dates of the service.

• Leadership positions are often highlighted here, so it is acceptable to also include accomplishments or achievements associated with the service.
• Volunteer work can also be listed here.

MEMBERSHIPS

• As always, use the reverse chronological format.
• Similar to the service section, you can divide the memberships into the categories of academic, professional, and community.
• List the full names of the organizations of which you are or have been a member, and also list the dates of membership for each.

PROFESSIONAL DEVELOPMENT EFFORTS

• It is imperative on a CV to illustrate the fact that you are continuing to improve your skills and increase your knowledge. Anything that serves that purpose should be listed here.
• You can divide your efforts into two categories: professional and academic. However, since there might be crossover between the two, such a division is not necessary.
• Include conferences and conventions, as well as workshops and webinars.

REFERENCES

• Choose between three and five people to serve as references who can speak at length about your skills and your experience.
• Request permission from the people you choose to serve as references. Do not assume that they will be willing to do so.
• Include their full name, telephone number, e-mail address, and mailing address. Once again, be sure that you have permission to provide all of this information.
• If a list of references is required at the time you apply for the position, submit your references then. However, still take multiple copies of your references with you to your interview.

ADDITIONAL COMMENTS

• Like a résumé, update your CV frequently. In fact, considering all of the information that it contains, you should probably update it more often than you would your résumé.
• Your CV can serve as the pool from which you draw to create and fine-tune your résumé. Since the CV serves as the complete record of your academic and professional career, you can pick and choose which elements to also include in your résumé.
• You may wish to maintain different versions of your CV in terms of content. These versions could emphasize different aspects of your academic career, so that you can use whichever version best suits a particular situation.
• A CV can be beneficial for those working in the animal health industry, especially those working in research and development. There is much in the way of course work, lab work, and animal handling associated with these vocations. By creating and updating a CV early in your career, you can better position yourself for success by creating an edge over other professionals in the employment marketplace.



EXAMPLES

See 15.3 – Sample Curriculum Vitae.



CAUTIONS

• Do not mix up the terms CV and résumé. In other words, do not submit a CV when a résumé is required and do not submit a résumé when a CV is required. When in doubt, inquire about what exactly is needed.
• Like a résumé, it might be necessary to tailor your CV to the position for which you are applying. Using the same CV in every situation will not serve to optimize your efforts, and in fact it could end up ultimately hampering those efforts.



MISCELLANEOUS

ABBREVIATIONS

CV: Curriculum vitae

References

N/A

Recommended Reading

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Schneider, L. *Learn How to Format Your CV*, December 4, 2017. https://www.thebalance.com/examples-of-cv-format-sections-2071803 (accessed May 7, 2019).

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14.5. STRATEGIC PLANNING AND IMPLEMENTATION



BASICS

OVERVIEW

Creating an organizational plan for a practice to experience significant financial improvement requires forward-thinking strategic initiatives. Improving existing operations will likely lead to improved circumstances, but substantial improvement (normally greater than 25%) typically requires changes in hospital processes themselves. Whereas examination of financial reports can tell a practice what it has done over the recent and distant past, it cannot provide a "roadmap" for substantial improvement going forward. This is the job of strategic planning.

TERMS DEFINED

Business Assessment Report Kard (BARK™): Strategic planning process designed to evaluate veterinary practices.

Microwave Thinking: The mistaken perception that if changes are made then results will be quickly evident. Most changes made will yield gradual improvement, which can be difficult to appreciate in times when instant gratification is expected.

Nonlinearity: A relationship between *x* and *y*, wherein a unit change in *x* will not always bring about an equal unit change in *y*. The graphic representation of this relationship is a curve rather than a straight line.

Strategy: A plan or action to achieve a specific end, typically within a long time frame (usually greater than a year). Often, strategies are achieved by utilizing various tactics to achieve specific aspects of the overall strategy.

Tactic: A plan or action to achieve a specific end, typically within a short time frame (usually less than a year, but occasionally spanning a few years).

Value Proposition: Description of the value that a product, service or process will provide to the pet owner, hospital, and staff.



ISSUES AND OPTIONS

THE STRATEGIC PLANNING PROCESS

• Numerous studies have documented what veterinary practitioners and consultants have known for years: that veterinary practices are inherently costly to operate and many provide an insufficient margin of profit to adequately compensate owners and staff for their contributions and as a return on investment. However, this information alone is insufficient to suggest ways to remedy the situation.

• Similarly, the availability of benchmarking data (see 7.6 – Benchmarking) and even evaluating financial statements (see 7.2 – Financial Statements) for a practice provide valuable insights into the revenues and expenses of veterinary practices, but do not provide useful information as to how to change things so that future financials are more profitable for a practice.

• This problem with using past financials as a predictor of future success is not unique to the veterinary profession. Today's news reports are filled with stories of companies with high stock prices in past years that have not maintained their value in the marketplace, sometimes declaring bankruptcy. Past success, it turns out, is not a very good predictor of continued or future success.

• Future success is better defined by incorporating staff and business process changes that are likely to be responsive to client needs, and to do so on relatively short notice. It is also important to avoid so-called "microwave thinking," the mistaken belief that results will occur quickly rather than gradually, which is most likely. One of the best ways to encourage this process is to use established strategic planning tools. There have been several such approaches used in industry. The Business Assessment Report Kard (BARK™) was developed by Dr. Lowell Ackerman as a strategic planning model specifically designed for veterinary practices.

BUSINESS ASSESSMENT REPORT KARD (BARK)

The fundamental design of a strategic planning initiative is to deliver exceptional medical care and client service in a team-based fashion, pay staff appropriately for the value they deliver, pay employed veterinarians (associates) appropriately for value delivered, provide practice owners a fair return on investment, and then charge clients appropriately for the value they receive. In some cases, this might mean adding services, in others it might mean changing the way services are delivered, and in other cases it might suggest discontinuing services that cannot be delivered profitably (see 9.6 – Value-Added Analysis).

In a well-designed strategic plan, there is a division of duty between the management team (trained practice management consultant, owners, and hospital manager/administrator) and the hospital staff who will be implementing the changes; however, the strategy and execution must be considered simultaneously, and should be shared with all stakeholders (see 14.10 – Business Plans). The duties of the management team are to:

• Explore strategic opportunities, such that good medicine is practiced, appropriate fees are established, and profit will naturally follow from implementation of the opportunity.

• Create actionable objectives that will be able to be implemented by the staff. This is critical, because many mission statements are vague and without specific direction (e.g., to practice the highest quality of medicine possible). Once the objectives are determined, then strategies should be developed that will be aligned with those objectives. From these strategies, tactics will be developed with the staff, who will effectively implement them (see Figure 14-5-1). The tactics on their own might be diagnostic at first (e.g., compliance audit), but the next step will involve specific actions to fulfill the strategies, which in turn will deliver results aligned with the practice goals.

• Assess the value proposition, the value that will be delivered to all stakeholders by the implementation of the process. This is important, because if management sees the value but the staff does not, implementation will be problematic.

Once a core group of actionable objectives has been created, the value of which is evident to all stakeholders, then specific plans (tactics) for implementation should involve staff. In many cases, teams are the most effective way to ensure the success of the process. This is more like acting as captain of a ship rather than dictator of a small empire. Management determines the destination for the voyage and the best route to get there, and the staff explores options for ensuring smooth sailing, acting tactically on smaller pieces of the strategy. Staff should work together on the following steps:

• Setting specific target goals that serve as markers along the path of strategic accomplishments. All goals must be measurable, and teams must agree on the goals and the time to accomplish them.

• The team needs to improve capabilities within the practice to allow the goals to be realized. For example, if one of the goals is to increase the number of dental procedures, there may be a need to buy equipment, train staff, develop and print client educational materials, design a marketing campaign, and increase scheduling time slots for dental procedures.

• All progress must be measured by a yardstick agreed in advance by staff. For example, on a pathway that leads from 20% of senior pets getting age-appropriate assessments to a goal of 80% compliance, the team may plan on getting to 30% compliance by the end of the first three months of the initiative. In the BARK format, grades are given in progress reports so that it is immediately apparent to all concerned whether the strategic initiative is still on target, proceeding as anticipated, and delivering the outcomes intended.

14.5. STRATEGIC PLANNING AND IMPLEMENTATION

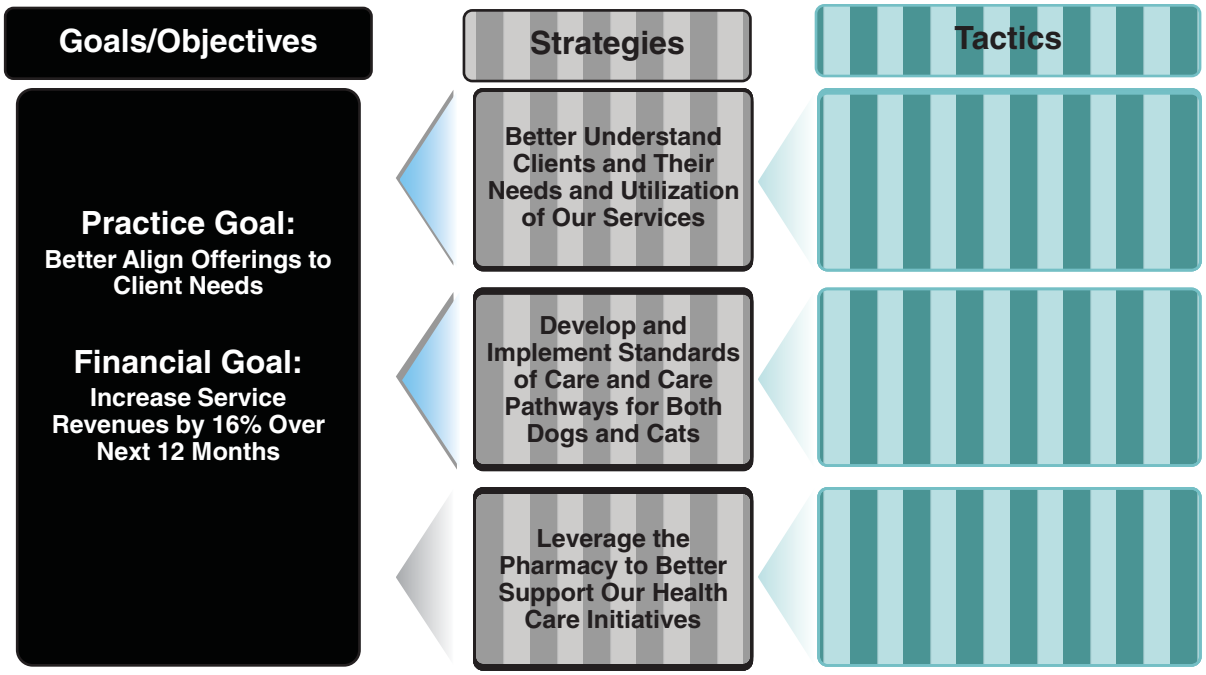


Figure 14-5-1.

To ensure alignment, practices should create specific strategies that support their goals, and then work with staff on specific tactics and actions that will fulfill those strategies.

• The final step is continuous quality improvement, in which new goals are set and the process continued. For example, once 80% compliance on senior testing is achieved, the team may elect to try for ongoing 85% compliance and examine the hospital processes that would need to be improved to allow this to reasonably happen.

IMPLEMENTATION

Strategic planning is a valuable exercise, but many veterinary practices have excellent business plans and never manage to achieve their goals. The answer for hospitals is not in the plan itself, but in the discipline needed to implement it. It is important not to underestimate the challenges involved in overcoming inertia and actually putting plans into action.

Implementation takes more than just providing the strategy to staff – it takes leadership (see 2.12 – Leadership). It is the hospital leadership that appreciates the "big picture" of the goals to be obtained; that is sometimes lost in the tactics that the staff are asked to implement.

It is also important to overcome the natural tendencies of employees to be suspicious of change and how it might affect them (see 2.7 – Change Management). Along with those suspicions, it is also critical to manage the inefficiencies that are bound to occur while implementing change. For example, leadership may identify that new practice management software may be needed to support new initiatives, including pricing model changes, creation of personalized pet profiles, supporting customer relationship management, and integrating new technology that would need to be scalable and cannot be easily accommodated with the current software. Although most employees complain about aspects of practice management software, and from time to time might actually suggest that it be replaced, they tend to be protective once the decision has been made and they realize that they are going to have to master a new system and that the features they are used to may not be conserved in the new system. Accordingly, there is going to be a documented drop in productivity following implementation, until a certain degree of competency has been achieved, and this productivity drop must be anticipated and actively managed to keep staff on task (see Figure 14-5-2). In fact, prior to implementation, the staff might be asked to identify steps in the implementation progress where productivity might suffer and to develop tactics to help mitigate those circumstances.

When strategic planning leads to big changes happening, it is critical to ensure staff alignment and to actually assign tasks and monitor accountability of individuals on the hospital team (see 2.6 – Accountability). This is best accomplished with an implementation plan (see Figure 14-5-3). Each employee should fully understand their role in accomplishing the hospital goals and any deliverables expected, and the timeline for completion, which is compatible with the overall timeline to achieve strategic targets. For major projects, each employee should have their own implementation plan, for which they are held accountable; for smaller goals, there can be one implementation plan but one in which individual assignments are clearly evident. These plans should be shared so everyone understands and appreciates the role each colleague plays in accomplishing the overall goal. This not only makes it easy for staff members to understand their personal

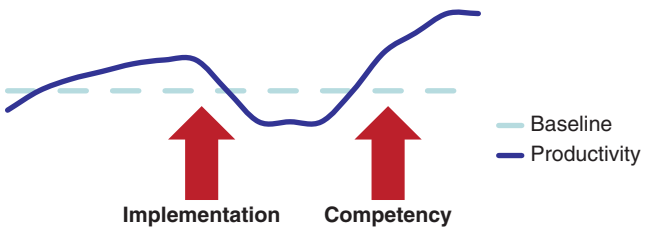


Figure 14-5-2.

It is important to appreciate that with any major change implemented there will be a temporary drop in productivity until a certain degree of competency is achieved. This must be effectively managed.

14.5. STRATEGIC PLANNING AND IMPLEMENTATION

Tactic	Action/Outcome	Target Completion Date	
		Start	Finish
Parasite Prevention	• Compliance audit of active canine (30) and feline (30) patients to determine baseline compliance for parasite prevention and vaccination		
	• Develop marketing materials for integrated parasite control for both cats & dogs		
	• Monthly reporting of trend data showing progress toward goal		
Pharmacy Management	• Compile list of current human medications dispensed and any veterinary-labeled alternatives		
	• Compile list of products that would improve convenience and compliance for owners (e.g., injectables and medications easy for clients to use at home)		
	• Develop formulary that eliminates 25% of existing inventory while better aligning with our standards of care		
	• Compile comparison list of our charges with those of retail and online competitors		
Client Needs	• Conduct customer service survey and set specific targets for improvement based on customer feedback		
	• Perform demographic assessment to help determine future opportunities		
	• Determine percentage of our clients coming to us because of referrals from friends and family, versus coming from our marketing efforts; set target for improvement		

Figure 14-5-3.

Implementation plans help ensure that everyone appreciates their personal responsibilities in achieving overall goals for the hospital.

responsibilities in project management, but also makes it impossible to hide from tasks not completed on schedule. To accomplish goals on schedule, it is imperative that a sense of urgency be conveyed and accountability established, so staff can fully appreciate the prioritization of the strategic plan. It is not critical that every task be listed in an implementation plan – it is important to concentrate on the high-value targets needed to guarantee the success of the overall project, realizing that there are likely many other component parts that will need to be addressed to achieve those high-value targets.



EXAMPLES

The ABC Veterinary Hospital management team decides to take a more strategic look at its processes and hires a consultant to BARK the practice and guide them through the process. In a strategy session, the team decides that they will implement and measure six core initiatives. One of those initiatives is for genetic screening, which currently is not being done in any deliberate fashion within the practice. The management team determines that if screening is accomplished as planned, then not only will an important medical service be delivered, but also a significant profit margin (that was specified) could be achieved by better managing pets across their entire lifetime, based on preliminary budget estimates.

The management team created an initiative on implementing a genetic screening program in the hospital, with only some basic information: that there were at least several dozen genetic tests available for specific conditions (including von Willebrand disease, several forms of progressive retinal atrophy, and many others), that early diagnosis and management were important, and that the practice was not currently meeting the needs of pet owners in this regard.

A team of staff members, including an associate (employee veterinarian), nurse, and receptionist, agreed to take on the project and help correct the situation. After a preliminary research session of their own, they reported back to the entire hospital staff that there were actually hundreds of genetic tests that the clinic was not currently utilizing, that it was possible to run many in a single cost-effective profile, and that there were opportunities for screening both dogs and cats, and purebreds as well as mixed-breed animals. The team evaluated laboratories to determine which could provide resources for staff training and implementation in addition to results, set a strategy to validate their plans and to create care pathways (see 9.3 – Standards of Care and Care Pathways), and established guidelines of how to monitor and treat pets on the basis of such tests, and to suggest when referral of screened animals might be indicated.

They proposed a budget that would include staff training of at least one veterinarian and one nurse in the practice, resources on heritable diseases and genetic testing, production of client education materials, and some changes to the computer software that would facilitate the process. The receptionist provided valuable information about how clients could be informed about the protocol when they were making appointments and suggested that it might be worthwhile to actually send the clients a link for them to complete questionnaires prior to the visit, so the staff would have this information to discuss with the client during the visit. There was also discussion of how to schedule these

sessions and whether it would be worthwhile to add a "genetic screen" as an option to any pet coming in for puppy or kitten visits. The nonveterinary staff would drive the initiative to pet owners, and if the training and other processes could be done in a timely fashion then the initiative could be implemented in earnest within three months. The hospital staff and management team both agreed that their preliminary goal should be genetic screening for the purposes of prevention and early detection, to fulfill one of their other core goals of delivering pet-specific care (see 4.8 – Pet-Specific Care). It was determined that advanced diagnostics was not a feature of this current strategy, and those cases would still be referred to a specialist for confirmation and further scrutiny.



CAUTIONS

Although management and staff need to work together, there are advantages to splitting duties in the creation of a strategic plan. In creating strategies, the hospital is concerned with the practice of veterinary medicine as well as being able to operate a profitable business. Accordingly, the management team creates a plan that, if implemented correctly, will meet both the medical and financial goals of the practice. Staff, on the other hand, must be clear of purpose that they are providing a useful medical service; the profitability from the hospital perspective should not be a major objective for the staff. Their goal is the provision of excellent medical and client services. It can be very detrimental for practices if staff believe that healthcare initiatives are profit driven rather than a consequence of excellent healthcare delivery propositions. Similarly, staff should not be rewarded on the basis of revenue enhancement for a practice; they can, however, be rewarded for excellence in client service.

In the process of strategic planning, it is important to realize that the obvious choice is not always the best choice, and it may not even be the correct choice. Bias exists in many of our assumptions, and often leads to results that do not match expectations. For example, profit is a reflection of cost, volume, and price, and all are interrelated. If our costs go up, we would need to increase either price or volume to maintain profit. If we decide to cut our prices to be competitive, we would need to be able to either cut costs or increase volume to maintain profit. However, one might be surprised to learn that this relationship is not linear. Accordingly, you might find that discounts given are much costlier than first imagined (see 8.17 – Discounting). This nonlinearity is prevalent in many strategic considerations, such as making strategic plans to improve the clinic's website ranking for veterinary hospitals in a geographic area. If the primary goal is to increase website traffic, then most can appreciate that it requires significantly more effort to raise the rank two places, from four to two, than it does to raise it four places, from eight to four. It is important to take nonlinearity into consideration during strategic planning efforts, as it occurs more commonly than most planners appreciate. To attain success with strategic planning, it is important to focus on outcomes over crude metrics, especially when there is not a linear relationship between the two.



MISCELLANEOUS

In any strategic action plan, it is important to regularly determine whether the plan is still on target, whether the stakeholders are all happy with the program, and whether the target is still desirable. Strategic plans are fluid and flexible, and some plans may not be able to be successfully implemented. The most important aspect is to be responsive to the needs of clients and to alter programs accordingly.

ABBREVIATIONS

BARK: Business Assessment Report Kard

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N/A

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14.6. IDENTIFYING AND SOLVING PRACTICE PROBLEMS



BASICS

OVERVIEW

- To make any problem-solving system work one needs to have developed and implemented a process or system.
- There are multiple types of concerns, issues, or problems that may arise in a veterinary practice:
  - financial
  - human resources
  - managerial
  - inventory.
- Each type of problem has its own set factors to be considered.
- Every practice needs to establish an organizational chart to aid in identifying how or where a decision can or should be addressed (see 2.2 – Organizational Charts).
- Organizational charts provide the framework of decision-makers.
- Every practice needs to have both a vision and a mission statement that gives the practice the tools to assist in making decisions (see 14.9 – Mission and Vision Statements)
- What are the core values of the practice?
  - Core values give the groundwork of how decisions in the practice can be made.
  - Core values are basic tools for decision-making.
  - They can consist of being ethical, how we treat our patients, clients, and our fellow team members.
- The development of measurable goals to manage your practice.
- The establishment of either industry- or company-specific benchmarks to measure yourself against.
  - Industry averages are a great starting point, but company specific is better to track trends.
  - Average is a starting point. Strive to be exceptional.

TERMS DEFINED

Benchmarks: Numbers, percentages, dollars, or some type of measurable quantity for a given period of time that are industry standards.
Budget: Quantitative expression of a financial plan of action for the practice.
Core Values: Belief system of the practice – the cultural values that give team members the tools to make decisions for the practice.
Culture: Personality of the practice. It tells the history and beliefs of the practice and sets the tone for giving the practice the competitive advantage.
Mission Statement: Statement that clarifies the way the organization plans to achieve its goals.
Organizational Chart: Overview of who reports to whom within an organization.
Self-Directed Teams: Self-managed group of employees who work together to produce a product or service. The process by which empowerment of team members at the local level is made to effectively make "operational" decisions without deferring to a supervisor or other manager for their area. These individual groups define and train for the process needed to achieve the goals of the practice.
Standard Operating Procedures (SOPs): Preferred methods of doing a procedure or protocol in the practice.
Systems: Methods to create positive repeatable outcomes for the patient, the client, and the practice. Each area of the practice (client service, technical services, doctors' procedures, inventory, etc.) need job descriptions or SOPs.
Vision Statement: Statement that defines and clarifies the direction in which an organization needs to move.



ISSUES AND OPTIONS

TOOLS

- The SOPs contain a wealth of protocols or processes for the practice to operate more efficiently and effectively (see 9.3 – Standards of Care and Care Pathways).
  - Contains protocols or procedures for a multitude of jobs in the practice.
  - Can be developed for all departments in the practice as well as for management duties.
- Self-directed teams allow groups (client service, technical services) to make decisions at a local level.
  - Each group is their own operating team and contributor to the success of the practice.
- The budget is the primary financial management tool to control costs in the practice (see 8.21 – Controlling Cash Flow: Budgeting).

14.6. IDENTIFYING AND SOLVING PRACTICE PROBLEMS

- A budget provides a written financial expression of the policies and plans of the practice for the upcoming year.
- It provides a basis for the evaluation of financial performance of the plans and policies.
- It provides a very useful tool for the controlling of costs if you review it and use it on a regular basis. A good budget is flexible and not set in stone.

• National benchmarks and practice trends are a very important element to financial management of today's veterinary practices (see 7.6 – Benchmarking).

- Benchmarks are the initial standard to achieve.
  - Example: an exclusive small animal practice will expense 15–18% on drugs and medical supplies.
  - Example: the average number of new clients seen by a full-time employed veterinarian is 25–30 per month.
  - Example: the average medical revenue generated per veterinarian in practice is $582,000 per year.
- Achieving a national benchmark is great, but improving on those benchmarks is even better.

• The employee handbook (or manual) communicates the practice's policies, protocols, and operations to each employee (see 3.21 – Employee Manuals).

- The manual gives employees important information related to their employment with the practice.
- It should be reviewed annually. If there are any changes or amendments to be made then correct them as soon as possible.
- Make sure all employees read and understand any changes in the handbook and have them sign off on these changes.

• Nearly all of the problems in a veterinary practice can be identified by any of the "tools" previously described.

- All policies, benchmarks, trends, protocols, and budgets should not be static in nature. They need to be dynamic, and the practice should be constantly striving to improve on their benchmarks.

• A practice needs to perform a yearly strengths, weaknesses, opportunities, and threats (SWOT) analysis (see 6.7 – Basic Tools of Marketing):

- S is for the strengths of the practice. What do you do well?
  - An example would be a well-trained staff.
- W is for the weaknesses of the practice. What is the practice doing poorly?
  - An example would be an old building needing remodeling.
- O is for opportunities. What opportunities (e.g., ultrasound) can the practice develop into a new profit center?
  - An example could be adding advanced dental procedures.
- T is for threats. These are areas or issues outside of the control of the practice (i.e., a new road being built through the facility).
  - An example could be maintaining an accurate drug log in case you are inspected by the Drug Enforcement Agency.

BENCHMARK ISSUES

• There are several sources available for acquiring benchmarks to build your budget and monitor the actual percentages (see 7.6 – Benchmarking):

- The American Veterinary Medical Association annually publishes specific revenue and expense percentages for all types of small, large, mixed, and equine practices.
- The American Animal Hospital Association publishes several books (e.g., *Financial and Productivity Pulsepoints*[1]) with national and regional benchmarks.
- The American Association of Equine Practitioners has developed some benchmarks for the equine practitioner.
- The *Well-Managed Practice* series that Denise Tumblin, CPA, publishes annually.

• Benchmarks do not accurately reflect the individuality of a practice, but they set the stage for making needed changes.

EMPLOYEE MANUAL ISSUES

• The employee manual (EM) gives valuable information to employees and allows for consistent management instructions (see 3.21 – Employee Manuals).

• The EM can allow for quick resolution of employee complaints before they become serious.

• The EM needs to be reviewed by the practice attorney to ensure that the contents (when indicated) follow the laws or statutes of your state.

• A practice has a contractual agreement when it publishes its EM. If it is not upheld by management and makes it into a court of law, a court may consider the practice as violating its own contract.

• The practice needs to evaluate and update its manual on a regular basis (yearly) to ensure it is compliant with the laws of the state and federal government.

SOPS ISSUES

• When the practice has a unified and defined vision, mission statement, and clear goals, the protocols should be written by the employees who are performing the tasks.

- Example: how the phone should be answered.

• By allowing the team members involved with the process to develop and evaluate their own SOPs gives the employees ownership and accountability for their positions.

14.6. IDENTIFYING AND SOLVING PRACTICE PROBLEMS

• Creating self-directed teams to develop the SOPs allows more operational decisions to be made at the local level without the need to seek a higher authority as defined by the organizational chart.



EXAMPLES

• It is the end of the first quarter of the year and the practice recognizes that the number of new client visits is down by 20% from the previous year's benchmark, and the weather has been mild, and the general economy is stable.
  ◦ As a gentle reminder, before making a decision on a situation, every product, service, and policy in a practice needs to create a benefit for the patient, client, and the hospital. Evaluate any situation by addressing the benefits for each stakeholder. If benefits (for all) cannot be found, either they need to be fixed to show a benefit or they need to be discarded.
  ◦ The trend is down, and there is one item in the tool kit to directly address this situation: SWOT analysis.
    ▪ Check to see if there is a weakness that is affecting how clients feel about the practice.
    ▪ Is there a new threat that is not allowing clients to get to the hospital?
  ◦ Have the office manager perform a new SWOT analysis and compare it with the previous one. Has anything changed?
  ◦ Has a new threat occurred that could influence potential clients (i.e., bad press about the hospital and/or an employee, or a negative online review that has not been addressed)?
  ◦ Have the office manager direct the client service team to revisit its SOPs to ensure that client satisfaction remains the practice's primary goal.
  ◦ When possible causes have been identified, the solution is to create an action plan for its implementation. This will contain new SOPs, training, timeline, and measurability.
• The office manager has brought to your attention that drugs and medical supplies are now 5% above the budgeted level for the previous quarter. The gross revenue of the practice is slightly above that budgeted for this time of the year.
  ◦ You have identified the problem because of the budget and benchmarks standards.
  ◦ To help solve the problem, look for clues from the inventory team, bookkeeper, pricing issues, missed charges, theft, and the inventory management system.
  ◦ Check specific revenue centers (i.e., heartworm preventives, flea/tick products) against their corresponding expense category to determine if the problem is product specific.
  ◦ Once a sufficient amount of evidence has been gathered, have the inventory team and the office manager determine appropriate solutions to the problem.
  ◦ If it means rewriting the SOP, creating a secure drug storage room, or better control of preventing missed charges, have the appropriate people institute the change along with new training for the other healthcare teams.
• Your best technician is one hour late for her shift without letting the office manager know, and her absence is disturbing the workflow of the day.
  ◦ The problem is very visible to the entire healthcare team.
  ◦ The solution is found in the EM, which has procedures on how to handle this situation.
  ◦ It is extremely important for legal reasons to follow the protocol set up in the EM, and to demonstrate that the policies of the practice will be followed to the letter.
• In some situations, the problem is obvious, such as creating a new service (e.g., boarding) for the practice. The practice needs to develop a method (an SOP) to evaluate if the service warrants being added to the product mix.
  ◦ In marketing they discuss the four "Ps": product, place, price, and promotion (see 6.7 – Basic Tools of Marketing).
  ◦ The product is the new service, but is it what the clients want? Develop a survey to help build client wishes. In the survey, ask if they would use the new service, how often, what they would be willing to pay for it, hours of operation, and any other pertinent information.
  ◦ What will the new service cost in equipment, remodeling, staff hours, and any other additional administrative expenses?
  ◦ What rate of return does the practice desire on any new service? This may be equal to the profit of the practice.
  ◦ From the results of the survey, you can develop a pro forma budget.
  ◦ The accountant can do a few financial calculations to determine if the net present value will equal your required rate of return (see 7.1 – Time Value of Money).
  ◦ Promotion is both training the staff to the new service and determining how to promote the service to the client.
  ◦ Create your benchmarks of how many transactions for this service you should anticipate to better manage the service.

14.6. IDENTIFYING AND SOLVING PRACTICE PROBLEMS



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

EM: Employee manual
SOP: Standard operating procedure
SWOT: Strengths, weaknesses, opportunities, threats

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14.7. TIME MANAGEMENT



BASICS

OVERVIEW

- Time management is the process of organizing and planning how to divide time between specific activities and tasks.
- Time management is critical regardless of an individual's role in the veterinary practice.
- Time management is actually a misnomer. Time cannot be managed; however, the events and/or tasks that occur – that take up time – can be managed.
- How time is used can depend on planning, self-discipline, and self-control.
- Learning to delegate is critical to time management.
- People who manage time efficiently:
  - are more productive;
  - have more energy;
  - are less stressed;
  - are able to complete tasks on schedule;
  - have a more positive attitude;
  - have a better professional reputation.
- Poor time management results in:
  - inferior work quality;
  - inefficient work flow;
  - fatigue;
  - moodiness;
  - high stress levels;
  - increased risk of frequent illness.
- Practices should take advantage of all available technology to increase efficiency.

TERMS DEFINED

Time Management: The process of organizing and planning how to divide time between specific activities and tasks.



ISSUES AND OPTIONS

GET ORGANIZED

A lack of organization results in poor time management. Clear the clutter.

STOP BEING A MICROMANAGER

- Micromanagers insist on controlling or doing all of the work themselves (they do not trust someone else to do it correctly).
- Micromanagers lack personal leadership and tend to:
  - resist delegating work;
  - immerse themselves in the work assigned to others;
  - focus on insignificant details and miss the big picture;
  - discourage others from making independent decisions;
  - get involved in the work of others without permission;
  - monitor what is least important and expect regular reports on miscellany;
  - push aside the experience and knowledge of colleagues;
  - do not foster loyalty and commitment;
  - focus on the wrong priorities;
  - have a demotivated team.

STOP PROCRASTINGATING

- We often procrastinate when tasks are difficult to complete or do not offer a challenge. Perhaps these tasks could be delegated to another team member or members that could divide and conquer the task.
- If the task(s) cannot be delegated, create a work schedule and firm deadline.
- Give yourself a reward for completing the task on time.

LIMIT MULTITASKING

- Evidence suggests that we cannot *effectively focus* on more than one thing at a time, so while multitasking is usually required in the veterinary profession, *limiting* the tasks to be completed within the same block of time is vital.
- Plan the day in blocks if possible when high-priority items need to be completed.

SCHEDULE YOUR TIME APPROPRIATELY

- The busiest people find time to do what they feel is important by effectively managing their time.
- Create a schedule and work plan for your day allowing for some flexibility, while also prioritizing the absolute necessary items. The less critical tasks may need to be pushed to the next day, but the priority tasks will get done.
- Proactive time management allows a sensible work-life balance.

TAKE BREAKS

- Taking breaks refreshes the mind and allows us to return to task completion with focus.
- Working straight through without breaks may log more work time but is statistically less productive.
- Stick to allotted break times so that everyone on the team has time for his or her breaks as well.

STAY HEALTHY

- Self-care is very important for productivity and efficiency. If we do not care for ourselves it becomes difficult to care for others.
- Maintain a healthy work-life balance, allowing time to relax, do nothing, see friends, or work on hobbies, and so on, which helps you rejuvenate both physically and mentally.

LEARN HOW TO SAY NO

- Time is limited. Identify what is urgent, important, and what can be delegated.
- Be able to say no to nonurgent or nonimportant requests.

START EACH DAY WITH A CLEAR FOCUS

- Determine what needs to be accomplished by the end day (before checking e-mail, etc.).
- Resist the temptation to start with smaller, unimportant items first. Start with the most important.

KNOW HOW YOU SPEND YOUR TIME

Keep a log for one week; identify which tasks require the most time and determine the time of day that is most efficient. By identifying which tasks are most time consuming, you can create a plan of action and help identify what could be delegated to others.

Rank tasks from highest to lowest, based on time usage, importance, and risk assessment.

- **Time.** How long does it take to complete the task?
- **Importance.** How important is this task in the ranking? Must it get done every day/week/month? Can the business function if the task does not get done?
- **Risk assessment.** How confidential is the information/task to the owner/business, and so on? If the information 'leaks' out, is it detrimental to the business?

Determine tasks that can be delegated based on this assessment.

THE ART OF DELEGATION

- Delegation can be a tough skill to learn, especially when failure has occurred in the past.
- Most heard excuses:
  - "I don't have people to delegate to."
  - "It is just easier and quicker if I do it myself."
  - "I'll end up doing it again, the right way."
- Most often, a delegated failure is due to the poor communication of the delegator, not the person receiving the delegation.

• Determine inherent strengths of team members, and delegate tasks based on strengths.
• Give permission for the person accepting delegated tasks to make mistakes. People learn problem-solving skills from making mistakes.
• There are multiple ways to achieve the completion of tasks. Keep an open mind.
• Use a "SMART" chart and write out information, ensuring clarity and understanding between both parties.
  ◦ S = specific. Write down the specific task being delegated.
  ◦ M = measurable. Determine how this task is going to be measured for completion or success.
  ◦ A = attainable. Is the task attainable by the person accepting the task? Ask the person. Do not assume.
  ◦ R = resources. What tools/education does the person receiving the task need in order to be successful? Ask the person. Do not assume.
  ◦ T = time-bound. What is the due date/completion date? Schedule check-ins to prevent the perception of micromanagement, and to address any questions that may arise.
• Some people need more guidance than others. However, it is the responsibility of the owner/manager to develop the staff potential within the practice. Take the time to do it right the first time instead of taking the task back.

COMMUNICATION

• Maintaining communication in the veterinary practice can be time consuming, difficult, and many times does not occur between leadership/management and the veterinary team. In fact, when multiple work shifts exist in a hospital, a lack of communication is common (but unacceptable).
• When communication stops, client service and patient care suffer.
• Solutions:
  ◦ Host weekly meetings.
    ▪ Depending on the size of the practice, this may be the entire staff.
    ▪ In larger practices, host weekly meetings with team leaders, who disseminate communications to team members.
  ◦ Utilize technology.
    ▪ Practice intranet – post meeting notes/messages on server.
    ▪ Use smart phone apps, such as Slack. Messaging appears immediately on team member phones.
• Without communication, the team is unclear of responsibilities and their roles in carrying out duties to achieve goals.

LISTS

• Prioritize items to be completed each day. Distinguish between what is important, and what is urgent. Complete the most urgent first.
• Develop an ongoing list of tasks to be completed. Cross off items as they are completed each day and roll incomplete items to the next day. Keep in mind that your goal is not to mark off the most items; but rather to complete the highest priority items.
• Identify tasks on the list that can be delegated to team members. Even if team members are just contributing smaller pieces of the puzzle, the team is working together to accomplish the task.
• A dynamic list would include both short-term and long-term tasks (long-term tasks are usually attached to strategic goals; short-term tasks lead to long-term goals).
• Do not keep multiple lists.

LEVERAGING

• Veterinarians can improve time management by leveraging staff members.
  ◦ Veterinarians have three main roles as stated by the veterinary practice act: diagnose, prescribe, and complete surgical procedures.
  ◦ Appropriate tasks that involve high-level patient care should be delegated to credentialed veterinary technicians.
  ◦ When credentialed veterinary technicians are leveraged appropriately, the practice revenue can increase nearly $100,000.[1]
  ◦ Tasks that do not require professional or paraprofessional credentials should be delegated to veterinary assistants and receptionists.
• For every task that is not leveraged appropriately, the veterinarian misses an opportunity to see another patient, catch up on medical records, or complete other veterinarian-specific tasks that often keep veterinarians at the practice long after hours.
• Leveraging team members appropriately improves job satisfaction, contributes to whole-team health, and decreases employee turnover.

REVIEW THE DAY

Before leaving the practice each day, review tasks that were completed and create a list for the next day. This will provide the ability to start fresh each day with a clear mind.



EXAMPLES

How good is your time management? Take the quiz at https://www.mindtools.com/pages/article/newHTE_88.htm



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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14.8. KEEPING UP WITH THE PACE OF CHANGE



BASICS

OVERVIEW

Change is inevitable – it is the only constant in our ever-changing world. So why do most people have such a hard time with it? Those who are reluctant to change or that wait until they *have* to change will never reach their potential. Those who embrace – and even champion – change are the ones who tend to be leaders and the most successful at their craft. Keeping up with change, however, is much easier said than done.

TERMS DEFINED

Change: To make or become different.
Evolution: The gradual development of something, especially from a simple to a more complex form.
Need: Require (something) because it is essential or very important.
Want: Have a desire to possess or do (something); wish for.



ISSUES AND OPTIONS

Most veterinary practice owners feel overwhelmed with the day-to-day responsibilities of caring for patients at their clinic. Add in payroll, staffing, operations, finance, recruitment, inventory management, marketing, and training, and you can see why so many feel inadequate, guilty, anxious, or worse. Successfully managing a veterinary business – or any business – is not for the faint of heart. Seeming to always be chaotic, it is no wonder that the typical practice owner thinks they can never catch up, let alone be proactive.

So, what does it mean to keep up with the pace of change? From the big-picture perspective, it means to know what it is that your clients want (sometimes even before they do) and to be able to serve their evolving needs in ever-better ways (see 2.7 – Change Management). This requires the ability to identify trends and learning enough to be an early adopter so that when a new tool/technology/service becomes mainstream, you already have the experience and can do so masterfully.

Keeping up with the rapid pace of change means you must:

- **Relinquish control.** Top-down, centralized management is a recipe for low or no growth and a constant turnover of the staff. People who control too much are failing or about to fail because there is simply too much coming in too fast. No one can do it all, and delegation is necessary. Without any real responsibility or autonomy, job satisfaction will be lacking, and the fear of making a mistake will be the overriding emotion for the team. That is why if you want to keep up with the flow you need to let go of some control (see 3.15 – Engaging Staff).

Build teams who have a variety of skills. Stay open minded to new ideas from anyone (see 2.1 – Workplace Management). Ask more questions, and spend more time listening. Look at what is working for other practices, and talk to employees, colleagues, and other industry leaders. This will help you see what is missing or what you could be doing to stay on trend.

- **Teach your core.** Just as failure comes from overcontrolling, it also comes from attacking everything without a strategy (see 14.5 – Strategic Planning and Implementation). Before letting go, make sure the team understands your vision for the practice. This ensures that everyone is focused on creating a consistently positive customer experience.

Identifying your practice differentiators and knowing your target market(s) and key messages help keep your team on track (see 6.15 – Practice Differentiation). Everyone on your staff should know how to communicate with customer segments – especially these days, when it is easier for customers to access your managers and other employees directly through e-mail or social media.

- **Know your numbers.** With the timely and seemingly infinite amount of data available, owners must be more analytical than ever before. Consider all of your customer touchpoints and the initiatives you are running now. Honing your quantitative and analytical skills will help you turn the sea of data into relevant insights that keep your team focused (see 7.7 – Data You Should Be Reviewing Regularly). For added support, you can hire consulting specialists to assist you in understanding what the numbers mean and, consequently, what specific actions should be taken.
- **Build a tactical team.** As owners or managers, your main job is turning data into insights and then executing on them. It is critical that your leaders know how to work at the strategic and executional levels – and carve out enough time to do it extremely well. Otherwise, you risk reacting to fads or the wrong audience rather than focusing on what makes a favorable impact.
- **Embrace the sense of urgency.** Pay attention to behavior – of your team and your customers. They are telling you what you need to know through surveys, social media, and review sites. You must listen, be willing to hear what they are telling you, and act expeditiously when necessary. Others are watching, so your actions or inactions have far-reaching implications.
- **Diversify your team.** It is more important than ever to hire a diverse workforce (see 2.1 – Workplace Management). Younger generations, like Millennials, who grew up using digital technology, know how to reach and tap into the largest group of pet owners – and they are leading the changes. Practices also benefit from having employees of differing opinions, cultures, and backgrounds. In fact, a recent McKinsey & Company report found that companies with more racially and ethnically diverse workforces are 35% more likely to see higher financial returns, and gender-diverse companies increase performance by 15% over the average. Accordingly, the more diverse your team, the better they can listen to what might be needed in varying markets.



EXAMPLES

As a service business, building, nurturing, and growing your client base is the ultimate goal when looking to have a profitable practice. But successful businesses, including veterinary practices, understand there are multiple components that must be attended to with expertise and nimbleness for each to contribute optimally to the whole. If you look at the general "buckets" that make up a business, you can see that only one focuses on the patient directly: clinical care. The remaining areas are all necessary to support the delivery of veterinary care (see Figure 14-8-1).

Changes exist both internal and external to the practice, and both are important. All segments of the chart need to be overseen in a manner that will allow them to make the greatest impact on patient care and the practice in general.

On the inside, multiple generations among team members have created the need for changes in communication, with each other as well as clients (see 1.13 – Generational Differences). The burden is on the human resources, operations, and information technology functions to create processes and policies that can be uniformly implemented across all departments, ensuring information flows in a timely and effective manner. Years ago, many practices had a mailbox for each team member that they checked for memos or other announcements on the way in each morning. Today, simply providing each team member a company email address @yourpracticename.com gives everyone a central repository to receive or disseminate information. Having a clearly defined organizational chart that indicates communication channels, reporting structure, and career paths also gives team members a road map to funnel issues and ideas to the appropriate individuals and can provide the motivation to take

14.8. KEEPING UP WITH THE PACE OF CHANGE

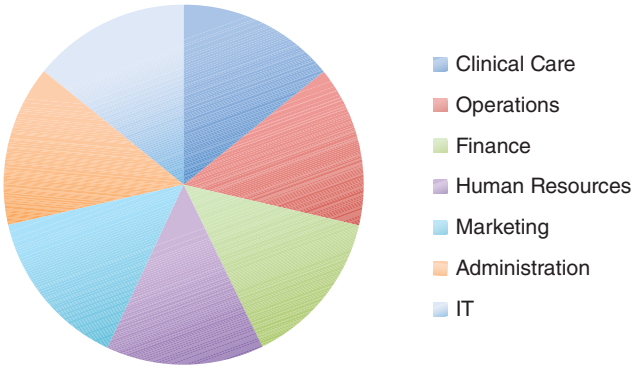


Figure 14-8-1.

The different categories or "buckets" of practice management.

initiative to accept more responsibility (see 2.2 – Organizational Charts). Continuing the pursuit of greater efficiency for communicating and sharing knowledge should be the responsibility of all team members, but the accountability falls on the leadership team to identify the right tools for the team and to implement them for the benefit of the practice (see 2.6 – Accountability).

Externally, the most obvious area that practices need to keep pace with is continuing education (CE). The speed at which medical advances are taking place can be mind-boggling. Budgeting for CE is a must, and selecting how to bring new information into the clinic regularly will keep the team engaged and each team member feeling confident in their ability to do the best for each patient (see 3.6 – Continuing Education Benefits).

What keeps people from accepting change is typically two things: fear and ignorance. A commitment to invest in yourself, as a practice owner, and in your team will not only keep you informed but also keep you enjoying your profession, and it will give you the exposure to learn about trends, interesting publications, and key opinion leaders and experts to help you prioritize and navigate the "how" – to keep up with change. Knowledge really is the answer. It reduces risk, lowers fear, and gives you more confidence.



CAUTIONS

Do not change something without a strategy and plan. Define the purpose of the change. How will it impact the team and the practice? Who will need to be involved? What resources will be needed? How will the change be communicated? And what is the expected result of the change? All of this must be shared with and understood by all stakeholders if it is to produce the desired outcome.



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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N/A

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14.9. MISSION AND VISION STATEMENTS



BASICS

OVERVIEW

• The most important aspect of mission and vision statements is the *process* of developing them.
• Most veterinary practices do not have current, written mission and vision statements because owner(s) do not see the benefit of them, nor do they want to invest their time and energy to develop them.
• Most veterinary practices do not have current, written mission and vision statements because owner(s) do not want to commit their dreams and philosophies to paper, and thereby expose them to staff and clients.
• Mission and vision statements, however, are the central theme of how you plan to run your practice. They summarize your philosophies and general goals for your practice.
• Mission and vision statements can be a few sentences or several pages long, but usually the shorter the better.
• Mission and vision statements are a useful "yardstick" to measure all your strategies and keep you focused on the major goals of the practice. (Do your employees know the major goals of your practice?) This is especially useful as new business opportunities arise during your career.
• Mission and vision statements convey your management philosophy to your employees.
• Mission and vision statements are useful for handing out to your clients. Clients do not know what your philosophies are unless you tell them. This can be used as a powerful promotional tool in your marketing literature.
• Mission and vision statements should be reviewed every couple of years. As your practice grows and evolves, so should your mission and vision statements.
• Continual reevaluation and instilling the mission and vision statements in your employees gives you a virtual link between what you want to accomplish in your practice and your everyday activities.

TERMS DEFINED

Mission Statement: Statement of the role, or purpose, by which a practice intends to serve its stakeholders.
Vision Statement: Statement that identifies where the organization intends to be in the future or where it should be to best meet the needs of its stakeholders.



ISSUES AND OPTIONS

STRUCTURE

Though there is no set structure to what mission and vision statements must include, here are some guidelines:
• Vision statements are formulated prior to creating a mission statement; the mission statement actually flows from the vision for the practice.
• The vision statement is typically three to five sentences long; it is clear and easy to understand.
• Most mission statements are no more than 10 sentences in length. A mission statement is a reflection of the objectives of a practice – it should be easily comprehended by a 12-year-old child and staff should be able to recite it from memory, even under stress.
• Animals are the heart of the veterinary business, and the statement must outline the quality of care they receive. Is this not why you went into practice anyway? Include the types of animals (large animal, small animal, exotic pets, etc.).
• Clients. Remember, you cannot practice veterinary medicine if the clients do not bring in their pets. Another important consideration is what pet owners are willing to pay to take care of their pets. It does no good to possess the experience and equipment to diagnose and treat a pet if the client is not willing to pay for those treatments. Have you ever seen a pet with a checkbook?
• Staff and owners. A mission and vision statement should discuss the role and expectations of the staff and owners. This includes the attitude and aptitude expected to perform the level of client service desired by the owners. It is from the mission and vision statements that employee goals and job descriptions can evolve.
• Business. Making money is one of the goals of a practice. If you are practicing veterinary medicine and not making any money, then this is not a career, it is a hobby. Whether we like it or not, a practice is a business. If we do not make a profit, then everyone suffers. The pet suffers because the practice will not have the equipment and people to properly diagnose and treat the animal. The clients suffer because they will not receive the best service level possible for the pet. Any client worth having wants you to stay in business. The staff (including employed veterinarians) will suffer because there will not be money in the practice available to pay adequate compensation and benefits to make their job positions a long-term career. The owners will suffer because they will not be financially rewarded for the risk they took to start or buy the practice in the first place.
• Community. What is the philosophy of the hospital toward the community that supports the practice? What community activities do the practice support? How is the practice going to be involved in the community?
• Any other goals or philosophies at the core of your practice should be included.

APPLICATIONS

• Single owner. Mission and vision statements will force the owner to define his or her goals and directions. A practice without goals and directions is like a boat without a rudder – the practice will just drift aimlessly in the waters of commerce, ultimately crashing on the rocks of bankruptcy. Most of the time, this is to the detriment of the practice, the clients, and ultimately the pets, and nullifies the reason you became a veterinarian in the first place.
• Multiple owners. One of the hardest elements with multiple owners is getting everyone on the same page. Taking a group of individuals and making them a team requires time, effort, and expertise in the area. Most owners are not willing to invest the time and money to do this; thus, most practices do not have current, revised mission and vision statements. Mission and vision statements force owners to express, evaluate, and define the overall philosophies of a practice. Once defined and evaluated, this makes decision-making much more uniform regardless of what owner makes the decision because each owner agrees to the overall philosophy of the practice.
• By having specific mission and vision statements, owners will find common ground on which to build a practice instead of differences that can tear a partnership apart. (Partnerships are the least likely legal form of business to survive because of that reason.)
• Team building. A mission and vision statement can be a great team-building tool. To help staff members take ownership of your practice mission and vision statement, post a draft and let them edit and rewrite it until it is concise and satisfactory to everyone (especially the owners). This will form a team with a united vision that will propel the practice to increased employee satisfaction and will, in turn, show up in increased client satisfaction and increased practice profits.
• Management decisions. Once you have agreed upon the mission and vision statements, use them to answer management questions that arise, and also use them to evaluate new business opportunities. Your mission and vision statements then provide the final evaluation of all management decisions and give consistency so that any owner or staff faced with a decision should decide congruent to the philosophy of the practice. That way, all staff and owners are aligned for the same outcome. This synergism is essential if the owner or owners expect the

practice to continue to grow. (This is especially true as a practice becomes bigger. As you add staff and owners, having consistent, congruent decisions epitomizes a well-run, profitable veterinary practice.)
• Marketing. Sharing your mission and vision statements with your clients acts like bait. It will attract the kind of clients you want and who want the types of products and services you wish to practice. In many cases, it is a self-fulfilling prophecy. Display your mission and vision statements in every room of the practice, especially the exam rooms and the waiting room where the clients will see them.



EXAMPLES

REPRESENTATIVE VISION STATEMENTS

• "It is our goal to provide animals with the best possible medicine consistent with the owner's desires, in a manner that is both enjoyable and financially rewarding for the staff and owners of our veterinary hospital."
• "Our practice offers the finest veterinary care available. We and our staff unconditionally commit to excellence and quality in everything we do. We commit to the best service at a fair price so our practice can grow and prosper, thereby satisfying all current and future needs of our clients."
• "Our practice exists solely for the convenience of our clients. Without them and their pets, we are in economic ruin."
• "We shall provide the best veterinary medicine in our city. We shall price our services to reflect the true costs of retaining outstanding staff, providing outstanding medicine by our veterinarians, and rewarding the practice owners for their economic risks."

REPRESENTATIVE MISSION STATEMENTS

• Quality care provided with compassion.
• We love pets… and it shows!
• Rely on us for outstanding veterinary care.



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

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N/A

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14.10. Business Plans



BASICS

OVERVIEW

Business plans are important for any project that involves commitment of time and resources, not just those that require outside financing. A business plan helps to organize a project and look at it critically from a number of important perspectives.

TERMS DEFINED

Business Plan: Written document that details a proposed or existing venture. It seeks to define the objective, vision, current status, expected needs, strategies, defined markets, and projected results of the business.
Overcapacity: Situation in which there is capacity available to perform services, but inadequate demand to perform those services at capacity.
Pro Forma: Projection or estimate of what may result in the future, given current assumptions and predictions. This is the financial estimate of how the business will do if certain assumptions are achieved.



ISSUES AND OPTIONS

BUSINESS PLANNING

Although it is possible to start a project without a business plan and without a budget, this is typically not a recipe for success. The smaller the project, and the less risk it carries, the more likely that lack of planning will not have major adverse consequences. However, there is some sense in the old adage that *if you fail to plan, you plan to fail*. Business plans are valuable because:

- They force entrepreneurs to actually commit to a plan of action.
- They require a realistic assessment of the resources (time and money) that will be required to make the project work.
- They establish an orderly sequence as to the steps that need to happen for the project to be successful.
- They clearly map the milestones to be achieved, as a measure that the project is working according to schedule.
- They provide a solid framework of the concept that can be evaluated by others, including consultants and financiers.

Business plans also serve as communication tools, allowing planners to share their vision with others inside and outside the organization. For internal stakeholders, this might facilitate buy-in for the venture, but for all concerned it provides a roadmap that can be discussed, debated, used to elicit feedback, and, finally, to chart a path forward.

INFORMATION NEEDED

- Most would-be entrepreneurs are comfortable with vision and mission statements (see 14.9 – Mission and Vision Statements), but a business plan is more than that. It requires solid numbers on which to base an investment, so it is worth doing some research to appreciate reasonable numbers within the industry, and it is important not to rely on a banker's approval of a plan as an endorsement of the validity of that plan. Veterinary projects get financed relatively easily, not because veterinary projects are so profitable or the plans so well written, but because veterinarians rarely default on their loans. This is not the same as having a business plan with an excellent return on investment.
- If the business plan is for a new veterinary hospital, a demographic assessment is critical to ensure that there is sufficient caseload to support another hospital in a given area (see 6.7 – Basic Tools of Marketing and 6.8 – Demographic Assessment). The pet population is not growing appreciably, and yet veterinarians are continuing to open new practices in areas already well served by other practices. All this serves to do is to cut the "pie" of available pet owners thinner, putting increased pressure on all practices in the area. Because most practices are high-overhead facilities with surgeries, hospitalization, treatment rooms, and radiography, this often leads to issues of overcapacity, in which all practices in the area are incompletely utilizing their facilities and staffs. In many cases, consolidation of hospitals into regional powerhouse practices makes more sense than establishing many small practices (all with high overhead and duplication of services), and this is likely to become more popular as there is increased pressure on small practices (see 1.1 – Models of Veterinary Practice). The exception is emergency and specialty clinics, which often do best in areas with high densities of primary-care veterinary practices.
- One of the most difficult estimates to make, but often the most critical, is how quickly clients will start using the new service. Veterinarians are often overly optimistic, believing that clients will beat a path to their door as soon as it is opened. If pet owners' needs are already being met, even by a facility that is considered inferior, there is still often a delay, sometimes a significant delay, before a switch is contemplated. Veterinarians command much loyalty from their clients, and there is typically a lot of inertia to overcome before a new practice is visited.
- The financial information in a business plan may be the most intimidating to veterinarians, but it is actually the easiest to compile and the most likely to be accurate. Estimates from qualified architects with experience in veterinary buildings, although not necessarily binding, are typically good estimates if changes are not repeatedly made to the plans (see 11.9 – Managing Construction Costs). Similarly, the costs of equipment, computers and software, and start-up supplies are available from vendors.

VALUE PROPOSITION

Vision and mission statements are great, and necessary for practices, but the value proposition takes a more basic look at the value being delivered by the practice (see 9.6 – Value-Added Analysis). The value proposition asks the following questions:

- Why would clients select this practice over others that are available?
- Why would the best staff available want to work in this practice?
- Why would I want to invest my money, time, and commitment in this practice? What will I achieve here that I could not achieve elsewhere?

The value proposition can be difficult for veterinarians to answer, and it is sometimes best posed by an impartial third party, such as a consultant. It is natural to assume that clients will want to come because the new veterinarians in the practice are excellent. But how will clients know this, and what will overcome the inertia of their loyalty to their current practice? Similarly, great paraprofessional staff are in short supply and high demand. They can be attracted with excellent salary, benefits, and working conditions, but the will likely stay only if it is a great place to work and to grow as a paraprofessional.

Along with the standard features of value proposition, creating a business plan also sometimes allows for reframing of objectives and considering other alternatives. As client numbers increase, for example, it is reasonable to consider building a larger facility, or enlarging the current one, but there are likely other, sometimes unexpected solutions that might accomplish the same goal. Sometimes just changing perception of what the problem is can be instrumental in allowing the consideration of other possibilities.

For any venture being considered, it is important to balance strategy with execution. There is sometimes a misguided belief that strategy is the purview of top management and consultants, and execution is the job of rank-and-file employees, but this is rarely a recipe for success. Employees can certainly accommodate the decisions and rules made by management, but if the goal is to fulfill strategic objectives, then it is better to involve those on the front lines in the planning process (see 14.5 – Strategic Planning and Implementation). Whether it is building a new clinic, redesigning the front-office space, or purchasing new practice management software, involving the people who will be asked

to make the new venture functional should be part of the business planning process.

The toughest question is the one that veterinarians must ask themselves about starting a new venture. There are many advantages to being your own boss, but many risks and liabilities as well. It is important to face these questions realistically, and a business plan is a good way to formalize the process.

CASH FLOW

One of the biggest problems with any new venture is the start-up itself, covering all the expenses before the revenues start to flow consistently (see 7.13 – Breakeven Analysis). The business plan helps to focus attention on this important topic, and it can be very useful in financing if the predictions are realistic. In many instances, however, the predictions are not realistic, and this leads to cash shortfalls before the breakeven point is reached. For instance, a practice may predict a sustainable cash balance by 18 months, based on seeing 15 patients a day at an average client transaction of $136, by 12 months. However, if the start-up was slower than anticipated and the practice is actually seeing 11 patients a day at an average transaction of $112 at 12 months, then a cash flow imbalance may result. In this example, based on the amount borrowed, the reconciled budget shows that, in three months, there will be inadequate cash to pay the bills of the practice, including payroll and accounts payable. In all likelihood, this will cause significant stress among management, and another round of financing will need to be considered (and possibly not at the same attractive rate as the first round).

This is a common problem in veterinary practices. It is better to plan pessimistically and finance the project accordingly than to hit a shortfall in the cash balance. It is sometimes useful in this regard to consider three different scenarios:

- What will happen with the most optimistic projections?
- What will happen with a projection that is relatively easy to achieve?
- What will happen with the most pessimistic projection?

Although veterinarians may not like planning around a less than optimal outcome, it is much preferred to have the cash available but not use it than to not have the cash available when needed.



EXAMPLES

See 15.4 – Sample Business Plan.



CAUTIONS

Business plans rely on assumptions, and it is important that those assumptions be realistic if the business plan goals are to be achieved. Especially in the case of new practices, veterinarians are often overly optimistic about how much business will be conducted once the doors to the practice open. This can cause problems when financing is based on optimistic assumptions, and the practice hits a cash flow problem when revenues are less than predicted. Going back for additional financing is never as easy as planning appropriately in the first place. Hiring a consultant to help with the process will help ensure that the numbers used are realistic, and that the objective is attainable.

When setting objectives, it is good to rely on "SMART" goals; that is, they should be **S**pecific, **M**easurable, **A**chievable, **R**elevant, and **T**ime-bound (see 6.7 – Basic Tools of Marketing). Business plans help to formalize the process.



MISCELLANEOUS

There are many different ways to create business plans, and there are several useful software programs to guide novices through the process, including Business Plan Pro (www.BusinessPlanPro.com), LivePlan (www.liveplan.com), and Bplans (www.bplans.com). Any of these programs, however, require the user to provide meaningful information, as they are only capable of utilizing the data they are provided.

ABBREVIATIONS

N/A

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N/A

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14.11. BUSINESS ENTITY STRUCTURES



BASICS

OVERVIEW

There is no one "best" entity choice for small businesses. Veterinary practice owners or potential owners should consider many variables when evaluating separate legal entities for their practices. Consulting with a qualified attorney and/or accountant for assistance regarding specific legal and financial questions is highly recommended. The five main types of legal entities to choose from are:

- sole proprietorship
- partnership
- C corporation
- S corporation
- limited liability company (LLC).

Initial focus should be on the following entity selection issues:

- entity complexity;
- tax issues;
- risk management (liability) issues;
- cost of maintenance of the entity;
- local, state, or federal government regulatory issues.

TERMS DEFINED

De Minimis: A Latin term meaning minor, or lacking significance.
Pass-Through of Losses: The net income or loss of a pass-through entity is passed through and taken into account by the owners in proportion to their ownership. Thus, an S corporation shareholder or LLC member may use his or her pro rata share of losses to offset other income, subject to loss and basis limitations.
"Piercing the Corporate Veil": Courts are often asked to issue a judicial order stating that the corporate owners are liable for the corporation's unpaid debts. If courts agree to issue the order, this is known as "piercing the corporate veil." Courts look at certain actions by business owners and management to determine if the order is warranted, such as whether owners failed to observe corporate formalities (keeping minute books, passing resolutions, holding board meetings, etc.) and if they treated the corporation as a separate entity or just as a continuation of themselves.



ISSUES AND OPTIONS

In making a selection of entity decision, a choice should initially be made based on whether a pass-though is desired. If a pass-through entity is not desired, the C corporation should be the entity of choice. If pass-through treatment is desired and liability limitation is important, the choice is narrowed to either an LLC or an S corporation.

SOLE PROPRIETORSHIPS

- A sole proprietorship is a one-person for-profit venture that is not registered with the state as any particular type of business.
- The owner creates a sole proprietorship just by engaging in business activities. No documentation is needed to organize a sole proprietorship and no special recordkeeping or corporate formality is necessary.
- A sole proprietorship is inseparable from its owner, as they are one and the same. Owners report business income and losses on their personal tax return and are personally liable for any business-related obligations, such as debts or court judgments.
- Sole proprietorships end upon the death of the owner, and the property is disposed of according to the terms of the owner's will.
- A sole proprietorship may be the preferred entity choice where the owner contemplates no complex financing, no co-owner relationships, and no risk management issues. However, veterinarians planning to have a practice of any sophistication should avoid this entity.

PARTNERSHIPS

- A partnership is a venture consisting of two or more people who have not registered with the state as a particular type of business.
- Partners do not file paperwork to form a partnership. The partnership starts as soon as the partners engage in business.
- In a partnership, there is the potential for conflict between partners. Partnerships typically generate more discord than other entity types due to the lack of a decisive initial partnership agreement clearly outlining the rights and responsibilities of each partner. It is preferred to have a qualified attorney draw up a written agreement (rather than relying on oral agreements), if only to prevent future disagreements over present intentions of the parties.
- The major drawback of operating as a partnership is that each partner carries unlimited personal liability for the obligations of the partnership. If one partner acts negligently or fraudulently and the partnership is sued and loses, each partner's personal assets can be seized to pay the court judgment. Each partner has equal power to incur obligations on behalf of a partnership, and each partner has unlimited liability for partnership debts, regardless of which of the partners may have been responsible for accumulating those debts. General liability insurance may help protect both personal and partnership assets of each partner.
- Partners pay taxes on their shares of the partnership income and report it on their personal tax returns at personal income tax rates. Profits and losses generated by a partnership "pass through" directly to the partners without incurring a "double" tax liability, as is the case with a corporate profit distribution in the form of dividends.
- A partnership lacks the advantage of continuity as it is automatically terminated upon the death of any partner. A final accounting and division of assets (and liabilities) is necessary unless specific methods under which the partnership may be continued have been outlined in the partnership agreement.
- General partnerships are not typically recommended except for real estate ventures or with close, trusted family members.

LIMITED LIABILITY COMPANIES

- An LLC is organized under state law by filing a certificate of organization with the Secretary of State, and is usually governed by a written operating agreement. The cost of establishing an LLC is similar to that of a corporation or partnership. Accounting and legal costs are similar.
- LLCs offer useful flexibility as to crafting the economic arrangement among the owners and permit the double benefit of favorable taxation and liability protection without ownership restrictions. LLCs can have disparate levels of membership interest, control, and equity benefits designated by the members.
- LLC equity owners are called members rather than shareholders.

• An LLC can opt to allow via the operating agreement certain people called "managers" to control the LLC. LLC managers possess the same scope of powers as a general partner would have in a standard general partnership. They can sign contracts, sell assets, and make other essential business decisions. But managers are not required for an LLC, as members may simply retain managerial authority or grant limited powers to certain members as managers.
• The LLC's greatest advantage over a general partnership is that LLC members do not assume any personal liability for the obligations of the LLC. LLC members are only liable for LLC debts to the extent of their LLC ownership interest.
• LLCs are generally pass-through entities for tax purposes. That means that a single member LLC (allowed in most states) is treated as a schedule C sole proprietorship for tax purposes. A multimember LLC is treated as a partnership for tax purposes. An LLC can also elect to have tax treatment as a corporation if it so chooses.
• LLC members are treated as partners for tax purposes and obtain additional basis in their LLC membership interest for their allocated share of LLC debts. This could result in increased deductions for LLC members compared with S corporation members.
• An LLC has perpetual existence if the members so elect. LLCs can admit new members and modify membership and investment structures, a key attribute when transferring business ownership from family members to succeeding generations. Older generations can retain control while slowly passing LLC interests to the younger generation. As the older generation members of the LLC retire, control can be passed to the next generation while beneficial ownership can be retained by the older generation, allowing a step-up in basis for estate tax purposes.
• A 2% or more LLC member is treated like a partner of a partnership for purposes of qualifying for tax-free employee fringe benefits. As a result, they may not exclude from income the value of LLC-provided health and accident insurance, disability insurance, group term life insurance, cafeteria plan benefits, or the value of meals and lodging furnished for the convenience of the employer. Accident and health insurance premiums paid for the benefit of a 2% member are deductible by the LLC under Internal Revenue Code (IRC) Section 162 and includable in the member's gross income under IRC Section 61.
• Upon a sale of an LLC equity interest, some of the gain will be taxed at ordinary income rates (that are attributable to inventory and accounts receivable), whereas the sale of S corporation stock is generally treated as capital gain.

HIGHLIGHTS OF A C CORPORATION

• A C corporation is an independent legal and tax entity, separate from the people who own, control, and manage it. Because of this separate status, owners of a C Corporation do not report business profits on their personal tax return. The C corporation itself files tax returns and pays any resulting taxes. Owners pay personal income tax only on money they draw from the corporation in the form of salaries, bonuses, and other compensation.
• The C corporation's two-tiered structure of taxation can be a benefit to some businesses, especially established ones. Not only do owners of a C corporation avoid paying personal income taxes on profits they do not receive, but because federal corporate income tax rates on the first $75,000 of corporate income are lower than the federal individual income tax rates on that same amount of personal income, a corporation and its owners may actually pay lower overall taxes than owners of unincorporated businesses such as sole proprietorships, LLCs, and partnerships.
• There are no limits on who can own stock in a C corporation, and its owners are protected from the debts and obligations of the business. The main drawback of C corporations is that (under current law) they are subject to two levels of tax: one at the entity level and one at the shareholder level.
• C corporations may adopt a tax year without regard to the tax year of the shareholders.
• The main disadvantage of a corporation is that the profits of a corporation, when distributed to the shareholders in the form of dividends, are subject to being taxed twice. The first tax comes at the corporate level. The distribution of any corporate profits to the investors in the form of dividends is not a deductible business expense for the corporation. Thus, any dividends that are distributed to shareholders have already been subject to corporate income tax. The second level of tax is imposed at the personal level.
• Unlike owners of businesses operated as partnerships, S corporations, and LLCs that have elected partnership tax treatment, C corporation shareholders are not taxed on the undistributed income of the corporation.
• Losses of a C corporation do not pass through to shareholders, but are allowable as net operating loss deductions only against some past and future taxable income of the C corporation.
• A C corporation will be the entity of choice for employee-owners who desire to obtain tax-free and tax-deductible fringe benefits available to employees as a result of statutory exclusions from gross income. Professional service corporations may elect to be taxed as a C corporation (rather than as an S corporation, a partnership, or an LLC) for this reason.
• Small businesses may benefit from the lower marginal tax rates on C corporation income (15% up to $50,000 and 25% from $50,000 to $75,000 under 2017 tax laws in effect). The effect of taxation at both the corporate and the shareholder level must be closely monitored.

HIGHLIGHTS OF AN S CORPORATION

• An S corporation is a hybrid entity with characteristics of both partnerships and C corporations.
• S corporations are incorporated in the same manner as a C corporation. The primary advantage of operating as an S corporation is that corporate income is only subject to one level of taxation.
• Only individuals (other than nonresident aliens), estates, certain trusts, and tax-exempt organizations and qualified retirement plans are permitted to be shareholders, and only US citizens and US tax residents may own stock. S corporations may not have more than one class of stock (preferred stock classes not allowed). There also can be no more than 100 shareholders.
• The S corporation must make a timely election of S corporation status. The election is made by filing Internal Revenue Service (IRS) Form 2553 within 75 days of the incorporation date in order for the election to take effect that year. Late filing relief may be requested from the IRS under Revenue Procedure 2013-30 up to 3 years and 75 days from the date the election was intended to be effective.
• Under Subchapter S, earnings are generally taxed only at the shareholder level, and not at the corporation level. All income and losses of an S corporation are attributed and pass through pro rata to the owners. The Subchapter S election effectively eliminates the impact

14.11. Business Entity Structures

of double taxation, subject to certain exceptions such as the built-in gains tax (for a five-year period after the conversion) and the excess passive income tax. The election makes the S corporation a tax-reporting, rather than a tax-paying, entity.
• Owners of an S corporation are protected from the debts and obligations of the corporation, and the owners are only taxed once on the corporation's income.
• States often require corporations to pay franchise fees or other taxes annually.
• S corporation shareholders can deduct losses only to the extent of their basis in stock plus the amount of any debt for shareholder loans made to the S corporation under IRC Section 1366. Even if the S corporation shareholder personally guarantees the corporation's debt, losses cannot be deducted on that debt.
• The conversion of an existing C corporation to an S corporation involves less tax cost and is less of an administrative burden than a conversion of a C corporation to an LLC. The conversion of a C corporation to an S corporation generally is not a taxable event.

WHAT ENTITY SHOULD YOU CHOOSE AND WHY?

Corporations and LLCs

Corporations and LLCs limit an owner's personal liability for business debts and court judgments against the business. Corporations and LLCs make sense for practice owners who:
• are engaged in a potentially litigious profession (veterinary medicine);
• have incurred large business debts to finance operations or expansion;
• own significant assets personally they want to shield from business creditors.

Advantages of an LLC versus an S Corporation

• LLC members can allocate profits and losses, allowing flexibility in designing owners' economic compensation. Special allocations in an S corporation stock convert the S corporation back to a C corporation.
• LLCs have no ownership restrictions, whereas violating S corporation ownership restrictions results in the S corporation becoming a C corporation. LLC members do not have to worry about losing the pass-through nature of their entity when new owners are added or additional stock is issued.
• New and existing LLC members can put appreciated assets into the company in exchange for an equity interest after formation without triggering taxable gain (this cannot be done with a corporation unless the transferor(s) owns 80% or more of the corporation after the transfer).
• LLC members can generally distribute appreciated property from the LLC without tax consequences, whereas shareholders cannot remove assets from the corporation without triggering taxable gain if the asset's value exceeds the tax basis.
• Sale of an LLC interest at a premium permits the tax basis of the LLC's assets to be stepped up to reflect the purchase price premium paid, permitting future tax deductions. This tax basis step-up may present an opportunity to negotiate a higher purchase price. Corporate share sales generally do not increase the tax basis for corporate-owned assets.
• Issuing equity to future employees can be accomplished through LLC profit interests, which offer flexible structuring alternatives. Profit interests provide a benefit to employees because, if they are sold after a one-year period after exercise and a two-year holding period, gains may be treated as long-term capital gains.
• When an LLC membership interest is purchased, purchasers can step up their tax basis of unappreciated LLC assets to reflect the purchase price pursuant to IRC Section 754. There is no similar favorable adjustment provision available for purchasers of S or C corporate stock.

Disadvantages of an LLC versus an S Corporation

• An LLC cannot engage in tax-free exchanges with corporations, whereas corporations can combine on a tax-free basis. If an exit strategy includes a tax-free acquisition of your business, an S corporation may be a better entity choice.
• Entity profits (after deducting a reasonable salary) paid to S corporation owners are generally not subject to the self-employment tax, whereas entity profits of an LLC are usually all subject to the self-employment tax. Self-employment tax is a substitute for social security for the self-employed and consists of a Medicare tax component (2.9% of salary without limitation), and a Federal Insurance Contributions Act tax component (12.4% of annual wages up to $132,900 of compensation during 2019). Employees of an S corporation must be paid a reasonable salary, which will be subject to social security taxes. Low salaries paid to the corporation's owners are subject to challenge by the IRS and could be recharacterized as wages subject to the social security tax.
• An LLC or a partnership will be deemed to be terminated for tax purposes if 50% or more of the interests in capital and profits of the entity are sold or exchanged within a 12-month period. A similar rule does not exist for S corporations.

Self-Employment Tax Considerations

In some cases, it may be preferable for an S corporation to pay lower salaries and permit the distribution of earnings in order to avoid self-employment tax on the additional distributions. Dividends (or S corporation distributions) are excluded from the definition of net earnings from self-employment.

There is still some uncertainty as to how LLC members should be treated for self-employment tax purposes. Generally, an LLC member is treated as a limited partner and not subject to self-employment tax unless he or she:
• is personally liable for debts of or claims against the partnership by being a partner;
• maintains authority to contract on behalf of the partnership;
• participated in the LLC's trade or business exceeding 500 hours during any tax year.



EXAMPLES

• Shareholders enjoy limited liability. For example, if each shareholder invests $25,000 into the corporation and it eventually fails, they have lost no more than the amount invested ($25,000). Furthermore, under the IRC, they may deduct up to $3,000 per year in stock losses on their personal tax returns, with the balance carried over to future years for further deductibility.
• Because an LLC is treated as a partnership, special tax allocations regarding income, gain, loss, deductions, or credits may be made among the LLC members pursuant to IRC Section 704. For example, one member may receive 65% of the operating profit yet only 25% of the gain on the sale of the business by the LLC.
• A C corporation with two 50% shareholders earns $100,000 during the year. The C corporation pays tax at a marginal tax rate of about 22.3% to the US Treasury of $22,250. When the remaining $77,750 is paid as a dividend to the two shareholders, each shareholder pays tax on $38,875 at their own individual marginal tax rate.



CAUTIONS

- Do not try to create a corporation or LLC without first consulting with an attorney and/or accountant who is experienced in the area of entity selection and taxation.
- A C corporation might be inclined to increase compensation payments to its shareholders and/or management in order to reduce taxable income. The IRS is interested in whether the compensation is reasonable under the circumstances. This is a critical issue, because the IRS can reclassify a portion of any salary or compensation that is considered to be excessive as a nondeductible dividend.
- Unlike the C corporation, where increased compensation levels tend to benefit the parties, the opposite can be true in the case of an S corporation. The IRS will be most interested in situations in which compensation is unjustifiably low and tax-free distributions are unjustifiably high.
- Even a *de minimis* member of an LLC (a small ownership position) will no longer be an "employee" and will face the prospect of making estimated tax payments in lieu of wage withholding and the loss of certain employee fringe benefits under the same rules that apply to general partners.



MISCELLANEOUS

ABBREVIATIONS

IRC: Internal Revenue Code
IRS: Internal Revenue Service
LLC: Limited liability company

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14.12. FRACTIONAL PRACTICE OWNERSHIP



BASICS

OVERVIEW

There are many ways to become a business owner, from starting a business from scratch to buying a piece of the business, to buying 100% of the business. For veterinarians and veterinary managers, the most common way to become a practice owner is through buying a portion of the practice where they work. Being a fractional owner in a veterinary hospital offers many benefits that people who remain employees throughout their careers never receive. The benefits come with some disadvantages, which largely can be overcome through strong agreements with the other owners of the business.

TERMS DEFINED

Cash Flow: The cash received by the business minus cash expenditures. Cash flow demonstrates a company's ability to meet its financial obligations, such as payroll, accounts payable, and business loans.

Fractional Owner: An owner who owns less than 100% of a business.

Majority Owner: An owner who controls more than 50% of the organization and has significant influence or can control the direction of the business.

Minority Owner: An owner who does not have sufficient ownership to control business operations on their own.



ISSUES AND OPTIONS

Practice ownership provides many advantages over being an employee, but those advantages come with increased responsibility and risk. The first and most obvious benefit is money available to pay the owners for taking the risk of owning the business.

• **Increased compensation.** As an employee, your compensation is limited to paying for the work you do in the hospital. When you become a fractional owner in a successful business, your compensation as an owner should be greater than your compensation as a nonowner. Veterinarian owners should receive compensation for their clinical production, compensation for any management responsibilities they assume, and a percentage of the business's profit. Manager owners would continue to be paid to manage the business and would receive a profit allocation as well. When first buying in, the money fractional owners receive as profit will be used to pay for the buy-in loan. Then, as the business grows, profits will increase and the profit available to owners will exceed the amount necessary to service the debt. From that point forward, the minority owner has more money to use as they wish.

There is a financial disadvantage of owning a business. During times when cash flow is tight, the owners may need to reduce their pay, or take no compensation at all, until cash flow is restored. Before buying into the business, find out if there are months of the year when the owner is not paid. This is a warning sign that the practice may be poorly managed. There may also be times when much of the profit must be reinvested in the practice, to pay for equipment upgrades or invest in facility improvements.

In addition to greater compensation, owners frequently receive *additional benefits* not available to employees. Examples include personal cell phones for owners and their families, greater continuing education (CE) allowances to include destination CE, vehicles or vehicle allowances to name a few; see 7.17 – Perquisites (Perks) of Practice Ownership. Owners will also have life insurance policies where the practice is the beneficiary. These policies provide the proceeds to buy the deceased owner's percentage of the practice from the surviving spouse.

• **Long-term job security.** As an employee, you have no guarantee that the job you have today will be yours next month. In contrast, owners cannot be fired, short of some serious misconduct. A legal document such as an owners' agreement will dictate how owners can be removed, usually due to loss of veterinary license, conviction of a felony, or egregious misconduct.

The other side of this is that, as an owner, it can be difficult to quit. The owners' agreement will specify the steps necessary to end your relationship with the practice. The partners will control who can buy the fraction you own, and often have the first choice of buying the available ownership. You will not be able to make a clean break by cursing at your business partner and slamming the door on your way out.

Because it is time consuming to exit practice ownership, conduct due diligence to ensure you understand the practice fully prior to becoming an owner. Get to know the other owners and understand if they make decisions collaboratively. You must have a good professional relationship and trust that they make decisions in the best interest of the practice and its mission.

• **Authority to direct the business.** While many businesses include employees in decision-making, the hospital owners set the direction of the practice, and establish the guiding principles. Owners decide what equipment and instrumentation is in place, what services are offered, how and where to market the practice and to whom, which employees receive raises, what products to carry, CE allowances, telephone and Internet providers, what employment policies are in place, and what employee conduct is acceptable. Every aspect of the practice is under the control of the owners.

The disadvantage is that every aspect of the practice is under the control of the owners. Regardless of how empowered the employees are to handle problems, the owners are ultimately responsible. When the security alarm goes off in the middle of the night on Christmas Eve, an owner may need to go to the practice and speak with the police. If an employee physically threatens a client or vendor, the practice owners must handle the fallout. By owning a fractional interest, this responsibility is shared with others who also have the practice's best interests at heart.

• **Build personal wealth.** When you acquire an interest in the hospital, you buy an asset you can later sell. This is one of the best ways to reward a long career in the profession, by making a good living doing something you love, then having an asset, your ownership interest in the practice, to sell. The sale of the practice may not fully fund your retirement, but the proceeds would provide additional financial security. An employee has no asset to sell.



EXAMPLES

Acquiring a fractional ownership in a practice is different from buying 100% of the business. While many lenders provide loans for purchasing the entire practice, they are averse to financing partial interests unless the buyer has significant personal assets to use as collateral. Unless the other owners are willing to allow the hospital's assets to be encumbered in this way, and this is rarely the case, securing a bank loan may be impossible. Instead, one or more of the other owners will hold the loan.

Fractional ownership can be a perfect opportunity to be mentored into practice ownership. Fractional owners may not see a significant increase in pay (at least right away), but they will build financial equity in the business and build "knowledge equity" as they gradually learn more and more about practice ownership. Fractional owners can acquire knowledge equity without the burden of having the success of the practice resting solely on their shoulders.

Because the current owners will finance the buy-in loan, it is in their best interest to keep the practice profitable enough that distributions are sufficient to meet the debt requirement. The financial rewards are not as high as being a majority owner or a single owner, but the financial risks are not as high. Fractional owners do not have the same level of control over business operations as a solo owner would have, but, in many cases, control over specific areas can be designated in the owners' agreement.

A **50 : 50 ownership** is a fractional ownership where two owners have an equal share in the control and the financial rewards of the organization. This is not usually a mentorship level of ownership, but it is more common between equally qualified owners. Since neither owner possesses a majority share, all decisions must be unanimous. This requires a shared vision for the practice as well as good communications between the owners to get things done and move the practice forward. In such a situation, the owners must determine in advance how a decision will be made if a stalemate is reached.

Many potential buyers, particularly employed (associate) veterinarians, believe that practice ownership is not attainable given the high educational debt they carry. The reality is that, if a practice is valued appropriately, ownership is a very attainable financial goal, even with a high student loan burden. In fact, the profit distributions practice owners receive may allow faster repayment of student loans. Money should not be the deciding factor!

Becoming a practice owner offers the possibility of many benefits, from increased financial return to increased work flexibility to guiding the philosophies of the practice. Fractional ownership is appealing for many reasons, not the least of which is having partners to mentor you as you develop your leadership style and learn the skills needed to maintain and grow a successful practice. Through buying a fractional interest, you can assume new responsibilities gradually, which reduces the relative risk of becoming a business owner.



CAUTIONS

Nothing in this chapter should be construed as legal advice. Always consult with an attorney before signing any legal document. The hospital's attorney cannot provide advice to an individual owner or prospective owner.

There are income tax consequences to becoming a business owner, and those consequences may be significant. Always consult with a tax professional prior to buying, and understand the impact business ownership will have on your personal tax situation.



MISCELLANEOUS

ABBREVIATIONS

CE: Continuing education

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14.13. DETERMINING A PRACTICE'S WORTH



BASICS

OVERVIEW

- The value of a practice is based upon the expected future financial returns from a practice and the risks associated with receiving these returns:
  - the higher the expected return and the lower the risk of receiving these returns, the higher the value of the practice;
  - the lower the expected financial return from the practice and the higher the risk associated with the return, the lower the value of the practice.
- Many factors must be analyzed to determine the future financial return expected and the risks associated with the return.
- An assessment of these factors requires the skills of a qualified business valuator. The information provided here will promote a greater understanding of the process and methodologies used to develop a valuation conclusion.
- Although valuations are frequently associated with buy/sell transactions, they can be effectively used in partnership agreements, as a proactive management tool, or a succession planning tool, for example.

TERMS DEFINED

Book Value: Dollar amount at which assets and liabilities are recorded in financial statements. This amount generally is not reflective of the fair market value of a business or its assets. Net book value is the difference between assets and liabilities as recorded in the financial statements.

Capitalization Rate: Any divisor (usually expressed as a percentage) used to convert anticipated economic benefits of a single period into value.

Capital Reinvestment: Periodic capital outlay required to maintain operations at existing levels; also referred to as sustaining capital reinvestment.

Discount Rate: A rate of return used to convert a future monetary sum into present value.

Excess Earnings: The amount of earnings expected over and above the return on tangible assets; includes earnings as a result of intangible assets such as goodwill.

Fair Market Value: The amount (cash or cash equivalent) at which the property would change hands between a willing buyer and a willing seller, where neither is under any compulsion to act, both parties have reasonable knowledge of relevant facts, and the property was exposed on the open market for a reasonable period of time. In Canada, fair market value is defined by the highest price available and includes special-interest purchasers.

Going Concern Assumption: Assumption that the business will remain in operation for the foreseeable future (as opposed to a liquidation assumption).

Goodwill: An intangible asset resulting from a business's reputation, name, location, products, services, customer base, and so on.

Goodwill Value: Value attributable to goodwill, whether personal (related to a specific owner) or enterprise (related to the business as a whole).

Intangible Assets: Nonphysical assets such as goodwill, contracts (noncompete covenants), trademarks, patents, copyrights, and so on, which provide value to a business.

Liquidity: The ability to quickly convert assets to cash or to pay a liability.

Nonoperating Assets: Assets not related to ongoing operations of the business enterprise; if the assets were eliminated from the business, the resulting earnings would be unchanged. An example is a vehicle owned by the hospital but used exclusively by the business owner for personal transportation. Also referred to as *redundant assets*.

Rule of Thumb: Commonly used, easily calculated criteria to arrive at a business value. Criteria are usually specific to a particular industry. Changing economic conditions and the inability to compare similar practices in veterinary medicine make the rule-of-thumb approach an unreliable method of valuing veterinary practices.

Tangible Assets: Physical assets such as cash, accounts receivable, inventory, property, facility, and equipment.

Valuation Approach: An overall theoretical way of approaching the valuation of a business – the three general ways used to determine value for a going concern are the asset-based, earnings-based, and market-based approaches.

Valuation Method: Specific techniques or methodologies within the three general valuation approaches to determine value. For example, the excess earnings method is usually considered an asset-based approach, whereas the single-period capitalization method is an income approach.

Working Capital: Current assets minus current liabilities.



ISSUES AND OPTIONS

WHY VALUE YOUR PRACTICE?

There are many reasons why a practice is valued. The most obvious reason is to transfer ownership of a practice in whole or in part. Other situations that give rise to a valuation include the following.

- Structuring partnership and shareholder agreements – buy/sell agreements should contain an updated practice value or a methodology for obtaining it when needed.
- Business planning – valuation analysis can assist owners in developing strategies to improve the profitability and value of their businesses. This is especially important if the owners wish to fund part of their retirement from the sale of their businesses.
- Estate planning, succession planning, and tax planning.
- To obtain financing.
- Converting a C corporation to an S corporation.
- Merging two organizations or dividing a practice into two or more parts.
- Partnership and shareholder disputes, litigation issues, insurance claims, or breaches of contract.
- Marital dissolution (divorce) – there is a trend toward both parties jointly appointing a single independent valuator (appraiser) to establish a valuation conclusion, as opposed to each party engaging their own expert. In many cases, this can save significant time, money, and stress for the individuals involved.

CHOOSING A VALUATION EXPERT

In recent years, the veterinary healthcare industry has become more sophisticated with specialization of veterinarians in orthopedic surgery, oncology, neurology, and so on. Similarly, the business valuation industry has become more sophisticated. There are several organizations in North America that provide continuing education and certification processes for valuation experts. Each organization establishes prerequisites, continuing education, and experience requirements for their members. The designations and organizations in North America are:

- ASA/AM: Accredited Senior Appraiser/Accredited Member designations awarded by the American Society of Appraisers.
- CVA: Certified Valuation Analyst designation awarded by the National Association of Certified Valuators and Analysts.
- ABV: Accredited in Business Valuation designation awarded by the American Institute of Certified Public Accountants.

• CBV: Chartered Business Valuator designation awarded by the Canadian Institute of Chartered Business Valuators.

Considering the specialized knowledge base required to conduct business valuations and the litigious nature of our society, the significance of engaging experts with the aforementioned designations will become even more important in the future.

In addition to valuation methodology, a valuation expert must be familiar with the latest developments and trends in the veterinary industry. For example, the valuator must be familiar with the differences among the transferability of goodwill, marketability, and valuation of a single-doctor equine practice, a mixed-animal practice, and a large multidoctor companion animal practice. They must be familiar with key success factors in the industry, such as revenues resulting from reliance on medical and surgical services versus product sales. They must also familiarize themselves with key indicators of operating performance that are specific to the industry, including average transaction charges, revenue per doctor, client retention figures, and so on. It is critical that the appraiser of the practice have experience in valuing veterinary practices or be willing to obtain the necessary information. Although many broad appraisal principles apply to all types of businesses equally, there are some distinct differences. For example, not all professional practices include goodwill in the estimate of value, whereas this is almost always a given in veterinary medicine. A valuation performed by a nonqualified individual will waste money, delay the appraisal process, and create unnecessary friction between a buyer, seller, or other parties with an interest in the matter. If you choose to engage a local accountant with business valuation expertise to conduct your valuation, the individual will need to familiarize him or herself with industry trends, developments, and industry-specific benchmarks. There are many trade publications, websites, and associations that can assist valuators in this area. Some local accountants may decline to do a valuation due to a possible conflict of interest if they also prepare the hospital's financial statements and tax returns.

Ask a potential valuator about their experience doing business valuations *and* veterinary practice valuations specifically. If they lack experience themselves, ask if there will be a more experienced individual supervising the valuation process or report.

The cost of valuations varies greatly. This should be of no surprise to veterinarians, given, for example, that there is more than one way to spay a cat, with potential outcomes including a cat that is not 100% spayed. Ask the valuator the process he or she will use to get the end result. A sample report is ideal, but a table of contents also assists in evaluating the thoroughness of the process.

Although higher priced valuations are not a guarantee of higher accuracy, they are generally associated with a more thorough and professional valuation report and conclusion. Choosing a bargain basement valuation may save you money in the short term, but it may cost you thousands more in the longer term. Do your bargain shopping while in the discount store, not when shopping around for a valuator for the business you have spent years building.

BUSINESS ANALYSIS

To determine practice value, a valuator performs a detailed analysis of the following three main areas:

- the economic environment;
- the veterinary industry;
- the specific practice.

This analysis will be both quantitative and qualitative and will lead to appropriate estimates for the variables needed to arrive at valuation conclusions. The variables required will be based on the method or methods of valuation chosen. Variables include projected cash flows, sustainable earnings/cash flow levels, and the risks associated with these anticipated monetary benefits as measured by the discount rate and capitalization rate.

The Economic Environment

Consideration should be given to the following:

- Past and future economic conditions, bank prime rates, mortgage rates, unemployment rates, taxation, stock market performance, investment interest rates, and so on.
- Past economic conditions compared with the veterinary industry and the practice's past performance, and predictions on how the industry and practice will respond to forecasted economic conditions.

The Industry

Evaluate opportunities and threats to the veterinary industry, including:

- Market demand and trends for services and products, substitutions (Internet pharmacies, groomers), complementary products, and recent developments.
- Technology effects on the industry (Internet pharmacies, high-tech client communication, telemedicine, and education technology).
- Key success factors in the industry (service quality).
- Government policies and regulation of the industry (greater market for practices in states where nonveterinarians can own practices).
- Growth potential or decline for market segments (declining number of mixed animal practices).
- Pet population trends and demographics of pet owners.
- Past, current, and potential competitive environment – strengths and weaknesses of competition, geographic location, estimated market share, and product and service offerings.
- Presence of corporate consolidators
- Stage of industry lifecycle – growing or mature.
- Entry barriers to establishing a practice.
- Industry-specific variables for veterinary practices compared with industry data (see analysis of The Specific Practice section).

The Specific Practice

An internal analysis of the practice serves to evaluate the strengths and weaknesses of the individual business and should cover the following areas.

- General business review:
  - history of the business
  - asset sale or share (equity) sale;
  - location, facility, lease terms, technology employed;
  - organizational structure – management, leadership, key employees;
  - business plans, strategic plans, and marketing plans – measures of their effectiveness, markets served, demand for services/products and so forth;
  - potential buyers, including whether the practice would attract corporate consolidators;
  - operations – capacity utilization, quality control procedures, capital investment requirements;
  - transferability of goodwill (single doctor mobile versus multidoctor companion animal practice);
  - if there are multiple locations, each location will require the same analysis.
- Financial analysis:
  - historical and current financial data;
  - capital structure of the business (debt compared to equity);
  - working capital requirements, identification of working capital surpluses or deficiencies;
  - capital asset additions – past and future requirements to meet operating results;
  - unusual or nonrecurring items;
  - transactions conducted at rates that are not market rates, such as would occur between two related or affiliated parties (non-arm's-length transactions);
  - forecasts – accuracy of historical forecasts;
  - sales by product/service;

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- ratio analysis (liquidity, profitability, efficiency, leverage); ratios should be compared with industry values;
- industry-specific ratios and financial data compared with industry values – examples include revenue per doctor, ratio of product sales to medical/surgical services, and reliance on product sales versus veterinary services, client retention rate, number of new clients, average client transaction charge;
- trends in sales, operating margins;
- common-size financial statements facilitate comparisons of the data from year to year and with other practices (each account group, the total cost of goods sold for example, is expressed as a percentage of sales);
- nonoperating assets (redundant assets).

VALUATION METHODOLOGIES

There are three main approaches to the valuation of a business as a going concern. However, within the main approaches are several valuation methods that represent specific techniques used to determine a business value. The three main approaches to valuation are:

- earnings/cash flow based;
- asset based;
- market based.

The business analysis performed by the valuator assists in the determination of the value approach to be used for a specific practice, although most valuators rely on more than one method to arrive at a valuation conclusion.

Earnings/Cash Flow Based

This method is also referred to as the income method. The value conclusion is based on anticipated future income streams, and it includes risks associated with the possibility that the future income streams will not materialize as expected. There are three basic valuation methods in this category:

- capitalization of earnings/cash flow technique;
- discounted cash flow;
- dual capitalization of earnings/cash flow (also known as excess earnings).

Capitalization of Earnings/Cash Flow Technique

Appropriate for a mature business with relatively consistent earnings and/or where reliable earnings and/or cash flow forecasts are unavailable.

- Actual historic results of the company are used as an indicator of future results.
- Involves establishing a maintainable earnings level or a maintainable cash flow amount and applying a capitalization rate specific to the practice being valued.
- A capitalization rate, which measures the risk of the investment, is used as a divisor of the maintainable earnings or cash flow.
- The mathematical inverse of the capitalization rate can also be used to multiply the earnings or cash flow number to arrive at a practice value.
- Nonoperating or redundant assets, if present, are added to determine an overall going-concern value. In a sale situation, these assets are added only if they will remain with the practice.
- In Canada, the cash flow technique takes into consideration sustainable capital reinvestments required to maintain earnings and their associated tax shields.

Discounted Cash Flow Technique

- Appropriate for a business with a finite lifespan or businesses whose forecasted earnings are expected to change for a period of years before a longer term sustainable cash flow level is achieved.
- Example: start-up practices, or practices going through a period of rapid growth due to expanded services or decline because of competition.
- Technique is essentially a present-value calculation using an appropriate discount rate that is specific to the business entity; the discount rate is used as a measure of risk associated with the anticipated financial returns.
- The present value of forecasted cash flows for each year where cash flow is expected to change is added to a terminal present-value calculation for the practice.
- Nonoperating or redundant assets are considered.
- In Canada, the discounted cash flow technique also considers capital reinvestments and their associated tax shields.

Dual Capitalization of Earnings or Excess Earnings

- Although this approach is often used as a primary method of valuation, many business valuators feel its primary purpose is to test valuation conclusions using other methodologies.
- The business is divided into tangible components and intangible components. Each component is valued separately and then added together to create a value for the entire entity.
- The tangible component is represented by net tangible assets; an expected return (percent) is applied to the tangible assets and reflects the risks associated therein; the risk for receiving a return on tangible assets is usually lower than the risk associated with intangible assets.
- Because this method includes a tangible asset component, having a formal equipment appraisal is critical.
- The intangible component is represented by excess earnings; a capitalization rate specific to the intangible component is chosen and usually reflects a higher risk associated with a return on the intangible assets. This capitalization rate will be higher than the rates used in the capitalization of earnings method.
- Also classified as an asset-based approach.

Asset Based

There are two closely related techniques that are based solely on the net assets of a business:

- Liquidation value.
  - Liquidation value is used when a business is no longer considered a viable concern. It is the net amount of money left to owners if the business is terminated and the remaining assets are sold individually for cash.
  - There are few circumstances in veterinary practice where liquidation value is used.
- Adjusted net book value.
  - Adjusted net book value is used to value the net assets of a viable (profitable) ongoing business where there is no expectation of a return from intangible assets or commercially transferable goodwill.
  - Adjusted net book value is used frequently to value investments and real estate holding companies.
  - An example where adjusted net book value would be used as a primary valuation method would be a practice that is made up entirely of personal goodwill (nontransferable goodwill); however, most practices have a component of goodwill that is commercially transferable, and adjusted net book value calculations are included to back up valuations conclusions using more appropriate methods.
- Net assets are valued at their current fair market values.

Market Approach

- This approach involves a comparison of actual transactions and public market data with the business being valued. Under some circumstances the market approach can be superior to other valuation methodologies because it is based on actual transactions.
- Because most veterinary practice sales are between private companies, it can be difficult to find enough comparable sales data to accurately use the market approach as a primary method of valuation. However, Simmons and Associates Inc., in partnership with the VetPartners™ Valuation Council is actively gathering data in this area.
- The main problem with the market-based approach is that it is difficult to find businesses that are truly similar in all characteristics. Most business valuators will use a combination of these techniques to arrive at a valuation conclusion.

NORMALIZATION OF THE FINANCIAL STATEMENTS

The financial statements and tax returns of the practice are the starting point for determination of a practice's earnings (see 7.2 – Financial Statements). However, adjustments to these figures are usually required to accurately reflect what a purchaser of the practice would expect as earnings in the future. The business analysis outlined earlier assists valuators with this process. Financial statements and results are examined thoroughly to determine if they can reasonably be expected to continue under new ownership.

Adjustments may involve:

- Salary adjustments. Owner compensation adjustments to properly reflect compensation for medical and management duties.
- Rent adjustments reflective of fair market value.
- Nonrecurring revenue and expenses – large one-time product sale, malpractice legal defense, or practice owner perks including automobiles, cell phones, and so on.
- Impact of a dropped service or added service.
- Impact of an equipment purchase on labor costs and revenue.
- Changing tax rates, interest rates, or accounting practices (cash versus accrual, inventory management method).

As can been seen from these necessary adjustments, determining a maintainable earnings level for a practice involves more than taking an average or weighted average of past years' performance.

Normalizing financial statements and earnings facilitates comparisons with year-to-year data, and it assists with more accurate predictions of maintaining earnings and forecasted cash flows.

CAPITALIZATION RATE AND DISCOUNT RATE

The capitalization rate and discount rate are important variables in the determination of value using the earnings/cash flow method of valuation.

- The discount and capitalization rates measure the risk associated with achieving the projected income or cash flow.
- The capitalization rate is utilized when determining the value of a business using the capitalization of earnings or capitalization of cash flow technique; normalized earnings or cash flows are divided by the capitalization rate to arrive at a value for a business.
- Capitalization rates are usually expressed as a percentage, such as 20%.
- The inverse of the capitalization rate (1/20% = 5) is referred to as the multiplier.
- A discount rate is the rate of return used to determine the present value of a stream of future income when applying the discounted cash flow method of valuation.
- The capitalization rate is related to the discount rate with one main exception: the capitalization rate does not include a growth component. The capitalization rate equals the discount rate minus a growth factor usually representative of the national long-term rate of inflation and real growth.
- In determining an appropriate discount rate and or capitalization rate, the valuator must assess the risk of achieving the normalized earnings/cash flow. The business analysis previously described assists the valuator in deciding an appropriate level of risk.



EXAMPLES

N/A



CAUTIONS

This material is for general information only and should not be used as a substitute for professional advice regarding any legal, financial, or tax issues. It does not constitute the rendering of any legal, financial, or tax advice or service. You should consult the appropriate legal, financial, or tax professional for these services.



MISCELLANEOUS

In general, Canadian valuations are conducted on an after-tax basis and include appropriate tax shield considerations. In the United States, veterinary practice valuations are usually prepared on a before-tax basis.

ABBREVIATIONS

N/A

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N/A

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BASICS

OVERVIEW

At any given point in time, a business may have several different values, depending on what is being valued and why. The purpose of the valuation has an impact on the methodology used and will affect the result. This underscores the need for the client and the valuation analyst to determine many facts at the onset of the valuation engagement.

Many consultants who establish selling prices for their clients use the term "valuation." Some consultants act as advocates for the practice owner and arrive at a price that emphasizes their clients' best interests. Those consultants use the term "valuation" incorrectly. By definition, a business valuation must be an unbiased, professional determination of business value. The valuator may not act as an advocate for any side of a potential transaction and must verify there are no conflicts of interest before accepting the valuation engagement. The professional fees paid for a valuation may not influence the value in any way. This position will be specifically stated in a valuation report.

TERMS DEFINED

Assets: Things of value, such as cash, equipment, inventory, or buildings.
Capitalization Rate: Also referred to as a "cap" rate. It reflects the risk of average adjusted earnings continuing at current levels in the future.
Control: The power to direct the management and policies of a business.
Earnings: The profit remaining to the owners of a business after all normal business expenses have been paid.
Equity: The portion of the practice's assets that belong to the owner or owners, not the creditors.
Estimate of Value: A range of values when, in the sole professional judgment of the valuation analyst, an opinion of value cannot be stated.
Fair Market Value: The price at which the property would change hands between a willing buyer and a willing seller, when neither is under any compulsion to buy or to sell, and both having reasonable knowledge of relevant facts.
Going Concern: The premise that business is expected to continue to operate into the future.
Investment Value: The value to a specific buyer based on their unique requirements and expectations.
Liquidation: The cash that would be received under the premise that the business would be terminated and the assets sold piecemeal.
Normalizing Adjustments: Adjustments made to financial data so that they conform to industry accounting principles and to eliminate nonrecurring, extraordinary, and excess items
Opinion of Value: The most unambiguous expression of value, expressed as a single value.
Valuation Date: The specific point in time on which the business value is determined, frequently a calendar or fiscal year end.



ISSUES AND OPTIONS

PURPOSE OF EVALUATION

The purpose of the valuation drives the result. When contacted regarding a valuation engagement, the valuator will ask two questions that may seem intrusive but are germane to the assignment. Those questions are:

- *Why* is a valuation necessary?
- *What* is being valued?

There are many different reasons *why* a valuation may be needed. These include:

- sale or purchase of all or a portion of the business;
- mergers;
- update to buy/sell agreements or life insurance policies;
- tax planning, including estate and gift tax;
- litigation – most commonly divorce or partner disputes.

What, or the legal interest to be appraised, must be identified at the outset of the engagement. The valuator must understand exactly what will be appraised before they can determine the documentation required and how to proceed.

For veterinary hospitals, the *what* can be broken further into the following.

- **Assets.** Generally used when 100% of the business will be sold. In this situation, the practice is sold "cash free" and "debt free," meaning that the buyer is not buying the cash in the seller's bank accounts and will not assume any existing liabilities, including equipment leases.
- **Partial interests.** Generally selected when a specific portion of the practice will be valued. Examples include valuing the large animal portion of a mixed animal practice or valuing individual specialties in a referral practice. Unless there has been strict separation of historical income and expenses, valuing partial interests may require the services of a forensic accountant.
- **Equity.** Generally applies when less than 100% of the business will be sold. This is the most common interest sold in an associate buy-in or any similar transaction when less than 100% of the business will be sold. In an equity valuation, consideration also is given to whether the interest being sold is a controlling or noncontrolling interest. If a *controlling interest* is valued, the potential buyer would have the ability to change virtually anything about the practice, from its fee schedule to the products and services offered, as well as the compensation of owners, doctors, and staff. An owner of a controlling interest may be able to force the sale of the business itself.

Before the valuator can begin a valuation, many decisions must be made, generally in discussions with the practice owners or the persons ordering the valuation. These include:

- **Valuation date.** The date upon which the valuation is effective. In valuations done for matrimonial dissolution, the business may be valued on two separate dates: the date of the marriage and the date the divorce papers were filed. This is done to determine the change in value of the business during the marriage. Just as the balance in a bank account may change from day to day, the value of a business fluctuates.
- **Applicable standard of value.** The purpose of the valuation also dictates the standard of value used. The standard of value reflects the type of valuation needed and for whom. These are:
  - *Fair market value (FMV).* The Internal Revenue Service defines the FMV as "the price at which the property would change hands between a willing buyer and a willing seller, when neither is under any compulsion to buy or to sell, and both having reasonable knowledge of relevant facts." Under the FMV standard, the value is based on a typical buyer or a typical seller in the market, rather than the investment needs of any particular buyer or seller. FMV is used most commonly when 100% of the business will be sold.
  - *Investment value.* The primary difference between the FMV standard and the investment value standard is that the valuation reflects the needs of a specific buyer or seller. If either the buyer or seller were motivated to act based on criteria unique to them, the appropriate value would be investment value. For example, if the seller was moving out of state in 60 days, there might be urgency on their part to sell, and a lower price might be acceptable if the timeline could be met. In another example, a buyer may be willing to pay more for a specific practice if it is in an area where the buyer would like to live and has been searching for a practice to buy for an extended period.

- *Fair value.* Fair value is a statutory standard of value that varies from state to state. It is most commonly used in situations that will be litigated, particularly for dissenting shareholders. For these reasons, fair value is not commonly used in veterinary practice valuation.

• **Premise of value.** The premise of value used in the appraisal is based on expectations for the future. The two most common premises of value are:

- *Going concern.* Most veterinary practices are valued under the premise that the business will continue to operate into the future. Under this premise, some of the intangibles included in the value are the staff, equipment, systems, and inventory in place.
- *Liquidation.* Here, the expectation is that the business will be closed and all assets sold in an orderly fashion. In this case, only the tangible assets (e.g., medical and computer equipment) are sold. No value is placed on intangible assets.

THE VALUATION ENGAGEMENT

Another determination that must be made at the outset is whether the valuator will provide a *conclusion of value* or a *calculation of value*. For a calculation of value, the valuator and the client must agree on certain facts in advance of the engagement. The National Association of Certified Valuators and Analysts (NACVA) standard for a calculation engagement states:[1] "A Calculation Engagement occurs when the client and the member [valuator] agree to specific valuation approaches, methods, and the extent of selected procedures and results in a Calculated Value." Calculation engagements require the client to have detailed knowledge regarding valuation methodology.

In contrast, for *conclusion of value* engagements, also known simply as "valuation engagements", the NACVA standard states:[1] "A Valuation Engagement requires that a member apply valuation approaches or methods deemed in the member's professional judgment to be appropriate under the circumstances and results in a Conclusion of Value." Conclusions of value, therefore, rely on the valuator's professional judgment, rather than requiring that the client also be well informed regarding valuation theory.

THE VALUATION REPORT

Just as there are many decisions to make regarding the assumptions and methods used in a valuation, the valuation report itself comes in many forms, from formal written reports to informal verbal reports. The type of report to be issued must be discussed in advance to ensure the client receives the information and the document appropriate to the purpose of the valuation. Calculations of value result in a "calculation report," whereas conclusions of value are provided in either a "summary report" or a "detailed report." The valuation analyst's professional standards may dictate the specific content of the report. In some cases, an oral report may be provided.

The type of report issued has an impact on the total fees for the valuation, as there is a great deal more time required for an analyst to prepare a written report than it does to prepare for an oral report.

SITE VISITS

Many times, a site visit will be conducted at some point during the valuation. This is an opportunity for the valuator to meet the principals involved in the business, have a tour of the facility, and conduct interviews with owners, managers, and a select number of employees. The visit may occur at any point during the valuation. The analyst's goal is to gain a broad perspective of the business and gain answers to questions that arise during the analysis. If the analyst is not in the local area, additional fees will apply for the site visit.

Working with an analyst with extensive experience valuing veterinary practices may negate the need for an onsite visit, particularly given information sharing advances in technology. Instead of going on site, the analyst may ask for detailed lists of equipment, photographs, a video tour, and other information that will provide a comprehensive picture of the business. Interviews with owners and managers may take place via web conference, over the phone, or in written format.

Once the valuation date, the purpose of the valuation, the standard and premise of value, and the type of report to be issued are determined, the valuator will provide the client with an engagement letter (which includes the items listed in the previous sentence, plus the fees for the valuation) and a list of the information they wish to review. This list will be extensive, and will include legal and financial documents, personnel listings, salary and wages reports, production reports from the practice management software, inventory listings, details related to the facility, the equipment owned and leased, the presence of competitors, and other details to help the valuation analyst understand the practice and the environment in which it operates. Typically, three to five years of historical documents are requested.

VALUATION ANALYSIS

The valuation analyst must develop an understanding of the business and the interest being valued. This understanding should include the key employees in the business and their backgrounds, large customers, suppliers, and the business environment in which the practice operates. The analyst should understand the history of the practice, how it was started and by whom, all previous ownership sales, and any planned ownership changes. Although the most recent history will be the basis for the financial analysis, the valuator must understand the full practice history to determine what is relevant.

Once the analysis is underway, the valuator will determine the approach or approaches to value that are most appropriate (see 14.13 – Determining a Practice's Worth). For a conclusion-of-value engagement, many appraisers use more than one approach and compare the results to determine the value for a given business. In a calculation-of-value engagement, the client and the valuator agree in advance to use one specific method. This is one way to tell the difference between the two types of reports.

The three approaches to value are:

• *Asset approach*, where the value of each physical asset is determined and summed. Because it does not consider intangible assets such as goodwill, the asset approach is rarely used as the primary approach for veterinary practices.

• *Market approach*, where sales of similar businesses are compared and used to develop a value for the practice being valued.

• *Income approach*, where the profit or earnings available to the buyer are quantified and capitalized (divided by a percentage that represents ownership risk). This is the most common approach used for businesses that make most of their money from professional services.

When the asset approach is the only method utilized, the valuation assessment is complete once the assets have been individually appraised. Under the income and market approaches, the valuator determines the most likely earnings available to a buyer.

EARNINGS

From a valuation perspective, all income and expenses that are not strictly related to the business must be removed from the financial statements so that the value reflects the most likely ongoing business activity. A large part of the valuation analysis is done through review and adjustments to financial statements. Accounting standards allow accountants some discretion in how income and expenses are stated in order to minimize their clients' income tax liabilities. As a result, the business's expenses may fluctuate considerably from year to year. The valuator will analyze income and expenses across several years to identify anything that seems unusual and, depending on the reason for the variance, will modify, or "adjust," the number to represent a more normal level of business activity.

Some business owners maintain a very strict line between personal and business expenses, whereas others will blend the two occasionally. Also, some tax accountants are more aggressive than others about claiming certain personal expenses like vehicles or computers as business expenses. It is important for the client to provide complete, honest information to the valuator. If the business pays for season

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tickets to the hometown team and the owner's family uses those tickets exclusively, the cost of the tickets would be adjusted out of the financial statements, assuming the purchase would not be continued under a new owner.

There are two types of financial adjustments: normalizing adjustments and control adjustments. *Normalizing adjustments* are made to remove nonrecurring income and expenses from the financial statements and adjust other items to remove fluctuation and allow better comparisons with industry benchmarks, where available. An example relates to acquiring new equipment.

Annual reinvestment in equipment and the facility are necessary to replace old or broken equipment, maintain or increase the quality of medicine, and to keep the facility up to date. Even when a replacement schedule is in place, there are many reasons why spending in these categories may fluctuate greatly from year to year. To normalize the impact of this spending and remove the fluctuation, the valuator will adjust spending to an average level, or an industry-specific level, based on their experience valuing other veterinary practices

Control adjustments are made when a controlling interest in the business will be sold, or when the owner or owners who have control agree to a future change. Two common examples in veterinary practice valuations are facility rent and owner compensation. When the real estate and buildings are owned by one or more of the practice owners, the facility rent paid by the practice may or may not reflect fair market rent. Usually, facility rent levels are determined by the owners with advice from their tax accountants. If the rent paid is higher than fair market rent, the business value will be artificially low. To receive a higher value, the controlling owner would need to agree to charge lower rent in the future.

In the case of owner compensation, business owners may compensate themselves in any manner and at any level they wish. In a situation where the controlling owner is paid more than what a nonowner with similar responsibilities would be paid, a control adjustment would be made only if the controlling owner agreed to reduce their compensation.

The result of making normalizing and control adjustments is an "adjusted earnings" number for each of the years analyzed. The valuator then determines which year or years represent the most likely stream of earnings that an owner of the business can expect to receive. An average of adjusted earnings is calculated and then converted to value through division by a *capitalization rate*. The capitalization rate reflects the risk of those earnings continuing in the future. More about this in a moment.

RISK OF OWNERSHIP

According to the income approach, a person who is buying a business is buying the stream of future earnings the business will generate. Those earnings will pay for the acquisition loan for the business itself and provide a return to the owners beyond fair compensation for the work they perform in the business. However, these earnings cannot be guaranteed.

Investors must consider the potential return on their financial investments. Astute investors will require a higher potential rate of return for a risky investment than they would require for a safer investment. Similarly, a buyer of a veterinary hospital will be willing to pay a higher price for a stable business with less risk than they would be willing to pay for an unstable business with more risk. This assessment of financial risk is captured in the "capitalization rate" or "multiple" that is used to convert the adjusted earnings to a practice value.

Though the assessment of risk is more subjective than the adjustment of earnings, there has been extensive research in the veterinary market to help guide valuators when establishing capitalization rates. These guidelines are based on a variety of risk factors including, but not limited to:

- trends in gross income;
- volatility of adjusted earnings;
- quality of doctors and staff, including advanced training and certifications, as well as turnover;
- equipment and instrumentation in the hospital, and its current condition;
- area demographics such as population and household income and the number and quality of competing veterinary hospitals;
- national and local economic factors such as unemployment and whether a major employer is entering or leaving the area.

The valuator will use these and other factors to determine the risk level of the subject practice compared with the level of risk for an "average" veterinary practice. This risk level will then be converted to a capitalization rate based on the valuators knowledge of the historical market rates of return for practices with similar levels of risk.

CAPITALIZATION RATES AND "MULTIPLES"

As mentioned earlier, the capitalization rate represents the risk of the investment. Capitalization rates or "cap rates" are expressed as percentages, with higher percentages indicating higher risk investments, and lower percentages representing lower levels of risk. To calculate the value of a business, using the income approach, the average adjusted earnings are divided by the capitalization rate. The "multiple" is simply the inverse of the capitalization rate. A 25% cap rate is equal to a multiple of four (1/25%).

VALUING ASSETS VERSUS VALUING EQUITY

If the purpose of the valuation is to determine an *asset value* for a sale of 100% of the practice assets, the value calculation is complete. If the purpose of the valuation is to determine an *equity value* for a buy-in, the valuation analyst must convert the asset value to an equity value by adding in the cash in business bank accounts, plus any prepaid expenses and subtracting all practice liabilities, such as balances in accounts payable, equipment loans, capital leases, and so on. Because the buyer gets an ownership stake in everything, he or she would own a portion of the cash and owe a percentage of all the debt if the practice closed suddenly.

SUMMARY

Business valuation is complex, and the best result can be determined only through diligence on the part of the valuator. The purpose of the appraisal is critical to determine at the outset as it has a large impact on the way in which the analysis is performed as well as the resulting value of the business. If the appraisal is done for the purposes of establishing a value for an associate buy-in, where the associate will have little to no control over compensation, benefits, the fee schedule, or facility rent, the resulting value will be much different from the value to a buyer of a controlling interest who can make any changes they wish. Different purposes require the use of different methods and approaches, as well as different assumptions.



EXAMPLES

N/A



CAUTIONS

The information presented is not intended to replace the services of a professional valuator.

The term "valuation" is used in different ways by business consultants. Many business consultants offer services they represent as "valuations" that do not follow the valuation definition of being unbiased. When reading a valuation report, watch for adjustments that eliminate normal business expenses, such as licenses, dues, or

continuing education. These reports may have been prepared by an advocate for the seller, not as an unbiased business valuation.

It is a mistake to use a valuation prepared for one purpose for any other purpose. This is because the assumptions used for the original purpose may not apply to a different situation. For example, if the original valuation was done for a minority buy-in but was used instead for a 100% sale, the seller will not receive a fair price.



MISCELLANEOUS

ABBREVIATIONS

FMV: Fair market value
NACVA: National Association of Certified Valuators and Analysts

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14.15. Practice Value Rules of Thumb



BASICS

OVERVIEW

The *International Glossary of Business Valuation Terms* defines a "rule of thumb" as "a mathematical formula developed from the relationship between price and certain variables based on experience, observation, hearsay, or a combination of these; usually industry specific."[1] In the veterinary industry, a rule of thumb is derived from actual practices sales, along with a healthy dose of hearsay, an average of one or more variables, and then comparing that average with the sales price. In other words, a rule of thumb would apply to an "average" practice.

TERMS DEFINED

Asset Approach: A business valuation approach generally selected when 100% of the business will be sold. The practice is valued "cash free" and "debt free," meaning that the seller retains all the cash in the business and pays all liabilities, including equipment leases.

Earnings before interest, taxes, depreciation, and amortization (EBITDA): EBITDA represents a business's net income with certain accounting expenses, namely depreciation, amortization, plus income taxes and interest added back in. EBITDA is used to gauge a business's profitability as well as its ability to repay debt.

Equity Sale: A business valuation approach used when less than 100% of the business will be sold; for example, when an associate buys into the practice as a partial owner.

Fair Market Value: The price at which the property would change hands between a willing buyer and a willing seller, when neither is under any compulsion to buy or to sell, and both having reasonable knowledge of relevant facts.

Rule of Thumb: A rough approximation that is not intended to be strictly accurate or reliable for every situation.



ISSUES AND OPTIONS

Rules of thumb are often expressed as a multiple of a financial figure like gross revenue, profit, or earnings. The most common rules of thumb heard in the veterinary industry are that practices are worth some percentage of the gross revenues from the previous year, or a multiple of earnings.

There are a number of problems with rules of thumb, particularly in a profession where most practice sales are private, meaning access to data regarding those sales is difficult to obtain. Instead, many people rely on values recounted "through the grapevine" to develop these rules. The inability to compare similar practices in veterinary medicine makes the rule-of-thumb approach an unreliable method of valuing veterinary practices.

In addition, if the rule of thumb relies on a multiple of earnings, there is no consensus regarding how earnings are quantified, what they include and do not include, or even whether owner compensation is subtracted from earnings, or is added back into them. This is a significant difference! If we rely on a rule of thumb based on earnings, it is critical to ascertain whether each practice was priced using the same definitions.

If a valuation expert is asked to provide an applicable rule of thumb for veterinary practice value, that expert is likely to offer a host of reasons why a rule of thumb is difficult to determine, let alone apply, in this industry. The value of any business is based on the specific characteristics of that business. In the valuation world, rules of thumb are sometimes used as sanity checks, but never as a primary valuation method. The tremendous changes in veterinary medicine over the past 15–20 years must not be overlooked. Old formulas and multipliers of revenue are no longer reliable methods of determining price. These widespread rules are inaccurate at best, and dangerous at worst.

ADVANTAGES AND DISADVANTAGES

Sometimes, veterinary practice owners wish to avoid the expense, time, and effort involved in a formal business valuation and would like to use a rule of thumb to come up with values for their practices. Rules of thumb have their advantages. First, they are free of charge, which can be a huge plus in comparison with a formal business valuation, which will cost several thousand dollars. Second, they are easy to apply. Anyone with access to financial information about the hospital can apply a multiplier to a gross revenue figure or EBITDA to come up with a business value. Finally, rules of thumb provide immediate results, where a valuation will take a minimum of several weeks to complete.

The disadvantages of relying on a rule of thumb valuation are many. The most serious concerns relate to establishing a selling price that is much lower than the true fair market value of the practice. There are instances of sellers losing tens of thousands of dollars in sales price because they or their advisors did not take the time to get a formal appraisal. On the other side of the transaction, if a buyer overpays for a practice, it could result in a situation where the buyer cannot afford to make the payments. If the seller is financing all or part of the sale and the buyer defaults on the loan, that seller may never receive full payment. In a worse scenario, the retired owner may be forced to take back the practice, which may be generating a fraction of the original pre-sale revenue. Finally, no rule of thumb can encompass the wide variation of practices, modalities, facilities, specialties, geographic locations, economic situations, equipment availability and condition, staff training, and all the other intricacies of veterinary medicine.



EXAMPLES

Rules of thumb are observational statistics that report on averages of sales transactions that have already occurred. They are not predictors of future sales. Consider this: according to the Centers for Disease Control and Prevention, the average height for an American man is 5′9½″ (177 cm). The rule of thumb, then, is that the average American man is 5′9″ (177 cm) tall. It does not mean that a specific man is 5′9½″ (177 cm) tall, only that, on average, American men are 5′9½″ (177 cm) tall. In fact, a man's height is determined by many factors, including genetics, childhood health, and nutrition. Though some American men are 5′9½″ (177 cm), most men are not.

Now apply this concept to veterinary practices. Consider two veterinary practices, each grossing $1.5 million in revenue. If using a rule of thumb, both practices would have the same value. But as we know, every veterinary practice is unique and operates under unique economic conditions. Practice #1 is in a thriving neighborhood with abundant housing and economic stability. The practice has made significant investments in equipment and employee education, and it has grown more than 10% compared with the previous year. The practice facility was built in the last five years and is situated on a lot with space to expand.

Compare Practice #1 with Practice #2, which is a mature practice located in a low-income neighborhood. The owner has been ready to retire for two years and has not reinvested in the practice. Gross fees have fallen 7% compared with the prior year. The décor is dated, the equipment has not been maintained, and the staff receives no continuing education allowance.

With these facts in mind, an informed buyer would likely pay a higher price for Practice #1, particularly if indicators point to continued growth in the future. Practice #1 appears to be more valuable than Practice #2, though it is impossible to quantify how much more valuable using these facts alone.

Business value is affected by many different variables unrelated to revenue or EBITDA, including financing terms, whether it is an asset sale or an equity sale, how long the seller will remain with the practice and how they will be compensated. Other factors that influence practice value are whether payment contracts with laboratory and imaging equipment will be assumed by the buyer, facility lease terms, staff turnover, and many other factors too numerous to mention.

Determining a business's true value is complex and time consuming. The process can be overwhelming, but relying on a rule of thumb to avoid due diligence is dangerous. For veterinarians, buying a practice may be the biggest financial transaction of their lives. Although rules of thumb are easy to apply, they should not be relied on for such a significant investment.



CAUTIONS

Using a rule of thumb to value a veterinary practice is an oversimplification of a complex process. Rules of thumb never should be used as a primary method of valuation. Because of the imprecise nature, use of rules of thumb should be limited to reasonableness checks.



MISCELLANEOUS

ABBREVIATIONS

EBITDA: Earnings before interest, taxes, depreciation and amortization

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14.16. FROM ASSOCIATE TO OWNER: BEYOND THE MONEY



BASICS

OVERVIEW

The process of purchasing a practice – the nuts and bolts, financials, loans, and so forth – is easy when compared with the process of running a truly successful practice.

The desire to be a business owner may weigh on the minds of veterinarians even before they get into veterinary school. Because most veterinarians entered the profession for the clinical and technical aspects, gaining the necessary business acumen was rarely on the radar screen during the professional education period. The ability to take the "technical" veterinarian and add the management, leadership, and entrepreneurship skills necessary requires additional work for those seeking to be successful business owners.

Upon graduation from veterinary school or completion of an internship, the typical veterinarian will work for an experienced veterinarian business owner/clinician or in a corporate practice environment with an experienced clinician. If a veterinarian has *any* inkling that they might want to own a practice, this formative period *must* be used to not only develop the medical and surgical skills required to be a top-level physician but also the communication skills, business skills, management skills, and leadership/entrepreneurial skills needed to run a successful business. And now, more than ever, being a practice owner gives you a much better chance to pay down any student debt and get out from under that burden. Although this may be a scary concept, practice owners earn significantly more than associates (employed veterinarians). So, developing the skills needed to be successful is more important than ever.

TERMS DEFINED

N/A



ISSUES AND OPTIONS

Before addressing the skills needed, an evaluation of the pros and cons of being a business owner needs to be conducted.

COMMUNICATION SKILLS

Interpersonal communication can be the difference-maker in a successful practice. There are many levels of communication, including owner–associate doctor, owner–manager, owner–staff, owner–client, and owner–other business that support the hospital. This area can be learned or improved with courses but is best learned and improved with experience and feedback.

Seek advice from those around you about your communication skills. Observe the people around you that seem to get the most work done or who seem to have the most people surrounding them. They are probably those that have learned to use their communication skills to build a team to support them. Observe closely those people around you that others tend to shy away from. This is truly reflective of an inability to engage people in conversation and frequently indicates poorly developed interpersonal communication skills. This talent must be developed more than any other to ensure success. In many cases, you can hire others to manage, lead, run the business, and so on. However, you cannot hire somebody to communicate for you. You will always have to communicate with somebody.

Under the discussion of communication is the area of written communication. From medical records to letters of recommendation, your ability to put your thoughts on paper is also a skill that you can and must develop to be truly successful.

Finally, public speaking is a communication skill that is one of the most common phobias. However, it is also a measure of success in business. The ability to speak to a group of staff members or a chamber of commerce can truly enhance the respect you receive as a business owner.

BUSINESS SKILLS

You do not need a Master's in Business Administration or even an undergraduate business degree to run a veterinary hospital – although these days it would not hurt. Understanding business laws, human resource laws, the regulatory (e.g., Occupational Safety and Health Administration, Drug Enforcement Agency) expectations, in addition to maintaining your medical knowledge, can be quite daunting. Add into this an understanding of marketing, advertising, public relations, budgeting, financial planning, inventory control, and the other business skills needed to have a profitable business and the decision to own your practice requires a thoughtful and introspective process.

The good news about business skills is that in many cases they can be successfully delegated to a skilled manager to handle the tasks that are outside of your comfort zone. However, from an ownership standpoint, you cannot abdicate responsibility, and thus an understanding of the business skills still is a must. From an internal controls standpoint, you must always be aware of how these business skills are being handled to mitigate the risk of embezzlement or sabotage, or worse. The Veterinary Hospital Managers Association (www.vhma.org) is a great resource to find the skills that a great manager should have, education programs to improve yourself in areas that you are weakest, and job listings for managers looking for jobs.

To learn the necessary business tools for success, find a mentor or, more important, build a team of practice management support professionals to support you (see 1.17 – Practice Management Support Professionals). A team of attorneys, accountants, financial planners, and consultants should be budgeted for to assist you and keep your business on a forward-looking path. To find resources of this nature you can visit www.vetpartners.org. Surround yourself with experts who make you look good with their skills.

MANAGEMENT SKILLS

Getting the job done correctly is the role of management. A manager's skills focus on accomplishing the goals of the business in the most effective, efficient, and profitable fashion. This means having the right people on your team and in the appropriate positions.

Encouraging people to perform to the best of their abilities for the benefit of somebody or something else is a skill that is not possessed by every veterinarian. There are some great clinical veterinarians that can manage or motivate people to support them in their practice (see 2.5 – Motivating the Healthcare Team). On the other hand, there are some mediocre clinical veterinarians whose support team ensures that they are moving forward and doing so with their full support.

Management skills take the business skills, communication skills, and some leadership and entrepreneurship skills and meld them together into one individual who focuses on the vision and mission and standards and goals of the practice. This can be a veterinarian who has learned how to multitask or it can be a hired manager or administrator who has been empowered to manage the team. Being a good veterinarian *does not* guarantee that you will be a good manager. However, a great clinical practice without the management foundation will fail. You can learn to manage from books, mentors, and colleagues. However, there is nothing like managing people and processes on your own to determine if you can be the manager that will lead your practice to its optimal outcome. As noted, the Veterinary Hospital Managers Association is a great resource to help out here.

LEADERSHIP/ENTREPRENEURIAL SKILLS

Owning and managing a practice will get you to one level of success. However, to truly succeed you have to have a vision of what you see the practice developing into and the path to get there (see 14.5 – Strategic Planning and Implementation). Leadership and entrepreneurial skills take you from just getting through each day

14.16. FROM ASSOCIATE TO OWNER: BEYOND THE MONEY

Table 14-16-1. Pros and cons of business ownership.

Pros of business ownership	*Cons of business ownership*
Job security	Responsible for other people's job security
Own a tangible asset that can be sold at some point to return a profit on the original investment	Have responsibility for the employees, the patients, and the eventual success of the practice
The opportunity to earn a greater income based upon the earnings as both a veterinarian (salary) and business owner (profits) and business manager (management fee) and, in some cases, land owner (rent/mortgage)	The bills have to be paid before you get paid
You build equity that can be used down the road	There is a risk that the value of the business will not grow
You control your own destiny	You are responsible to a number of governmental agencies, regulations, and taxes
You can control your work-life balance	It can take time to find that balance
You choose the people to work with	You do not always make the right choice
You can follow your passion	You can get swallowed up by everything needed to follow that passion
Pride of ownership	Despair of ownership

successfully (management) to having each day taking you closer to the ultimately successful practice that you visualized when you decided to be a business owner (see 2.12 – Leadership).

A business owner without leadership skills is happy to get through each day. A business owner with leadership skills has a team that is looking for long-term success and is constantly looking forward in the direction that they are heading versus backward at where they were. The desire to grow your business, add new technology, constantly improve the business skills, management skills, and communication skills requires a "big picture" capability that is *not* present in every business owner. As a veterinarian, you can survive with outstanding technical skills and maybe some good management skills. To be a successful business owner you *must* have leadership and entrepreneurial skills to take your business to new levels. You can tell those practices with no vision as those that look the same today as they did 20 years ago. The practices that are looking down the road are never comfortable and constantly upgrading and changing to address the needs of the marketplace around them.

A good doctor does not make a good leader, and being an owner does not guarantee that you will be a good leader. Leadership skills are both nature and nurture; they require work, practice, and experience.

A CHECKLIST OF SUCCESSFUL BUSINESS OWNERSHIP INTANGIBLES

Whether you are starting a business or buying an existing business, the following should be developed:

- organizational skills;
- time management skills;
- public speaking skills;
- problem-solving or resolution skills;
- interviewing skills;
- motivational skills;
- mentoring;
- negotiation skills;
- ability to project a professional image.

A great resource to help you understand all of the requirements for practice management success is VetPartners' *Veterinary Practice Management Essentials*.[1]



EXAMPLES

N/A



CAUTIONS

One great piece of advice is to "Hire Your Weaknesses." Moving from associate to owner means moving from a technical focus to a business focus… and being able to balance the two foci. The technical skills come from veterinary school and continuing professional development. As a veterinarian, your technical focus is what you do well: diagnose, prescribe, set up treatment plans, do surgery, and so on. However, as a veterinarian business owner, unless you outsource all of the business-related activities (which comes with inherent risk), you must go outside your comfort zone, and frequently your education zone if you want to be successful. You will have to learn to trust people, communicate with people, conduct business with people, hire people, fire people, market to people, educate people, and the list goes on. As you take the road from associate to owner, keep in mind that being a successful veterinarian business owner requires knowledge, skills, and attributes that were not part of the veterinary curriculum. There is no better time to learn about these than during your first few jobs out of school. Enter these jobs with a thirst for veterinary knowledge to supplement what you learned in veterinary school. More important, identify successful and balanced practices and model the communication, business, management, leadership, and entrepreneurial skills to give you the foundation to make your practice even more successful.



MISCELLANEOUS

ABBREVIATIONS

N/A

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14.17. MANAGERS AS PRACTICE OWNERS



BASICS

OVERVIEW

Veterinarians are often encouraged to become hospital owners, not only because they receive great satisfaction from creating a practice in their own vision, but also because buying a successful hospital is an excellent financial investment. Practice owners receive the stream of profits generated by the hospital and build long-term equity in the business, too. Through many years of practice ownership, veterinarians own an asset that, when sold, can help fund their retirement.

Veterinarians cannot create successful practices and run them on their own. They need help from every hospital employee to ensure quality of patient care, excellence in client service, and cleanliness of the facility and grounds. In many cases, practice managers work long hours beside the owner veterinarians to maintain employee morale, increase the profitability of the business, and improve owner returns. Despite their hard work, most managers do not share in practice profits because they are not owners. In fact, managers may have limited growth potential unless they leave for a bigger practice or a multispecialty referral center. Yet this group of employees is very loyal and knows as much about the business, or more, than the veterinarians who own it. For managers who wish to make a long-term career out of veterinary practice management, practice ownership could be an option to consider.

TERMS DEFINED

Cash Flow: The amount of money available to the owners of a business to use for purposes such as debt repayment, equipment replacement, or to withdraw for personal use.

Certified Veterinary Practice Manager (CVPM): A designation available since 1989 through the Veterinary Hospital Managers Association (VHMA, vhma.org) to recognize the professional development of veterinary managers.

Small Business Association (SBA) Lender: A US Government lender partnership that lowers lenders' risk though guarantying a percentage of each loan.



ISSUES AND OPTIONS

Every year the veterinary profession loses some of its best and brightest employees to other industries. Reasons vary, but high on the list are compassion fatigue, general burn out, and the financial reality that many people can make significantly more money doing something else. Business managers are in high demand, and many of the skills learned in a veterinary practice, such as employee, facility, and inventory management are readily applicable in other industries.

A good business manager makes the owner veterinarian's life much easier, allowing the owner to focus on the clinical aspects of practice while the manager runs the business side of the hospital. A good manager acts as the owner's partner to ensure policies and protocols are in place, and that core values are reflected in every form. Many owners report that having a manager reduces the owner's stress and frustration and may allow the owner to spend more free time away from the hospital.

EARNINGS POTENTIAL

The realities of veterinary practice profitability put constraints on salaries available to pay practice managers. Because managers do not directly generate money for the practice, it is difficult to compensate them directly for their efforts. Hospital owners receive clinical and sometimes management compensation as well as a portion of the annual profits. Practice managers frequently contribute substantially to the profitability of the business but do not benefit from an improved bottom line.

As an employee, a manager's earning potential is limited to salary, benefits, and bonuses. As an owner, a manager would continue to receive all three, and they would receive a portion of the profits from the business. This provides more incentive as well as recognition for the manager's role in the hospital.

Financial compensation is only one factor that leads to job satisfaction. In survey after survey, the opportunity for advancement ranks very high on employees' lists of motivators. The 2016 *Employee Job Satisfaction and Engagement* report published by the Society for Human Resource Management states that "nearly one-half (47%) of employees reported that career advancement opportunities within their organization were very important to job satisfaction."[1] In addition, since 2008 "the percentage of employees considering career advancement opportunities as very important to their job satisfaction has risen by almost 20 percentage points."[1] What opportunities for advancement do practice managers have? Once they have learned to successfully manage all the systems in the hospital, few growth opportunities remain. For exceptional managers, an ownership stake in a hospital may be the best answer to both job satisfaction as well as continued enthusiasm for veterinary management.

The VHMA recognizes the need for managers to be well prepared to meet many different challenges and improve the business practices of veterinary medicine. Since 1989, the VHMA has offered a credential, the Certified Veterinary Practice Manager (CVPM), to those individuals seeking to demonstrate "the knowledge and experience necessary to successfully manage the ever-changing business management of today's veterinary practice." The CVPM designation requires several years of management experience, college coursework, and a proctored exam that tests candidates on myriad topics from Occupational Safety and Health Administration to mission statements, from employee law to Drug Enforcement Administration compliance. Ambitious managers reach the top of their careers through achieving this certification.

MANAGERS AS OWNERS

At the time of publication of this edition, few states allowed managers to be the sole owners of veterinary hospitals. Since the advent of corporate consolidators, businesses owned and managed by a group of investors rather than one or more private veterinarians or managers, there have been widespread concerns over nonveterinarians owning veterinary hospitals. These concerns are primarily related to patient welfare and ensuring that decisions regarding appropriate treatments are not driven by a profit motive. Each state's veterinary medical board has different regulations for veterinary practice ownership, and it is important to understand the requirements.

Veterinary transactional attorneys are familiar with these statutes and understand the rationale behind them. This knowledge allows attorneys to find legal methods to involve managers in ownership while still adhering to the state regulations. One way to do this is through creation of a management service organization, where the manager owns and manages the practice assets, such as equipment and inventory, as well as payroll for all nonveterinary employees. This option provides the ability for managers to be fractional practice owners and, in some cases, 100% owners of the business.

One of the biggest draws to selling a hospital to corporate consolidators is the opportunity for the veterinarian owner to return to being "just a veterinarian," relieved of the occasionally onerous responsibility of managing the business. The biggest management headaches often involve staffing and addressing client complaints, neither of which are covered extensively in veterinary school curricula. As the business of veterinary medicine becomes ever more complex, the intellectual reward garnered from practicing medicine can be overshadowed by the stress of staying abreast of technological

advancements, changing employment laws, and increasing competition.

A reasonable alternative to a sale to a corporate consolidator is selling to a qualified manager. Practice ownership by a nonveterinarian manager with a history of working in the hospital may be more palatable to some sellers than ownership by an equity fund or private investors with no background in the industry at all and more significant requirements for financial return.

FINANCING A MANAGER'S PURCHASE

There are several options for financing a practice acquisition when a manager partners with a veterinarian and the veterinarian is the majority owner with more than 50% of the business. But when a manager will be the sole owner, the financing can be harder to find. For a traditional lender such as a bank, there are risks to lending to managers of professional practices because the manager is not a revenue generator. If a doctor is ill, on vacation, or quits without warning, the practice's means of making money are diminished. When the owner of the business cannot generate revenue personally, the loan scenario exceeds the risk tolerance of many conventional lenders. Many manager purchases, therefore, are seller financed.

A Small Business Administration (SBA) lender may be a good option for a manager acquisition provided the practice's projected cash flow meets certain requirements. Because SBA loans are government backed, the risk to the lender is minimized. If one or more veterinarians are employed in the practice, it is not necessary for the owner to be a veterinarian, too. Submission of a formal business plan (see 14.10 – Business Plans) is frequently a loan requirement, and while it is time consuming to prepare one, a business plan is an excellent management tool for new owners. SBA loans tend to have higher interest rates and loan fees when compared with a conventional lender.

Selling a veterinary hospital in part or in whole to a manager is becoming more of an option across the country. Professional veterinary managers take pride in being part of businesses that are financially healthy and provide much needed services to the communities that support them. Now, with the right legal structure and necessary funding, managers may also have pride of ownership.

EXAMPLES

N/A

CAUTIONS

Hospital buyers and sellers must ensure strict compliance with all applicable state and federal laws. Nothing in this article should be considered legal advice about mechanisms appropriate for managers to become hospital owners.

MISCELLANEOUS

ABBREVIATIONS

CVPM: Certified Veterinary Practice Manager
SBA: Small Business Administration
VHMA: Veterinary Hospital Managers Association

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14.18. Risk Management Issues



BASICS

OVERVIEW

Under the law, people and companies are recognized legal entities. Risk is the potential for realization of unwanted, adverse consequences to human or animal life, health, property, or the environment. An estimation of risk is based on the expected value of the conditional probability of an untoward event occurring times the consequence of the event once it has occurred. Given that definition, every veterinarian and veterinary entity may be exposed to litigation (the filing of a lawsuit) claiming bodily injury or property damage. To counter this exposure, there are several ways to deal with risk in the veterinary setting.

TERMS DEFINED

Control Risk: There are some risks you cannot prevent, such as storms, natural disasters, power failures, or accidents. There are processes, however, to minimize either the likelihood such an event will occur or the impact it will have on your business after it occurs.
Finance Risk: One approach to risk management involves purchasing enough insurance to transfer responsibility for losses to your insurer. Insurance is an essential aspect of risk management.
Transfer Risk: Where appropriate, practice owners may want to shift the responsibility for risk to practice lessors, vendors, subcontractors, competitors, and even pet owners.



ISSUES AND OPTIONS

Ideally, the practice owner's attorney will structure the practice entity to limit liability and then execute strategies to avoid day-to-day risks inherent in operating a veterinary practice (see 14.11 – Business Entity Structures). As a result, it is hoped that claims will not be made or, if claims do occur, the plaintiffs will be unable to satisfy their claims from the practice owner's personal or business assets. Occasionally, however, claims will be made, and some of these claims may penetrate the multiple layers of protection set up by the practice owner. If this occurs, insurance coverage should be the final layer of protection against liability claims.

There are two basic types of insurance coverage (see 2.27 – Practice Insurance Needs):

- Liability insurance covers damages that the insured veterinarian causes to *other* persons or pets, both personal injuries and property damage. Thus, a liability insurance policy will have separate provisions, including separate limits, for personal injury and property damage caused to other persons.
- Property insurance covers damages to the insured's own property. Thus, property coverage should not be confused with liability coverage for property damage that the veterinarian causes to another person's property. Hazard insurance (fire insurance) covers losses caused by acts of nature or accidents. Typically, a single comprehensive policy is issued offering both liability and property protection. Property protection in a hazard insurance policy covering a building will apply to the real property (i.e., the building) and to the personal property associated with the real property (i.e., contents of the building). The real property and personal property coverage will be subject to separate limits and exclusions.

Each basic type of insurance is subdivided into specific types of liability and property insurance policies. The small business owner should have a comprehensive liability and property insurance policy, and *specialized* forms of liability (i.e., errors and omissions/malpractice) and property coverage, which will cover the risks inherent in the veterinary practice.

Veterinarians have recently become subject to state malpractice claims (see 13.3 – Malpractice). More claims are expected as the value of animals increases from the traditional "market value" approach to settlements structured as human life settlements, which may include a punitive and/or emotional loss settlement.

Several factors need be proven under traditional malpractice claims to recover damages for injury to an animal under a veterinarian's care:

- First, the defendant must be under a duty of care toward the subject animal. The veterinarian must have accepted responsibility to treat the animal that the owner brought to his or her office.
- Second, the veterinarian did not act commensurate with professional standards of care (reasonable skill, diligence, and attention) as would ordinarily be expected of other similar veterinarians (see 9.3 – Standards of Care and Care Pathways).
- Third, deviation from this standard of care must have been the proximate cause of the animal's injury (the plaintiff must show that the veterinarian's action, or lack of action, injured the animal).
- Fourth, injury or harm resulted in damages to the plaintiff, not just to the animal in question. This stems from the fact the animal injured is not a party to the lawsuit. The owner must show that he or she suffered monetary or emotional loss.

Veterinarians may have several legal defenses to claims of malpractice:

- One of the most important procedural defenses is that of the statute of limitations. A statute of limitation enforces a limit on the amount of time a plaintiff has to file a lawsuit, usually from the time the injury occurred or when he or she discovered the injury. Statutes vary from state to state and upon the type of action initiated. With veterinary injury cases, the applicable statute of limitation may be based on claims for injury to personal property, as domestic animals are considered personal property of the owner (usually a two- to three-year statute).
- The manner in which a plaintiff asserts his or her claim (claims for negligence or malpractice) may dictate the statute of limitations. A claim may be barred if the veterinarian raises this defense.
- A veterinarian may also claim the defense of "Good Samaritan" (similar to when people assist in performing cardiopulmonary resuscitation in an implied consent situation), in which veterinarians render care in an emergency and are only held liable for gross negligence.

Negligence or malpractice may result in the revocation of one's license to practice veterinary medicine. Veterinarians are responsible for the maintenance of certain standards in order to have their licenses renewed. Improper actions, such as a failure to communicate with the pets' owners, the failure to inform the owners of their pets' deaths, or the failure to properly administer treatment, may result in suspension or revocation of a veterinary license.

A practice owner may also want to consider purchasing an umbrella policy (*comprehensive* secondary coverage), which provides coverage after primary insurance is exhausted. This type of policy is designed to provide *supplemental* comprehensive liability and property coverage subject to exclusions. An umbrella policy is always purchased as an adjunct to the coverage offered under standard policies. It pays off on a covered matter only *after* the primary insurance is exhausted. Premiums typically are affordable due to the existence of the primary insurance. An insurance agent should ensure there is a seamless coordination of coverage between any basic insurance policy and an umbrella plan so that no gaps in coverage exist.



EXAMPLES

There are many ways to minimize the risk of loss:

- Practice real estate, such as veterinary practice building(s), kennels, and apartment units located on practice properties, should be maintained as legal entities separate and distinct from the veterinary medicine practice.
- If your policy has "blanket" coverage for a number of different properties, make sure that all properties that should be insured are actually listed on the property policy. Even with blanket coverage, property not listed on the policy may not be covered.
- Business equipment preferably should be leased rather than purchased. Depending on the leasing arrangement, your property and liability risks may be assumed by the lessor.
- Practices should use "just in time" delivery of practice products (pharmaceuticals, etc.) or have suppliers drop-ship their merchandise directly to your customers. Veterinary supply companies employ this approach for pharmaceutical orders.
- Practices should investigate any entity or individual being considered for a subcontractor. Employing knowledgeable, properly insured subcontractors can reduce your workers' compensation risks and minimize high-risk exposures. Practice owners should request "certificates of insurance" to verify that any subcontractors you engage have adequate insurance.
- Periodic safety audits and regularly scheduled preventative maintenance of your equipment and facilities should be performed and documented.
- If you have a practice vehicle, verify the criminal backgrounds and driving records of potential employees. Monitor employee driving records and ensure that practice drivers are properly trained.
- Improvements or modifications to your facility should be reflected in your insurance coverage. Schedule periodic reviews with your risk management professional and update your property values and coverage accordingly.
- Secure employment practices liability insurance to protect your practice should you be sued for sexual harassment, wrongful termination, or any form of discrimination.
- A universal exclusion from property coverage involves losses (to the building and its contents) due to flooding. To obtain property coverage for flood loss, a separate specialized flood insurance policy underwritten by the federal government must be purchased.
- With the emergence of electronic communications, Internet fraud, and white-collar crime, many insurance companies are now offering coverage for release of personal information, e-mail confidentiality, and virus release.
- Veterinary practices typically depend upon the talents or abilities of a few key people who, if not in place, will cause the business to fail. Key person insurance is a way for businesses to insure against this kind of loss and provide surviving partners or owners the money to buy the deceased partner's (or shareholder's) stake from the deceased veterinarian's estate, spouse, or other heirs.
- Business interruption insurance is utilized when disasters such as earthquakes, fires, floods, and severe weather can cause a practice to close temporarily (see 14.20 – Business Contingency Planning). If your practice cannot perform its basic functions to generate revenue, business interruption insurance can help a practice avoid disaster at such times.



CAUTIONS

If you are a veterinarian, you may want animal bailee coverage added to your insurance program. This coverage is specifically designed to protect you and your practice if you are sued because animals in your care, custody, or control are accidentally killed or injured. When property (a pet) is turned over to the possession and control of a bailee (the veterinarian or practice staff), a bailment is established. As noted in the case *Piazza v. Best Friends Resorts & Salon* (NJ),[1] where a dog was turned over to a veterinary industry provider and later died, "when a bailment has mutual benefits for the bailor and bailee, the bailee has a duty to 'exercise reasonable care for the safekeeping of the chattel bailee.' [A]n animal is considered personal property, and thus the boarding of that animal or the transfer of possession and control of that animal to another for consideration constitutes a bailment."



MISCELLANEOUS

ABBREVIATIONS

N/A

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14.19. DEBT MANAGEMENT



BASICS

OVERVIEW

Being in debt has become a fact of life today. Very few of us can get our veterinary degree, buy a home, and/or start a practice without going into debt. The trick is to know how and when to incur appropriate (good) debt and then, once in debt, knowing how to manage that debt so that the payments are something that can be handled even in challenging times.

TERMS DEFINED

Collateral: Item(s) of value pledged as security for repayment of a loan.
Current Ratio: Key financial performance indicator. Indicates how much you have in assets, cash, or items of value versus how much you owe on those assets, credit card debt, one year's principal payments, and so on.
Debt to Equity: Another key financial indicator. Reflects how much you owe in total as a ratio to how much you own free and clear of any debt.
Equity Loan: Money that you are able to borrow because an asset, generally real estate, but maybe value in your practice, is worth more than any outstanding debt against it.
FICO Score: FICO stands for Fair, Isaac and Company, the company that developed the number lenders used to help them decide if a person will pay them back any money that is given to them to buy a house, a car or on their credit card. Your FICO score is a snapshot of your credit risk at a particular point in time.
Lien: Claim against real or personal property until the debt associated with the property has been paid off.
Mortgage: Debt that is associated with the purchase of real property.
Note/Loan: Promise to pay a debt. Debt secured by property used as collateral against which a lien has been filed is a secured note. If there is no collateral, the note/loan is unsecured and is the equivalent of a "handshake" loan.
Prime Rate: Based on the Federal Funds Rate set by the Federal Reserve, the Prime Rate is the interest rate used by banks in lending to their best clients
Student Loan: Debt associated with post-secondary education. Graduating with little or no student loans is the rare exception today.



ISSUES AND OPTIONS

• Debt is an obligation and needs to be repaid on an accepted schedule.
• Borrowing for defensible business or personal reasons makes sense.
• Adequate analysis of ability to repay is a major part of a borrowing decision.
• If you are sitting on significant growth that has not happened because of a lack of people, facility, or equipment, good debt can help.
• Analyze your true needs to avoid borrowing more than prudent management warrants. Needing a new operating room or new ultrasound are all good reasons to borrow. Buying a new ultrasound without investing in training and appropriate use of the instrument is suspect regardless of whether or not you can make the payment.
• "Underborrowing" is a risk that is easily overlooked. Out of fear of making the payments or of what the future may hold, borrowing the smallest amount of money that will "almost make it work" is many times worse than sticking with the status quo or overborrowing. Borrowing for sensible expansion projects is abundantly sensible. Evaluate your needs, finance your loan properly, and go about making the money to repay the debt.
• Personal guarantees for any meaningful debt incurred are almost a certainty. No third-party lender will loan you money without you guaranteeing the debt. In the absence of a personal guarantee, you could take the money, pay yourself a huge bonus, and tell the lender you are broke.
• If there are several principals (i.e., partners/owners in the practice) you may be able to negotiate out of a personal guarantee. However, a digital radiographic unit is generally not of much real value to a bank. Be prepared to guarantee the loan. Even if the practice is named as the guarantor, because you are the practice owner(s), you are essentially guaranteeing the loan in most cases.
• The more collateral and the more universal the collateral, the more you may be able to negotiate out of a personal guarantee. Borrowing on real estate that could be used for general business purposes in a practice with several owners is much more attractive and could not require personal guarantees.
• Guard your FICO score religiously. Pay your bills in a very timely fashion. Limit your outstanding debt to "good debt." That means avoiding the temptation to reach for credit cards every time the urge strikes to satisfy some immediate want. The better your credit score, the more favorable agreement you can generally negotiate. Student debt is not necessarily a negative on your credit score.
• Have you evaluated the impact on your practice of the growth or expansion that you are trying to finance? In determining your appropriate borrowing level, a component in the equation is to assess what stress the larger building, new equipment, and new service is going to place on your current team. Undermanagement can be as big a problem as overcapitalization. One of the more common business mistakes is too rapid growth, which can ironically be a product of borrowing. If you are going to double your facility (employees, whatever), your management needs to be equal to your growth.
• When you enter into a loan, read the debt instrument (the paperwork). Ask questions if you do not understand something, and make sure you do understand before you sign. The paperwork governs when it comes to loans, so if there is a problem with the fine print and you did not read it or understand it, the provisions still apply.
• The interest rate stated in the loan document can be fixed or variable. A fixed rate of interest means that whatever the stated interest rate is, that is what you are going to be paying for the life of the loan. Variable rate means that the interest rate will change, generally with the prime rate. Interest rates can go up! Make sure you understand, if there are interest rate caps, as to how high the rate can go, how often the rate can change, and if there is a penalty if you decide you want out of the loan before it matures (i.e., when it is paid off).
• Being able to afford the payments on your debt is great as long as your practice is doing well or your paycheck is coming in regularly each payday. What provisions have you made in case your income stream is compromised? Basically, do you have an emergency fund that includes these payments?
• Being able to make the payments on all your debt is one consideration when deciding to make a purchase for which you cannot pay cash. However, the total debt you have is also important. In practice, your current ratio (i.e., how much "stuff" you have, in cash, inventory, and good accounts receivable, versus how much you owe during the next 12 months, on credit card debt, one year's loan, or note payments). This is a key indicator of how well your revenues can cover your expenses. The lower that number and the closer that ratio is to 1 : 1, the more difficult it will be to keep up with your payments.
• How much debt you owe in relation to how much equity you have in your practice, personal possessions, and so on is also a key indicator of how well you are doing. In your practice, depending upon whether you are a start-up practice or a mature practice, having a ratio in excess of 10 : 1 is generally not a good sign. You may need to work with a good practice consultant or accountant to determine what ratio is best for

your personal situation. If the numbers do not work, they can help you get them more where they should be.

- What kind of relationship do you have with your banker? Many practice owners find their bankers of great help, not just because they lend money or give dog bones out in the drive-through, but because they are truly interested in their customers' businesses. Others are not so lucky. If you are in the unlucky group, go find a banker that will work with you.
- Bankers/lenders are not mind readers, and very few of them own crystal balls. If you do not talk with them about what is going on in your business or personal financial life, they can easily either jump to wrong conclusions or jump to no conclusions at all. They do not know what your needs are until you tell them. Talking to them in a language they more or less understand (i.e., balance sheets that balance and financial statements that are prepared in a timely manner) increases your chances of getting favorable responses to your requests for additional money or whatever your current borrowing needs might be.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

FICO: Fair, Isaac and Company

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N/A

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N/A

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14.20. BUSINESS CONTINGENCY PLANNING



BASICS

OVERVIEW

Veterinary practices are at risk from multiple threats that could compromise their ability to continue or resume normal business operations in the face of an emergency. Every practice must assess its threats and vulnerabilities and prepare a business contingency plan to maximize its ability to withstand and recover from an emergency event and resume normal business operations (see 12.10 – Emergency Preparedness for Veterinary Professionals). The key in business continuity for veterinary practices is having a well-conceived, fully communicated business contingency plan that addresses mitigation, preparation, response, and recovery.

TERMS DEFINED

Business Contingency (Continuity) Planning: Process of developing, communicating, practicing, and evaluating a comprehensive emergency plan to keep a business operating in the face of adverse conditions and to recover quickly from a disaster.

Disaster and Emergency: These terms are often used interchangeably when departments, agencies, or private entities are unexpectedly torn from their standard operating procedures or are required to obtain resources outside their normal authority. In some cases, governments may make official disaster or emergency declarations, making additional resources available for response and recovery.

Hazard: Any threat that could impact a nation, region, community, facility, or individual household. Hazards may be natural, man-made, accidental, intentional, low impact, high impact, low probability, high probability, local, or regional.

Risk: The level of danger to an individual, business, or community based on an analysis of threat versus vulnerability.

Vulnerability: A population or resource threatened by a hazard.

Zoonoses: Diseases that can be spread from animals to humans.



ISSUES AND OPTIONS

HAZARDS, VULNERABILITIES, AND RISKS

Community or Regional Hazards

- Natural hazards:
  - flooding (most common hazard in the United States) – over 20% of national flood insurance claims are submitted from areas outside the high-risk zone;[1]
  - drought;
  - severe weather (hurricane, tornado, wind, blizzard);
  - geologic hazards (earthquake, tsunami, volcanic eruption);
  - landslide or mudslide;
  - wildfire (may not always be a natural event);
  - some disease outbreaks (human, animal, or zoonotic).
- Man-made hazards:
  - chemical, radiological hazardous material accidents;
  - infrastructure failure (utilities, dams, roads, bridges, communication);
  - transportation accidents;
  - some wildfires and major urban fires;
  - some disease events (human, animal, or zoonotic).
- Intentional threats (terrorism/criminal events):
  - biological (human, animal, crops, or zoonotic);
  - chemical;
  - radiological (contamination, nuclear blast, nuclear facility attack);
  - cyber attack (see 10.8 – Cybersecurity and Network Security);
  - explosive or conventional attack.
- Focal hazards may affect individual facilities and may include:
  - structure fire;
  - structural failure or system malfunction (plumbing, sewer, electrical, walls, roof, heating, ventilation);
  - criminal acts (burglary, theft, vandalism, computer hackers, employee theft/dishonesty, workplace violence);
  - regulatory compliance failure (Drug Enforcement Administration, Occupational Health and Safety Administration, building/fire codes);
  - biosecurity hazards, including zoonotic threats and contamination of facility with biological agents (salmonella, plague, anthrax, influenza).

Secondary Impacts (Even If Your Facility Is Not Directly Affected, You Could Experience)

- Loss of clientele/work.
- Local, regional, or national economic damage.
- Loss of product availability or supply channels.
- Major animal disease emergencies may significantly impact:
  - local agricultural and veterinary operations;
  - local, regional, or national economies;
  - availability of veterinary personnel locally, regionally, or nationally.

Risk Assessment Process for Small Businesses

- Risk assessment is the first step to creating a business contingency plan.
- Risk analysis equation: Hazards + Vulnerabilities = Risk

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• By identifying key risks, priority can be given to the most cost-effective risks to mitigate.
• Through creation of a comprehensive general contingency plan, a practice builds the capacity to respond efficiently to many events, even if those risks cannot be effectively mitigated.

PRIORITIES IN GENERAL EMERGENCY MANAGEMENT

1. Mitigation: actions taken to reduce the likelihood or potential impact of a threat.
2. Preparation: planning and training actions that develop capacity to respond to threats.
3. Response: actions taken in the face of an emergency event.
4. Recovery: the process of returning to normal after an emergency event. This process may take an extended period of time.

Mitigation

• Insurance considerations. Insurance is a key part of mitigation. Selection of insurance coverage and the amount of coverage should be tailored to the needs of the individual practice. Types of coverage include:
  ◦ Comprehensive business liability and property coverage.
  ◦ Business interruption – continuing expenses. Ask when the coverage starts and ends and what triggers the end.
    ▪ Loss of income.
    ▪ Relocation.
    ▪ Employee salary and selected expenses.
  ◦ Extra expense – payment of overtime pay and relocation expenses.
  ◦ Professional extension – covers the loss, injury or death of animals in the practice's care, custody, and control.
  ◦ Mobile loss of income – (mobile or equine practitioners) coverage in the event a vehicle or piece of equipment cannot be used.
  ◦ Personal property – for personal items at the practice (replacement value).
  ◦ Automatic inflation.
  ◦ Fire damage – not typically included in business packages.
  ◦ Water damage – not typically covered in business packages.
  ◦ Flood and/or earthquake coverage – these policies are usually purchased separately from other coverage. The National Flood Insurance Program[1] provides flood insurance to homeowners, renters, and business owners if their community participates in the program.
  ◦ Debris removal/cleanup.
  ◦ Civil ordinance coverage – coverage in the event practice is unable to function due to an act of government.
  ◦ Comprehensive building and structure replacement.
  ◦ Coverage of leased and rented equipment.
  ◦ Interruption of power, heating/air, and sewer.
  ◦ Workers' compensation coverage.
  ◦ General and professional liability.
• Periodically review the practice's insurance coverage to ensure that it has acceptable types and levels of coverage (see 2.27 – Practice Insurance Needs).
• Maintain an updated list of practice equipment and inventory:
  ◦ store copies of equipment and inventory records off-site;
  ◦ periodically photograph or video record practice inventories and equipment.
• Other mitigation efforts:
  ◦ Maintain building safety and structural soundness (see 12.1 – Basics of Meeting Practice Safety Requirements)
    ▪ Ensure the facility meets or exceeds all local fire codes. Smoke alarms and fire suppression equipment are valuable investments. Check with local fire department about having facility inspected.
    ▪ If wildfires are a risk, prepare defensible space according to fire department recommendations.
    ▪ Build or improve buildings and roofs so they can withstand high winds and storms.
    ▪ Trim trees to reduce the likelihood of damage from falling limbs or trees.
    ▪ Maintain plumbing and sewer infrastructure.
    ▪ Have electrical systems professionally maintained and quickly address any electrical problems.
    ▪ Install lightning protection systems for critical devices or the entire building.
    ▪ Use landscaping and other measures to reduce the likelihood of local flooding.
    ▪ Request a security assessment through local law enforcement or a private consultant.
    ▪ Use a security system appropriate for your community to reduce the risk of break-ins.
    ▪ Implement appropriate cash handling and accounting procedures to reduce opportunities for employee dishonesty.
    ▪ Assess computers and other electronics for vulnerability to hacking or cyberattacks and make sure software updates are installed (see 10.8 – Cybersecurity and Network Security).

Preparation

If resources permit, consult a professional business continuity planner.
• Planning to protect people and animals.
  ◦ Evacuation.
    ▪ Move people outside to a safe location as quickly as possible. Assign specific responsibilities to employees.
    ▪ Evacuate animals whenever possible, but do not allow people to reenter a potentially hazardous situation to rescue animals. Discuss the need with your local fire department to determine appropriate policies.
    ▪ Maintain client contact information offsite and ask clients to provide a 24-hour contact number and an alternate contact.

14.20. Business Contingency Planning

- ◦ Communication.
  - ▪ Management must be able to communicate with staff during a disaster.
  - ▪ Staff must be able to communicate with one another.
  - ▪ Communications resources include:
    - practice telephone directory distributed to all staff – include cellular numbers;
    - a telephone tree to quickly contact all staff and relay messages;
    - maintain an out-of-area common contact for staff members, such as a practice in another area, a state veterinary association office, or other location;
    - text messaging may work when cellular telephone calls do not;
    - two-way radios or agreements with local amateur radio operators.
- ◦ Patient care considerations.
  - ▪ Develop mutual aid agreements with other practices or associations, so your clients can receive care for their animals if you cannot provide services.
  - ▪ Ensure the availability of backup veterinary records.
  - ▪ If possible, engage staff in providing care through other facilities.
- Operational infrastructure (building, equipment, inventory, utilities).
  - ◦ Develop a plan to remove or protect mobile resources when possible.
  - ◦ Secure the facility if damaged to prevent theft, looting, or further damage from the elements.
  - ◦ Consider a generator as a backup source of power; consult an electrician or other expert regarding size, installation, and operating instructions. Maintain an adequate supply of fuel for the generator.
  - ◦ Maintain emergency food and water supplies for staff and animals.
- Critical business information systems (client records, accounting records, regulatory compliance records, inventory records, etc.).
  - ◦ Establish daily data backup procedures (see 10.7 – Information Security: Backing Up and Archiving Your System)
  - ◦ Store backups offsite or use high-speed Internet backup systems.
  - ◦ Convert critical business documents, radiographs, and other critical patient materials into a digital format and store offsite.
  - ◦ Ensure all staff understand data storage and backup policies.
- Partnerships:
  - ◦ insurance;
  - ◦ local fire department;
  - ◦ clients;
  - ◦ suppliers and creditors;
  - ◦ professional business contingency planners;
  - ◦ university cooperative extension;
  - ◦ local emergency management;
  - ◦ county animal response teams or equivalent;
  - ◦ other practices and veterinary medical associations (local, state, national).
- Management *must* commit to the process and provide the management time, staff time, and funding needed to develop an effective plan.
- Plans should be written; seek input from all staff/departments. Plans must be communicated to all personnel and periodically tested through exercises.

Response

- Respond as you train, and train as you intend to respond!
- Steps in validating your plan:
  - ◦ communicate the plan to *all* practice personnel;
  - ◦ practice the plan (exercises);
  - ◦ review and revise the plan;
  - ◦ repeat this process at least annually.
- Assign response tasks to individual staff members, and assign backup personnel.
- If outside response resources are needed, unaffected local veterinary practices, local/state veterinary associations, and county animal response programs should be able to provide assistance.

Recovery

- The recovery process can be long: months to years
- Recovery starts with a damage assessment.
- The recovery team should include ownership, all staff, insurance, government emergency management resources.



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

14.20. BUSINESS CONTINGENCY PLANNING

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14.21. SUCCESSION PLANNING



BASICS

OVERVIEW

Having an exit strategy is important because:

- Selling a practice is probably the largest financial transaction made during one's lifetime.
- It involves much more than just setting a price.
- Advance planning is needed to:
  - provide for the continuity of practice operations;
  - prepare the facility for sale;
  - maximize the practice's value.
- Time spent considering life after practice and understanding the emotions associated with selling a practice will also help facilitate the transition.

TERMS DEFINED

Succession: The legal transfer of real estate and/or business entities to another individual/entity.



ISSUES AND OPTIONS

Practice owners may find it increasingly difficult to sell their practices. Some anecdotal reasons include:

- There appear to be fewer associates interested in the responsibilities and time demands of ownership. However, the ones that are called to ownership tend to be better prepared and educated for the purchase process.
- There will be an increase in the supply of practices coming on the market. Large numbers of Baby Boomers are coming to an age where they will be considering the sale of their practices and are starting to make preparations.
- The potential buyers seem to place location as the key driver for practices they will consider for purchase. This may cause problems for practice owners who are not located in the "desirable location" based on where the buyers want to be.

The owners who prepare well will probably be in a more opportune position to sell their practices when the time comes. Developing a well-crafted, planned exit strategy can pay major dividends for the owner. There is an old adage: *Successful business owners usually find they must work the hardest during the first five years to get their business off the ground, and the last five years to get their business ready to sell.*

STEP 1: THREE TO FIVE YEARS BEFORE PUTTING YOUR PRACTICE ON THE MARKET, DEVELOP A STRATEGIC PLAN OF ACTION

1. Identify and assemble your team of consultants and advisors:
   i. your significant other(s);
   ii. accountant;
   iii. financial planner;
   iv. attorney;
   v. veterinary practice appraiser/broker;
   vi. veterinary practice management consultant.
2. Establish your baseline personal worth. This provides a starting point to measure change. *You can't get "there" if you don't know where you are when you start.*
   i. Identify your assets and establish a baseline value for each.
   ii. Have major assets appraised: the practice, the practice real estate, other real estate, and other large assets (see 14.13 – Determining a Practice's Worth).
   iii. The practice appraisal is the most important part of the strategic plan (see 14.14 – The Valuation Process). A properly performed appraisal is a thorough examination of the practice's financial health. If your practice is not financially healthy (and thus has a low value) then there is an opportunity to improve the practice and increase its value.
   iv. Identify liabilities: long-term, business, and personal.
   v. Discuss and record your initial thoughts and dreams for life after selling the practice.
3. Identify the practice and personal goals:
   i. Practice – to maximize the value of the assets that will be sold as a part of the exit strategy.
   ii. Practice – to identify areas within the practice that can be improved or changed to influence the value, stability, and/or transferability of the
   a. practice;
   b. practice real estate;
   c. practice financial issues;
   d. practice administration.
   iii. Practice – brainstorm possibilities and options for how your exit from ownership can occur:
   a. A partial sale to an associate (see 7.24 – Buying into a Practice as a Partner)?
   b. A full sale to an associate?
   c. A full sale to an unknown buyer?
   d. A full sale to a corporation or veterinary practice consolidator? (See 7.27 – Selling to a Corporate Entity.)

e. A merger with a nearby practice?
f. Close the door and go home?

iv. Personal – to examine life after practicing. Look at tough issues often put off until too late, such as healthcare, where you live, what you do with yourself when no longer practicing, how to fund life after practice, and so forth.

4. Consider hiring a practice management consultant to help identify practice goals and improvements (see 1.17 – Practice Management Support Professionals). To find the right consultant:

i. Ask your colleagues what their experiences have been and who they recommend.

ii. Ask a practice broker or other veterinary consultant for their referrals.

iii. Contact a member of the consultants' association VetPartners and/or visit their website (www.vetpartners.org) – they can help you find potential consultants to help you reach your goals.

Before you hire a consultant or advisor, interview them. You are paying for their experience and opinions, so you will want to find a good match.

5. Put the plan in *writing*:

i. Specifically identify the goals/improvements, the person responsible for attaining them, and a target timeline for when it will be done.

ii. Include thoughts and comments from item 3(iii).

iii. Have a consultant/advisor/colleague review the plan for possible improvements.

6. Begin implementing the plan:

i. Act to make the changes and improvements.

ii. Periodically measure your progress.

iii. Note: this process is by generic by nature. This is because every practice, every individual's needs, ambitions, hopes, and desires are all different. It necessarily follows that there is no basic plan that is applicable to all situations.

7. Example of targets/goals/actions:

i. Manage the practice for revenue and earnings growth.

ii. Begin identifying potential practice buyers and/or a broker to help with your exit.

iii. Take an active role in the practice and, where appropriate, begin delegating management responsibilities to key staff. This can make for an easier transition for the new owner.

iv. Concentrate on enjoying practice and avoid burnout.

v. If there is not a nearby emergency center, consider setting up emergency rotations with area practices or referral clinics (most buyers do not want to take after-hour calls).

vi. Make sure there are no environmental concerns (buried gas tanks, x-ray chemicals, etc.) or other real estate issues that could impede the sale of the real estate.

vii. Resolve any real estate zoning compliance issues that might impact transfer.

viii. Take care of any deferred maintenance issues.

ix. If the practice is not using practice management software, discuss this with your broker/advisor.

STEP 2: ANNUAL EXIT PLAN MAINTENANCE

1. For any strategic plan to succeed, it requires periodic reassessment to:

i. assess the success of achieving the established goals;

ii. reevaluate the current situation on the path toward the final goals;

iii. establish new short-term and possibly long-term goals, measures, and time frames.

2. At least annually, a major periodic reassessment with the team of advisers should be scheduled. During these major reassessment times, the consultants will help to provide additional perspectives and feedback.

3. A key measurement in any practice exit strategy is the change in practice value. Annual valuation updates can provide an accurate means of assessing the success of the changes being made.

STEP 3: THE YEAR BEFORE

The final year before putting your practice on the market:

• Clean the facility thoroughly, repair cosmetic damages, paint, landscape. Have a building inspection done so any identified issues can be addressed *before* the buyer has their inspection done.

• Upgrade practice to current standards (imaging, computer management system, etc.), but not with a lease or relationship lease such as where the reference laboratory makes the payments. While these are often transferable, many buyers will not accept them, which can create an issue in the transaction.

• Secure assignable, employment contracts and noncompete agreements with associates (see 13.11 – Noncompetition).

• Ensure any facility lease has a life of at least five years, is renewable, and is transferable or that the landlord will sign a new lease with the buyer under similar terms.

• Check equipment leases for prepayment penalties (usually, they are paid off at closing).

• The owner should examine their own financial needs and tax implications of the sale. This involves meeting with a tax accountant and possibly a financial planner.

14.21. Succession Planning

• If a commercial real estate appraisal has not been done recently, consider ordering one.
• Begin preparing the practice records for a buyer's review: financials, contracts, employee records, and so forth. For the list of documents a buyer may request, see 7.23 – Buying a Practice.
• Compile inventory and equipment lists of what will transfer in the sale and a list of what will not transfer to the new owner.

TIME FRAME

• There is no easy answer as to how long it will take to sell a veterinary practice.
• It could take one to nine months, or longer, to find a buyer. It will depend on many factors, especially the location. Other variables include the type of practice, profitability, location, the affordability of the purchase price, and so forth.
• Once an offer is accepted, the timing will depend on how the negotiations proceed and how the financing comes together for the practice and the real estate. It could take two months or it could take six months, and in some cases even longer.

A COMMENT ON PRACTICE VALUE

Because of the significance of this transaction, a practice should be valued correctly by a veterinary practice appraiser who uses sound methodology and reality checks (see 14.13 – Determining a Practice's Worth). Unfortunately, there are still practitioners and some accountants that will try to sell on a percentage of gross revenues. The main driver of practice value, though, is the profitability after *all* expenses have been paid, including a fair market rent and fair compensation for the owner's efforts as a practitioner.

However, there are other factors that can directly influence value:
• The practice's growth history. Two practices with the revenues and profitability in a given year will have different values if one is growing at 10% per year and the other is declining at 10% per year.
• The transferability of the income/goodwill to the new owner. If client or staff loyalty is tied to an individual instead of to the practice, the value could be negatively impacted compared with a practice in which the owner is less significant, such as in a multidoctor practice.
• Geographic location. Is it going to be difficult to attract someone who wants to live where the practice is located? If so, it might take longer to find the right buyer and/or the price may have to be adjusted to attract a buyer.
• Other factors include the facility appearance, the condition and "up-to-date-ness" of equipment, quality of remaining employees, and the owner's transition period.

A COMMENT ON CORPORATE CONSOLIDATORS

For practices with high enough revenues and/or are in target locations, selling to a corporate buyer may be an option (see 7.27 – Selling to a Corporate Entity). There are many differences between the over 30 corporate buyers that are seeking practices regionally and nationally. As a part of your exit planning, if a corporate transaction is an option, there are many details to consider, including the following:
• Though individual buyers are limited to fair market value, many corporate buyers will pay significantly more. The premium over a fair market value price depends on the negotiations and which potential buyers you are working with.
• What post-sale employment is required?
• What are the purchase terms? Is it cash or is seller financing required? Is equity in the parent organization an option for you or your associate(s)?
• Will the consolidator buy the real estate?
• How much will they change in your practice?

On the surface, a corporate offer may appear to be a good fit. However, explore all the details to make sure the outcome is the right decision for your goals. *And work with your advisors.*



EXAMPLES

N/A



CAUTIONS

N/A



MISCELLANEOUS

ABBREVIATIONS

N/A

14.21. SUCCESSION PLANNING

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N/A

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Source for veterinary practice issues with message boards, online seminars, and continuing education sessions:

Veterinary Information Network. www.VIN.com (accessed May 10, 2019).

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14.22. GIFTING PRACTICE OWNERSHIP



BASICS

OVERVIEW

Years of hard work are necessary to build an efficient and profitable veterinary practice. Practice owners may decide to either sell or transfer a veterinary practice in order to retire or engage in other interests, with unexpected illness necessitating decision-changing plans. Practice owners typically have two goals with a practice succession plan:

- to obtain regular payments, which guarantee them financial security and comfort;
- to ensure that the veterinary practice will continue so that practice employees remain employed and the practice thrives.

One component of a well-defined succession plan (see 14.21 – Succession Planning) is a gifting program that achieves the goal of transferring a minority ownership stake in a closely held practice to employees or to a combination of employees and family members. With that ownership, the minority owners cannot make major practice decisions. If a buyout offer comes along, then the minority owners would receive a ratable share of the proceeds. Even if your heirs are not interested in learning the practice and are not likely to succeed you as managers, they may hold minority shares (if the practice is located in one of the progressive states that allow nonveterinarian practice owners).

The primary reason for gifting is to gradually reduce your taxable estate. By gifting, while practice values are lower, you not only remove today's value of gifted assets from your taxable estate, but future appreciation as well. In general, though, transfers or sales to employees are usually more successful than gifts of a practice to the next generation. However, the process may still work with strict guidelines and foresight.

Children and/or employees should be required to buy the practice, as practice ownership received by gift might not be as highly valued. The transfer of practice ownership can be accomplished as follows:

- complete sale for cash;
- a portion of practice value for a cash deposit and the balance in a note;
- a deal with structured earn-outs.

Practice owners may also structure the practice sale so that the buy-out occurs over a period of years, with appropriate forgiveness of a portion of the note payments. The debt forgiveness solution makes best use of both practice transfer via a sale and subsequent gifting provisions.

Some facts about gifting (knowing that taxes are in constant change):

- Each individual may make annual gifts of up to $15,000 in 2019 to as many people as they wish without triggering the gift tax.
- A married couple filing jointly can give up to $30,000 in 2019 to an unlimited number of individuals each year, even if the gift comes from only one of the spouse's funds.
- If you have a child who is married, current gift-tax rules state that you and your spouse may transfer up to $60,000 in assets to your child and spouse each year, free of gift tax. Such gifts reduce your taxable estate and potential estate tax at death.
- Even if gifts are made in excess of the $15,000-per-person limit, typically gift tax would not be due on that transaction. Each individual maintains during tax year 2019 an $11.4 million lifetime gift tax exemption. The gift value over $15,000 is applied against that $11.4 million lifetime limit. You may gift a practice valued at $11.4 million to anyone without incurring a gift tax liability, unless you previously utilized a portion of the $11.4 million lifetime exemption.

Veterinary practice value can be transferred in the same way, provided that:

- the value of your practice has been determined by an independent third-party appraiser well versed in veterinary practice appraisal;
- the valuation (and associated discounts) will be able to withstand an Internal Revenue Service (IRS) examination.

TERMS DEFINED

Family Limited Partnerships (FLPs): An FLP is a partnership created by two or more family members in accordance with state law consisting of two classes of partners: limited partners (LPs) and general partners (GPs). An FLP is created when owners of a veterinary practice, and perhaps other assets, want to consolidate and centralize management of assets while reducing estate transfer costs. Both current value and future increases in value are transferred to heirs. The FLP is a pass-through taxpayer, so tax attributes flow to individuals holding FLP interests.

General Partners (GPs): GPs (you and/or a spouse) design the partnership to gift FLP shares to family members. GPs control the operations of the FLP and make day-to-day investment decisions.

Limited Liability Corporations (LLCs): An LLC is an entity formed by family members in accordance with state law that has characteristics of both a partnership and a corporation. Family members with LLC ownership interests are termed "members" and are not personally liable for LLC activities. Legal rights and responsibilities of a member's ownership interest are controlled by the written operating agreement. Members can share equal rights in the management and operation of the LLC, or a manager specified in the LLC agreement may manage and operate the LLC.

Limited Partners (LPs): LPs (your heirs) have an ownership interest in the FLP, but they have very limited control. They share in the income generated by the FLP, depending upon how many shares of the FLP they own, with little or no management rights.

Valuation Discounts: Generally, property is taxed for federal gift and estate tax purposes at its fair market value. The degree of control enjoyed by the interest being valued (minority discount), and the degree of its marketability (market discount), can significantly affect what an informed buyer will pay for that interest. Utilizing valuation discounts enables FLP interests to be transferred at lower tax cost by using gift tax annual exclusions to shelter gifts or using reduced applicable credit amounts. Valuation discounts are typically highly scrutinized by the IRS in large-format gifting programs.



ISSUES AND OPTIONS

The choice of whether to use an FLP or an LLC for estate-planning (namely gifting) purposes will depend upon which state the entity resides in. Either entity can be used to accomplish a client's estate-planning objectives, but this chapter will entertain FLP issues only.

The steps that should be taken in establishing a successful FLP include the following:

- Set up the FLP while the practice owner is healthy.
- Limit practice owner controls over partnership assets.
- Have the practice owner, when able, relinquish any interest in the FLP prior to death.
- Leave the practice owner with adequate assets to cover personal living expenses.

In an IRS audit, a transfer of veterinary practices to an FLP would probably be determined as valid as long as taxpayers can document:

- a bona fide business purpose;
- that the "arm's length" transfer occurred with full and adequate consideration;
- transfers were motivated by practice and investment management concerns;
- practice owners do not retain a controlling right or interest;

• practice owners conduct legitimate negotiations between themselves and their heirs in FLP funding and operations;
• that pro rata distributions be made according to ownership interest.

ADVANTAGES OF AN FLP

The advantages of an FLP include:
• Ease in transferring assets through gifting or transfer at death.
• Pooling of partnership assets to lower operating costs and increases diversification.
• Some asset protection against potential creditors. A creditor should not be able to attach partnership assets, force dissolution of the FLP, force a distribution of partnership property, replace the partner, or vote on behalf of any GP. Creditors generally receive a charging order that entitles them to income distributions only after the GP votes to make FLP distributions. The creditor is required to report "phantom income" on their tax return without actually receiving any cash distributions.
• Protection for a child in the midst of a divorce. The FLP agreement can give the other partners the preemptive right to purchase the partnership interest at a discounted value.
• Usually no taxes are incurred when funding a FLP.
• Provide GPs with management fees for operating the LLP.

DISADVANTAGES OF AN FLP

The advantages of an FLP include:
• Expensive to create and maintain.
• The creation of an FLP will not affect the avoidance of probate fees at death.
• Valuations used in the gifting process can be expensive.
• FLPs should not hold personal assets, such as the GP's principal residence, nor pay the GP's personal expenses.



EXAMPLES

Dr. St. Bernard and his spouse are in their mid-fifties and own a veterinary practice, related real estate, and other equity investments. They have three children. Dr. and Mrs. St. Bernard set up an FLP and make a capital contribution of their practice, rental property, and some investments. In exchange for their capital contribution, they receive 1,000 partnership units, each unit worth $30,000 in 2019. Two percent of these units are general partnership units, and the other 98% are limited partnership units.

Dr. and Mrs. St. Bernard begin a coordinated gifting program of the FLP units to their children. After application of prospective combined valuation discounts for lack of marketability (25%) and for a minority interest (25%), the gift tax value of an FLP unit is reduced to $15,000 instead of the $30,000 fair market value in the St. Bernards' hands. If they take advantage of gift-splitting provisions allowed under Internal Revenue Code Section 2513, they can give up to $30,000 ($60,000 fair market value) to each child each year, totally sheltered by annual gift tax exclusions. Dr. and Mrs. St. Bernard could give two limited partnership units to each child annually, or six units total per year, effectively reducing their potential taxable estate value by $180,000 each year.

Over time, the 98% LP interests are transferred to the children. If Dr. and Mrs. St. Bernard continue this annual gift-giving program for several years, they could substantially shift the value of their practice, real estate, and investments to their children while retaining some control of the assets as GPs. Dr. and Mrs. St. Bernard could only achieve half the tax benefits over the same period by making cash-only gifts.



CAUTIONS

• Do not assume the next generation will automatically take over the veterinary practice.
• The second generation must possess a passion for the veterinary practice.
• Children must have the management talent or technical talent needed for the success of the practice.
• The second generation will or may manage the practice differently than the practice owner.
• Practice employees may potentially resent a practice owner's children.
• Even for gifts less than or equal to $15,000 in 2019 in practice value, gift tax returns should be filed in case valuation discounts are questioned by the IRS.
• Retention of too much control by the older generation can be fatal to an FLP. Recently, the IRS has seized upon the "control" issue in FLP litigation.
• Reasonable compensation should be paid for a partner's FLP services.



MISCELLANEOUS

ABBREVIATIONS

FLP: Family limited partnership
GP: General partner
IRS: Internal Revenue Service
LLC: Limited liability company
LP: Limited partner

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N/A

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14.23. RETIREMENT PLANNING



BASICS

OVERVIEW

Retirement plans for veterinary practice owners range from straightforward individual retirement accounts (IRAs) to more intricate Keogh plans. In general, each level of complexity allows for more flexibility and a higher rate of employer and, in some cases, employee contribution. Veterinary practice owners, including sole proprietors, limited liability company (LLC) members, and corporate shareholders, need to choose which retirement plan is best for them as owners, and best for their practice's employees. Common choices available are:

- Savings Incentive Match Plan for Employees (SIMPLE);
- simplified employee pension (SEP) plan;
- profit-sharing or money-purchase (Keogh) plan;
- defined-benefit plan;
- Internal Revenue Code (IRC) section 401(k) plan.

In general, practice owners wishing to maximize their retirement contributions have numerous factors to consider. A SIMPLE plan is a first option because the amount owners can contribute to their own retirement is larger, employees fund their own retirements, and they are easy to set up and administer. As a practice's discretionary income level rises, owners may choose either a SEP or profit-sharing plan so they can contribute more to their own retirement plan, which also requires funding their employees' retirement accounts in greater amounts.

TERMS DEFINED

Employee Retirement Income Security Act (ERISA): Employee Retirement Income Security Act of 1974. Title I of ERISA covers funding, vesting, and fiduciary standards applicable to employee benefit plans, and is enforced by the US Department of Labor (DOL).
Fiduciary: Any person who has discretionary authority over the administration of a plan or the management of plan assets, or who renders investment advice to a plan for a fee.



ISSUES AND OPTIONS

Under ERISA, any kind of employer-initiated retirement plan is subject to regulatory scrutiny. Limiting potential liability begins with:

- Implementing a written investment policy statement that provides documentation on how investment decisions are made, investments monitored, and investments replaced, if need be.
- Following the "prudent expert rule" by acting with the skill, prudence, and diligence of a prudent person with knowledge of such matters; choosing investments is a fiduciary duty under ERISA Section 404(a)(1)(B).
- Ensuring fees and expenses are reasonable for plans of similar size and complexity.
- Remitting plan contributions at the same time as deducted from employee payroll (not doing so constitutes a loan to the employer and is a DOL-prohibited transaction).

SIMPLE IRA

From a planning point of view, SIMPLE plans are useful for self-employed individuals who do not want the complexity of a qualified plan or the funding burden of an SEP.

- **Eligibility.** SIMPLE plans are available to employers who have no other retirement plan and 100 or fewer employees. Employees are eligible if they earn at least $5,000 in any two prior years and are expected to earn at least $5,000 in the current year, meaning that employees are not necessarily required to be covered once they turn age 21 and have one year of service (the participation level for qualified plans).
- **Contributions.** All employees, even highly compensated ones, can defer any percentage of their paycheck up to $13,000 per year in 2019 to a SIMPLE plan. Employees age 50 or older may contribute an additional $3,000 in 2019 as a catch-up contribution.
- **Employer matching.** Employers can either (1) match dollar for dollar up to 3% of compensation (no statutory compensation limit) for those employees who made contributions, or (2) choose to make a 2% (up to $280,000 of compensation in 2019) nonelective contribution for each eligible employee, whether or not the employee makes any contribution. Many employers choose the 3% versus the 2% approach.
- **Vesting.** Employee and employer contributions are immediately vested.
- **Filings.** SIMPLE plans are established by filing Form 5305-SIMPLE.

SEP PLANS

A SEP IRA allows employers to make contributions toward their own (if self-employed) and their employees' retirements on a nondiscriminatory basis. A SEP functions as a low-cost pension plan for small businesses. Employers are not required to make contributions in any year or to maintain a certain level of contributions to a SEP-IRA plan, so annual contributions may be based on profitability or cash flow requirements.

- **Eligibility.** All eligible employees must participate in the plan. An eligible employee is one who (1) has attained age 21, (2) has performed services for the employer during at least three out of the immediately preceding five years (including part-time work), and (3) received at least $600 in compensation from the employer for that year. Employers have the option to establish less-restrictive participation requirements, if desired, but may not impose more restrictive guidelines than these.
- **Contributions.** The plan is funded with tax-deductible employer-only contributions. Employers can contribute up to 25% of their employee's income, not to exceed $56,000. Sole proprietors may deduct a maximum of 20% of their net self-employment income. A SEP cannot discriminate in favor of highly compensated employees, and all contributions must bear a uniform relationship to includable compensation.
- **Employer matching.** None.
- **Deadlines.** For corporations with a March 15, 2020, tax-filing deadline, SEP contributions must be made by the due date of the practice's tax return, including extensions. Sole proprietors have until April 15, 2020, or to their October extension deadline, to make their SEP contribution. In both cases, contributions are deductible for tax year 2019 as if they had been paid during 2019.
- **Vesting.** SEP contributions are immediately vested.
- **Filings.** SEP plans are established by filing Form 5305-SEP by year end or as late as the extended due date of the income tax return for the year contributions are made.

PROFIT-SHARING AND/OR MONEY PURCHASE PLAN (KEOGH)

A profit sharing plan awards employees a slice of your practice's profits. The contribution levels and sharing ratio are the same as the SEP. Custom-designed Keogh plans encourage longevity with a vesting schedule and favor older employees with age-weighted contribution formulas. They may be established as either a defined-benefit or defined-contribution plan. As a defined-contribution plan, it is structured as a profit-sharing plan, a money-purchase plan, or a combination of the two.

- **Eligibility.** Keogh plans have administrative complexities, such as minimum coverage requirements and top-heavy rules testing.
- **Contributions.** For 2019, profit-sharing contributions are limited to the lesser of 100% of compensation up to $56,000. Money-purchase plans are limited to the lesser of 100% of compensation or $56,000, and if an employer elects a combination of the two, is the lesser of $54,000 or 100% of compensation per employee. The deduction limit for employers in 2019 is 25% of compensation or $56,000, whichever

is less. Profit-sharing contributions are based on practice performance and may vary from year to year. Plans must be funded by the tax-filing deadline of the practice, including extensions.
- **Deadlines.** The plan must be in place by the end of the taxable year.
- **Vesting.** Employer chooses immediate three-year cliff or six-year graded vesting.
- **Setup.** Must be established by last day of the business year.
- **Tax filings.** IRS Form 5500 is required for plans having assets of $250,000 if only including a business owner and their spouse in a Solo (K)-type plan, or for multi-employee plans.
- **Cost.** Because an actuarial cost method is adopted to determine plan contributions, this type of plan is generally more expensive to administer.

DEFINED-BENEFIT PLAN

Traditional defined-benefit plans consist of a promise to pay participants a certain amount of money at their normal retirement age based on a certain sum or formula. Defined-benefit plans are designed for practice owners aged 50 and over to contribute as much as is needed to receive an annual retirement payout of $225,000 (in 2019, adjusted for inflation thereafter) or 100% of the average of three highest consecutive pay years. Younger employees have much lower contribution limits. Defined-benefit plans are not very flexible.
- **Eligibility.** Employees who worked at least 1,000 hours in the past year; or two years if no vesting period.
- **Contributions.** Based on actuarial assumption with no set limit. Employees cannot contribute. Employer contributions are not optional.
- **Vesting.** Vesting is determined by the employer. Vesting takes years in most plans.
- **Tax filings.** The annual filing of Form 5500 is required.
- **Cost.** Because an actuarial cost method is adopted to determine plan contributions, this type of Keogh is generally more expensive to administer.

PLAN

Under Section 401(k) of the IRC, employees can set aside money for retirement on a pretax basis through a plan sponsored by their employer. If a practice employs more than 10 employees, a 401(k) is not prohibitively expensive to create and maintain.
- **Eligibility.** Plan cannot discriminate in favor of highly compensated employees. Testing complicated.
- **Contributions.** Employees may contribute pretax salary to a 401(k) plan and any size employer may adopt a 401(k) plan. For 2019, the salary deferral limit was $19,000 per year, rising to $18,500 in 2018. For employees 50 years or older, a $6,000 catch-up provision applies in 2019 and 2018.
- **Employer matching.** Employers may match part, all, or none of employee contributions.
- **Deadlines.** Annual.
- **Vesting.** Employees are 100% vested in their salary deferrals. Employer contributions may be vested on a graduated schedule.
- **Distributions.** Optional participant loans and hardship withdrawals add flexibility for employees.
- **Setup.** Sharebuilder.com offers a safe harbor 401(k) package for businesses with 26–50 employees or less that costs $495 to set up, $185 per month in administration fees, and 0.45–0.75% in asset management fees.
- **Tax filings.** The annual filing of Form 5500, an information filing only, is required.



EXAMPLES

The annual addition limit for any kind of defined contribution plan – 401(k), profit-sharing plan, money-purchase plan, or any combination of the three – is $56,000 in 2019. For example, participants could contribute $19,000 into a practice's 401(k) plan and receive a 100% match on that amount to total $37,000. If a profit-sharing contribution is also made on top of the 401(k) plan contributions, we could maximize contributions at $56,000 and still make a $6,000 catch-up contribution, if eligible.



CAUTIONS

- SEP-IRA and profit-sharing plan contributions made by an employer are optional. SIMPLE or money-purchase Keogh plans require a minimum contribution irrespective of practice profitability.
- A nondeductible tax penalty of 6% of the excess amount contributed will be incurred for each year in which an excess contribution remains in an IRA.
- In some instances, employees who withdraw retirement funds may be subject to possible 10% penalty if under age 59$^1/_2$, unless the distributions fall under the IRC Section 72(t) listed exemptions.



MISCELLANEOUS

ABBREVIATIONS

DOL: Department of Labor
ERISA: Employee Retirement Income Security Act
IRA: Individual retirement account
IRC: Internal Revenue Code
LLC: Limited liability company
SEP: Simplified employee pension (plan)
SIMPLE: Savings Incentive Match Plan for Employees

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14.24. YOUR NEXT CAREER (REINVENTING YOURSELF)



BASICS

OVERVIEW

It is that age-old question posed to every kid, "What do you want to be when you grow up?" Do you find yourself asking this same question of yourself today – and you are no longer a kid? Why not consider a more positive approach to that question? What do you want to do, now that you have experienced the struggles of attaining the work-life balance, or now that you have developed new skills and have new professional interests? Changing your career path signals a mature stage of your professional life.

Reinventing yourself is really about taking your skills, perhaps in-demand or rare skills, and pairing those with some of your passions in order to take a different path. In some cases, you may be taking a path that is no longer in the veterinary industry; in others, you are on a path that runs within the industry but is a little bit different from your original path.

Reinventing yourself is not just for veterinarians. It also applies to technicians, client service representatives, kennel personnel, and practice managers. Everyone will have his or her own unique, personal reason for wanting to make this decision to change his or her career path.

It is so common to hear about compassion fatigue and burnout in the veterinary industry (see 2.8 – Compassion Fatigue and Burnout). Veterinary medicine is an emotionally demanding profession. Anyone caring for individuals (human or animal) in distress can suffer from burnout or compassion fatigue. However, these are just two of the reasons for wanting a change.

Other reasons are the desire to take on more challenges, to conquer the feelings of being uninspired or not motivated, to initiate progress in a chosen career, or to find more meaningful (purposeful) work. Whatever your reason, it is yours and it is a signal to you to explore your strengths and consider some changes. Begin by envisioning your goal or your destination. What do you need to know in order to achieve this goal?

TERMS DEFINED

Burnout: Physical or emotional exhaustion, especially as a result of long-term stress or dissipation.

Compassion Fatigue: Progressive loss of idealism, energy, and purpose experienced by people in the helping professions.



ISSUES AND OPTIONS

KEEPING ENERGIZED

- Sometimes, a "change of scenery" is the best way to overcome career burnout.
- Veterinarians, technicians, receptionists, and kennel personnel have many options for finding a new career path without leaving the pet-care field.
- Take time to think far ahead before making that career move (see 14.5 – Strategic Planning and Implementation). You want to invest your time and effort in a plan that will reap positive long-term rewards.
- Consider taking a sabbatical to investigate your future career options before you commit yourself to a course of action.
- Internships are not just for college students anymore. Some corporations do offer internships to those investigating a new career. This may be an excellent way for you to explore a new career.
- Apprenticeships are another option – they can be a great way to work with other professionals and learn new skills.
- Mentorships are one of the best ways to energize you and explore other career options. More than a professional coach, a mentor is someone you form an ongoing relationship with to assist you with developing skills and plotting your steps along the path of career growth or change (see 3.17 – Mentoring).
- Consider volunteer opportunities, both within the veterinary industry and outside. There is nothing like the feeling of rejuvenation when you spend time as a community service volunteer.

14.24. YOUR NEXT CAREER (REINVENTING YOURSELF)

BECOMING A SPECIALIST

• After a few years, general practitioners may begin to feel that they are seeing the same cases over and over, and not making a real difference for the pets entrusted to their care.
• Many general practitioners earn board certification in a specialized area as a way to refocus their interest in medicine and provide new challenges.
• According to the American Veterinary Medical Association (AVMA), there are currently 22 AVMA-recognized veterinary specialty organizations compromising 41 distinct specialites.[1]
• Technicians can explore numerous options as a veterinary technician specialist in emergency and critical care, dentistry, anesthesia, and many other disciplines. Contact the National Association of Veterinary Technicians in America (www.navta.net) for details (see 1.9 – Veterinary Paraprofessionals).

TURNING TO MANAGEMENT

• Many doctors who are tired of looking at "ears and rears" become reenergized by focusing on the challenges of running a successful business in the role of hospital administrator or consultant. Learning how to create a strategic business plan, market a business, manage finances, and direct a hospital team helps veterinarians become better leaders and fulfill an important role.
• Technicians and client service representatives also consider changing their career into management, as a team manager, a coordinator, hospital manager, or consultant.
• Programs like the Veterinary Management Institute (www.aahanet.org) are available to prepare oneself for the skills and knowledge necessary to take on management roles, as well as the Veterinary Hospital Managers Association (www.vhma.org), which offers a Certified Veterinary Practice Manager program.
• The Society for Human Resource Management offers a certified program (www.shrm.org) for a Professional in Human Resources® (PHR®) or a Senior Professional in Human Resources® (SPHR®). Although not veterinary specific, the intense program covers a wide range of human resource issues that also come into play when managing a veterinary practice.

FINDING A DIFFERENT CHALLENGE

• Many faculty members eventually leave academia to work in private practice, and others to work in industry.
• Other veterinarians reverse this course, going from private practice to a teaching or research career at a veterinary medical college.
• Alternatively, if you are a sole practitioner, consider the benefits of having colleagues. You could bring a partner into the mix or sell to a corporate group that allows you to continue to "run your own ship."
• Another interesting challenge is in the fields of writing/publishing/public speaking. With the explosive growth of online social media, jobs in blogging, writing newsletters, and writing for industry speakers and publications may be in line with strengths you have. Speaking and publishing are also possibilities, especially when you consider your unique experiences can offer material from entertaining to educational, from technical tips to motivational speeches. Check out your local Toastmaster's International (www.toastmasters.org) speakers' group or a local writers' club for inspiration.

BUYING INTO A PRACTICE

• Associates who lack enthusiasm for their jobs may simply be looking for an opportunity to take on more responsibility. Having the option to buy into the practice can reenergize associates and keep them focused on medicine (see 7.24 – Buying into a Practice as a Partner).
• Bringing your associate onboard as a partner can help lighten your load and free you to focus on what you enjoy most about being a veterinarian: patient care.

WORKING WITH A SPOUSE

• Many veterinarians find themselves in the potentially precarious, and often stressful, situation of working with a spouse. These couples typically find that their biggest challenge is separating home and business issues to avoid conflict. One of the most important aspects is to avoid a situation where one spouse is telling the other what to do.
• When two veterinarians practice together, they need to share responsibilities and decision-making. This is even more important when the veterinarians must go home together.

14.24. Your Next Career (Reinventing Yourself)

RELYING ON YOUR TEAM

• Feeling responsible for the success of the practice is key to keeping team members happy in practice and on the same page, but reaching this goal is a work in progress (see 1.11 – Functioning as a Healthcare Team).
• Veterinarians may tend to be "cowboys." They want to do their own thing, but they also have to be in charge of everything. Learning to rely on your hospital team will help you avoid burnout and to stay energized.
• Managing the details is not what a veterinarian does best. Doctors need to spend their time with clients and patients, and let staff focus on other aspects. You should surround yourself with people who excel in areas that you don't, so that you don't drain yourself and become burned out.

MOVING UP THE LADDER

• The opportunity for learning new skills and advancing within the practice is important for hospital team members. Continuing education/continuing professional development is a key ingredient for keeping everyone energized and reducing stress (see 3.14 – Staff Development).
• Offer your team continuing education opportunities, and monitor their desire and ability to learn. The stars will quickly shine.
• Consider implementing an advancement program at your practice. Let kennel attendants learn the skills necessary to become veterinary assistants, and help interested technicians pick up practice management skills.

KEEPING STAFF ENERGIZED

• Without satisfied hospital team members, client service will suffer at your practice (see 2.5 – Motivating the Healthcare Team). Your team is your front line, and they give clients their first exposure to the practice.
• Burnout and compassion fatigue strike your team in the same way; without proactive steps, it will build up until the individuals become emotionally overwhelmed (see 2.8 – Compassion Fatigue & Burnout).
• One simple way to keep your team energized is to offer a flexible work schedule. This makes it easier for them to juggle family and work, keeping them more focused when they are on the job (see 3.18 – Staff Scheduling Options).
• Listen to your team members. Are there practice areas that they are interested in? Help your team identify professional development areas, and then help them gain the skills necessary to grow.



EXAMPLES

• Consider these tips to combat burnout:
  ◦ Practice deep breathing exercises.
  ◦ Take time to celebrate a job well done before moving on to the next task.
  ◦ Delegate as much as possible.
  ◦ Set boundaries between work and other areas of your life.
  ◦ Do not overschedule your nonworking time.
  ◦ Practice positive affirmations.
  ◦ Identify things to look forward to each day.
• Many doctors feel compelled to handle all aspects of running a business. Over time, they learn to delegate to others such tasks as creating staff meeting agendas. This frees up their time to practice medicine and allows their hospital team members to take on additional responsibilities.
• Compassion fatigue can take its toll on the entire practice. Some steps to reduce or treat compassion fatigue include:
  ◦ Educate the entire veterinary healthcare team about compassion fatigue.
  ◦ Establish weekly debriefing sessions for the entire team to discuss needs, concerns, and cases that weigh upon them.
  ◦ Form teams of professionals who look out for one another in the workplace and who identify high-risk moments for compassion fatigue.
  ◦ Identify professionals within the community who understand compassion fatigue, and determine methods of access to these people.
  ◦ Establish a library for team members that contains books and resources on compassion fatigue and how to address it.
  ◦ Identify a sanctuary or "comfort room" where team members can be alone to meditate, relax, and debrief.
  ◦ Ensure that team members are fully informed about each case and are allowed to have adequate closure at the end of any patient's life.
  ◦ Whenever possible, work out sabbatical or continuing education opportunities for reward and growth. The break from caring can be very rewarding in the long run.
  ◦ Teach veterinarians and hospital team members limits and boundaries.
  ◦ Use humor whenever appropriate.

14.24. YOUR NEXT CAREER (REINVENTING YOURSELF)



CAUTIONS

- Establishing a good system for delegating responsibilities to hospital team members takes time.
- Symptoms of compassion fatigue can be dismissed as just signs of an ill-fitting employee. They include lowered tolerance for frustration, loss of confidence, dread of working with certain clients, subtle manipulation of clients to avoid painful/traumatic situations, and loss of enjoyment of one's career.
- If team members are unhappy, their negative attitudes will pervade the entire practice. Take time now to deal with unrest and you may find that you enjoy practicing medicine more than ever.
- There is no one cure for compassion fatigue, and there is no way to stop it from striking again.
- If your burnout level becomes so severe that none of these options appeals to you, it might be time to consider whether you really want to stay in veterinary medicine.
- This profession is looked upon as a "calling," and we need to recognize the fact that we have options. Do not pigeonhole yourself into one path; the veterinary profession has many career options.



MISCELLANEOUS

ABBREVIATIONS

AVMA: American Veterinary Medical Association
PHR: Professional in Human Resources
SPHR: Senior Professional in Human Resources

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AUTHOR

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Section 15

Appendices

15.1. Finding More Information on Practice Management Topics

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15.1. Finding More Information on Practice Management Topics

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WEBSITE RESOURCES

Organization	Website
American Animal Hospital Association (AAHA)	www.aahanet.org
AAHA/VMG Chart of Accounts	www.aaha.org/professional/resources/chart_of_accounts.aspx
American Association Feline Practitioners (AAFP)	www.catvets.com
American Veterinary Medical Association (AVMA)	www.avma.org
American Association of Animal Poison Control	www.aapcc.org
ASPCA Animal Poison Control Center	https://www.aspca.org/pet-care/animal-poison-control
ASPIRE Leadership & Management Courses	www.aspirevet.com
Center for Disease Control	www.cdc.gov
Companion Animal Parasite Council	www.capcvet.org
DEA Office of Diversion Control	www.deadiversion.usdoj.gov
DVM 360	www.dvm360.com
Fear Free Pets	www.fearfreepets.com
Federal Drug Administration (FDA)	www.fda.gov
FDA Center for Veterinary Medicine	www.fda.gov/drugs
FEMA Disaster Assistance	www.fema.gov
Haz-Map	hazmap.nlm.nih.gov/
Internal Revenue Service	www.irs.gov
Medline Plus	www.medlineplus.gov
National Pesticide Information Center	www.npic.orst.edu
OSHA	www.osha.gov
Department of Labor	www.dol.gov
Before You Get a Pet	www.beforeyougetapet.com/
Salary.com	www.salary.com
USDA APHIS Emergency Operations	www.aphis.usda.gov/emergencyresponse
USDA Center for Veterinary Biologics	Bit.ly/VetBiologics
Veterinary Support Personnel Network	www.vspn.org
Veterinary Information Network (VIN)	www.vin.com

WEB-BASED FINANCIAL CALCULATORS

Calculator	Website
Various calculators	www.calculator.com
Budget calculator	www.calculatorweb.com/calculators/budgetcalc/
Profit margin	https://www.calculator.net/margin-calculator.html
Breakeven (payback) calculator	https://www.calculator.net/payback-period-calculator.html
Mortgage calculator	www.yourmoneypage.com/home/home1.php
Retirement calculator	https://www.calculator.net/retirement-calculator.html
Lease calculator	www.calculator.com/pantaserv/lease.calc
Equipment lease calculator	https://www.calculator.net/lease-calculator.html
Loan comparison calculator	https://www.calculator.net/mortgage-calculator.html
Rent or buy calculator	https://www.calculator.net/rent-vs-buy-calculator.html
Inventory calculator	https://www.easycalculation.com/finance/inventory-turnover-calculator.php
Afford to borrow	www.fha.com/calculator_borrow.cfm
Amortization	www.amortization-calc.com/
Compound interest	www.moneychimp.com/calculator/compound_interest_calculator.htm
Hourly wage calculator	us.thesalarycalculator.co https://www.thesalarycalculator.co.uk/hourly.php
Currency converter	www.xe.com
Inflation	www.westegg.com/inflation/

PRACTICE MANAGEMENT ORGANIZATIONS

Organization	Website
VetPartners	www.vetpartners.org
Veterinary Hospital Managers Association	www.vhma.org
Veterinary Practice Management Association	www.vpma.co.uk
Veterinary Business Group	http://www.ava.com.au/practice-management

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15.2. Sample Cover Letter and Résumé

SAMPLE COVER LETTER

Jane R. Doe, DVM
1234 Apple Street
Tallahassee, FL 32301

January 6, 2020

A Helping Paw Veterinary Associates
John Smith, Director
567 Orange Avenue
Tulsa, Oklahoma 74008

Dear Dr. Smith,

I enjoyed speaking with you on the phone last week. I sincerely hope that you enjoyed a great New Year's holiday, and I wanted to follow up regarding our conversation about the Lead Veterinarian position that you have available. For quite some time, I've been looking for an opportunity to take my career to the next level and move into such a position, and I believe that A Helping Paw represents the opportunity that I've been seeking.

After graduating with honors at the University of Florida's College of Veterinary Medicine, I've spent the past 12 years as an associate veterinarian at two top-notch clinics in the Sunshine State. During this time, I've been able to enhance and hone my skills and experience in multiple areas that are central to clinic success, including internal medicine, emergency surgery, and laboratory diagnostics. However, I'm most proud of my work in customer relations and communication, which I enjoy and has helped set me apart from my colleagues.

I was thoroughly impressed with how your organization has been recognized for its work within the community and the awards that you've won for animal care and customer relations. This cemented my interest in your Lead Veterinarian position, and I believe my accomplishments and my desire to excel in this area, plus my extensive experience as an associate veterinarian, make me a suitable candidate.

With that in mind, I've attached a copy of my resume. If you have any questions, please don't hesitate to reach out to me at my cell phone number or via email. I wish you well in the New Year, and I'll follow up with you later this month. Thank you very much for your time and consideration.

Sincerely,
Jane R. Doe, DVM

15.2. Sample Cover Letter and Résumé

SAMPLE RÉSUMÉ

Jane R. Doe
www.linkedin.com/pub/jane-r-doe/

1234 Apple Street
Tallahassee, FL 32301

Phone: (216) 555-1234
E-mail: j.doe@gmail.com

PROFESSIONAL SUMMARY

Small Animal Veterinarian with over 10 years of experience with two hospitals. Experience in internal medicine, soft tissue surgery, infectious disease, nutrition counseling, radiology, and behavior consultation. Customer-service focus with an emphasis on communication.

QUALIFICATIONS

- Twelve years of professional experience in organized veterinary medicine
- Six years of experience in a fast-paced, surgery-intensive clinic with high volume and tight deadlines
- Recognized for superior customer relations and communication at two veterinary clinics
- Earned a supervisory role among associate veterinarians, distributing workload and setting schedules

EDUCATION

University of Florida, College of Veterinary Medicine – Gainesville, FL (May 2007)
- Doctor of Veterinary Medicine, School of Veterinary Medicine (SVM)
- Master of Science, Comparative Biomedical Sciences, SVM
- Thesis: "The Frequency of Transmittable Pathogens Between Pet Owners and Pets: A Cross-Sectional Study of the United States"

Florida International University – Miami, FL (May 2002)
- Bachelor of Science in Biology, with a minor in Agriculture (Animal Science focus)

PROFESSIONAL EXPERIENCE

Welcome to the Jungle Veterinary Services—St. Petersburg, FL 2011–present
Associate Veterinarian
- Ran laboratory diagnostics, performed microscopy, and handled primary care appointments and walk-in sick patients for a busy four-doctor practice
- Small animal medicine, emergency medicine, and surgery (including orthopedic surgery); some exotics, geriatric, and nutritional medicine, as well
- Teamed with doctors to treat rodents, cats, dogs, chickens, and goats
- Helped increase volume by 22% through the use of more streamlined time management strategies, techniques, and systems, resulting in a 17% increase in revenue

Wild at Heart Animal Hospital—Miami, FL 2007–2011
Associate Veterinarian
- Obtained patient histories, triaged patients, obtained radiographs, and assisted in surgeries
- Responsible for wellness care, routine surgeries, and patient management
- Educated pet owners about proper pet care, parasite control, and behavior modification strategies
- Helped increase client base 15% by the end of the second year through increased customer service efforts based upon improved communication and consultation techniques

RELEVANT EXPERIENCE

Green Animal Hospital – Miami, FL 2004–2006
Student Externship
- Participated in all aspects of zoological medicine, including medical and surgical treatment, preventative medicine, quarantine protocols, pathology, and daily case rounds
- Assisted the veterinarians and veterinary technicians with all medical procedures during their rotation

Pet City – Miami, FL 2002–2004
Dog Trainer
- Used a variety of learning techniques to effect behavioral changes, including a combination of desensitization, operant conditioning, positive reinforcement, clicker training, hand signals, verbal cues, and reward systems

15.2. Sample Cover Letter and Résumé

HONORS/AWARDS

University of Florida School of Veterinary Medicine
- Small Animal Veterinary Graduate of the Year Award 2007

Florida International
- Undergraduate Excellence Award in Veterinary Medicine 2002

CERTIFICATIONS/MEMBERSHIPS

- Veterinary Medical License (state of Florida) 2007–present
- Florida Veterinary Medical Association (FVMA) 2007–present
- American Veterinary Medical Association (AVMA) 2007–present
- South Florida Veterinary Medical Association 2007–present

HOBBIES

- Licensed HAM radio operator
- Fluent in sign language and Morse code

AUTHOR

Stacy Pursell, CPC/CERS. Founder and owner of The VET Recruiter, an Animal Health and Veterinary search and recruitment firm. www.TheVetRecruiter.com.

15.3. Sample Curriculum Vitae

Jane R. Doe
www.linkedin.com/pub/jane-r-doe/

1234 Apple Street
Tallahassee, FL 32301

Phone: (216) 555-1234
E-mail: j.doe@gmail.com

PROFESSIONAL SUMMARY

Small animal veterinarian with more than 10 years of experience with two hospitals. Experience in internal medicine, soft tissue surgery, infectious disease, nutrition counseling, radiology, and behavior consultation. Customer-service focus with an emphasis on communication.

EDUCATION

University of Florida, College of Veterinary Medicine – Gainesville, FL (May 2007)
- Doctor of Veterinary Medicine, School of Veterinary Medicine (SVM)
- Master of Science, Comparative Biomedical Sciences, SVM
- Thesis: "The Frequency of Transmittable Pathogens Between Pet Owners and Pets: A Cross-Sectional Study of the United States"

Florida International University – Miami, FL (May 2002)
- Bachelor of Science in Biology, with a minor in Agriculture (Animal Science focus)

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Welcome to the Jungle Veterinary Services – St. Petersburg, FL 2011–present
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- Ran laboratory diagnostics, performed microscopy, and handled primary care appointments and walk-in sick patients for a busy four-doctor practice
- Small animal medicine, emergency medicine, and surgery (including orthopedic surgery); some exotics, geriatric, and nutritional medicine, as well
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- Educated pet owners about proper pet care, parasite control, and behavior modification strategies
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RELEVANT EXPERIENCE

Green Animal Hospital – Miami, FL 2005–2006
Student Externship
- Participated in all aspects of zoological medicine, including medical and surgical treatment, preventative medicine, quarantine protocols, pathology, and daily case rounds
- Assisted the Veterinarians and Veterinary Technicians with all medical procedures during their rotation

Pet City – Miami, FL 2002–2004
Dog Trainer
- Used a variety of learning techniques to effect behavioral changes, including a combination of desensitization, operant conditioning, positive reinforcement, clicker training, hand signals, verbal cues, and reward systems

TEACHING EXPERIENCE

Director of the University of Florida's SVM Animal Behavior Club 2010–2011
- Planned annual two-day animal behavior conference for more than 250 people and also provided instruction for those in attendance

CERTIFICATIONS

Veterinary Medical License (state of Florida) 2007–present

15.3. Sample Curriculum Vitae

HONORS AND AWARDS

University of Florida School of Veterinary Medicine
Small Animal Veterinary Graduate of the Year Award 2007
• Presented after an extensive selection process that included interviews, lab work, research papers, and community service.

Florida International
Undergraduate Excellence Award in Veterinary Medicine 2002
• Presented to an undergraduate student who has excelled within the university in numerous categories and compared to stringent predetermined benchmarks.

Dean's List
• University of Florida 2004–2008
• Florida International 2000–2004

Golden Key National Honor Society 1997–2001
Future Veterinarians Scholarship 1997

RESEARCH-RELATED ACTIVITIES

Society of Small Animal Veterinarians June 2009
Conference presenter
• Presented paper titled "The Role of Proper Communication and Owner Psychology in Accelerated Veterinary Care"

University of Florida "The Future of Veterinary Medicine" Initiative 2003
• Participated in graduate program project aimed at identifying challenges in Veterinary medicine during the next 10 to 20 years, including the formulation of solutions to the problems that those challenges present.

Florida International Biology Department
Supervisor: Dr. Charlie Brown 1999
Independent Research Project:
"The Role of Auditory and Tactical Stimulation in Veterinary Recovery Time"
• Observed and recorded interaction with various small animals following surgery (with a wide variety of control factors) and then observed and recorded recovery rates associated with each level of interaction.

GRANTS

• Humanitarian Veterinarian, "Small Animal Reproduction," $50,000 2010

SERVICE ORGANIZATIONS

• Volunteer Vets for Vets, Southeast United States Veterans Association 2008–present
  ◦ Treasurer, 2008–2011; Secretary 2011–2013; Vice President 2013–present
• Ruminant Revelers, Society of Small Animal Veterinarians 2010–present
• Veterinarians for a Better World, University of Florida 2009–2011

MEMBERSHIPS

• American Veterinary Medical Association (AVMA) 2007–present
• South Florida Veterinary Medical Associationv 2007–present
• Florida Veterinary Medical Association (FVMA) 2007–present

PROFESSIONAL DEVELOPMENT

• Online workshop: "Small Animal Surgical Breakthroughs" August 2017
• Florida Veterinary Medical Association Conference 2003–present
• American Veterinary Medical Association (AVMA) Conference 2005–present
• AVMA webinars four times (4×) per year 2005–present
• Society of Small Animal Veterinarians Conference 2008–present
• American Veterinary Society of Animal Behavior Conference 2007–present

AUTHOR

Stacy Pursell, CPC/CERS. Founder and owner of The VET Recruiter, an Animal Health and Veterinary search and recruitment firm. www.TheVetRecruiter.com.

15.4. Sample Business Plan

July 2019

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1.0 Executive Summary

The human–animal bond has never been stronger, and pet owners are taking better care of their animals than at any time in the past. Veterinary hospitals are about the delivery of high-quality medicine to animals, but they are also small businesses, and as such must have a sound financial basis.

For a veterinary practice to be successful, it takes an adequate number of pets needing services, a client base that can afford such services, and a facility and staff capable of offering the level of services needed. Systems need to be in place to track compliance and ensure that the services needed by pets are being delivered by the veterinary practice.

DEF Veterinary Clinic will concentrate on wellness care of animals. Animals requiring more intensive care, surgery, or diagnostics will be directed to ABC Veterinary Hospital, a hospital with the same ownership as DEF Veterinary Clinic.

1.1 Objectives

1. To have facility built by July 1, 2020.
2. To process 500 patient visits a month by December 31, 2020, at an average client transaction of $147.00.
3. To become recognized as a local source of high-quality veterinary medical care.
4. To add several additional services to our initial offering, including:
- ultrasonography;
- behavioral counseling;
- nutritional counseling;
- pet selection counseling;
- pet-specific care.

1.2 Mission

As an affiliate of ABC Veterinary Hospital, DEF Veterinary Clinic will offer compassionate high-quality wellness care to dogs and cats and to celebrate the human–animal bond as part of our daily routine.

1.3 Keys to Success

DEF Veterinary Clinic will concentrate on the most profitable aspect of veterinary healthcare for animals: wellness. Our goal is not to offer all possible veterinary services that are available, but to honestly assess the healthcare concerns for each individual animal and respond accordingly.

Veterinary medicine can be a business with high staffing and overhead costs. However, DEF will do almost all of its business in the examination and treatment rooms and will deal with preventive medicine as a priority.

2.0 Company Summary

We are currently organized as an LLC, being formed in October, 2018.

DEF will have a logo created, and trademark it through the US Department of Commerce Patent and Trade Mark Office.

2.1 Company Ownership

The two individuals forming this partnership are John Smith and William Jones, both licensed doctors of veterinary medicine.

Both doctors are presently affiliated with ABC Veterinary Hospital and are creating DEF Veterinary Clinic to handle wellness practice in a location 10 miles away from their existing hospital. Each doctor has over five years of experience practicing small animal veterinary medicine, and ABC Veterinary Hospital has a history of excellent client care and profitable performance. Financial statements for the past three years are included in the Appendix.

2.2 Start-up Summary

DEF Veterinary Clinic will be primarily staffed by Dr. Black, who has been an associate with ABC Veterinary Hospital for the past two years. She will be the primary veterinarian in the practice, with Drs. Smith and Jones rotating in to cover shifts as needed.

One of the receptionists from ABC Veterinary Hospital will also be making the move. Two veterinary technicians will be hired specifically to work at DEF Veterinary Clinic, and they may also fill in some shifts at ABC Veterinary Hospital, both for training and on an as-needed basis for staffing.

Drs. Smith and Jones are each investing $12,000.00 of their own capital in the business and are looking for financing for the additional amount to get the business launched and to carry it through the first two years, at which time a breakeven situation is anticipated. Start-up expenses, tables, and charts are included in the Appendix.

2.3 Company Locations and Facilities

DEF Veterinary Clinic will be utilizing a 2,450 sq. ft rental facility in a commercial plaza. There will be no overnight hospitalization on the premises. Maps and traffic-flow statistics are included in the Appendix.

15.4. Sample Business Plan

3.0 Services

DEF Veterinary Clinic will concentrate on wellness, referring all animals that require hospitalization or surgery to ABC Veterinary Hospital. Primary services are clinical examinations by a primary care veterinarian, disease screening and prevention, and owner counseling.

3.1 Service Description

DEF Veterinary Clinic's number one goal is to provide outstanding client service.

We show our dedication to client service by providing pet owners with personal service relating to all of their pets' wellness needs.

Initially, we will focus on just clinical examinations. In the near future, we will diligently pursue our goal of providing other services that do not require anesthesia and hospitalization, including behavioral counseling, nutritional counseling, dentistry, and ultrasonography.

3.2 Competitive Comparison

An examination is performed on each patient during the evaluation phase. This will allow us to determine the needs of the patient, and to create an individualized patient care plan through the remainder of the pet's life. A "personalized pet profile" will be generated, providing unique information on the pet's requirements, based on our "needs analysis" and documented for the owner. There will also be access to relevant healthcare needs and recommendations on the interactive website being created.

Currently, our competitors are not offering this personalized profile, nor access to healthcare information and resources through their websites.

3.3 Value Proposition

We believe that we have considered all of the relevant stakeholders in our decision to create this new veterinary office. Clients at ABC Veterinary Hospital have frequently reported that it is the personal touch that has caused them to return time and again. There are adequate numbers of specialists in the area that can handle medical issues beyond the realm of a primary care facility. The staff members that have volunteered to work in the new hospital are committed to developing lifelong relationships with clients, not just treating their animals when sick. From a competitive perspective, there are currently no other veterinary practices in the immediate trade area, which has many new homes and families, and if not for DEF Veterinary Clinic there would be a great opportunity for a direct competitor of ABC Veterinary Hospital to appear on the scene. That is less likely if DEF Veterinary Clinic proves to be meeting the needs of pet owners in the area.

3.4 Technology

DEF Veterinary Clinic will use the same practice management software that is in place at ABC Veterinary Hospital, and it will be possible to access medical records from both hospitals at either location.

3.5 Future Services

As stated earlier in 3.1, DEF Veterinary Clinic will eventually offer other services, including:

- ultrasonography;
- behavioral counseling;
- nutritional counseling;
- pet selection counseling;
- pet-specific care.

4.0 Market Analysis Summary

DEF Veterinary Clinic's target market consists of all owners of dogs and cats within a 10-minute drive time of its location.

4.1 Market Segmentation

The following demographic information was determined by our management consulting firm, Bizvet, Inc., for the immediate trade area.

Demographic summary

	2014	*2019*
Population	32,348	32,610
Households	12,695	12,904
Median household income	$82,123	$98,381

Consumer behavior/expected number of households/percent

Household owning any pet	5,456	43.0%
Household owning any cat	2,810	22.1%
Household owning any dog	3,709	29.2%
Bought pet food from veterinarian in last 12 months	963	7.6%
Bought flea control product from veterinarian in last 12 months	1,931	15.2%

See market analysis charts, tables, and graphics in the Appendix.

4.2 Service Business Analysis

If history is any indication and current trends continue, pet owners will continue to lavish exceptional care on their pets. The industry is considered almost recession proof, and revenues for veterinary practices have continued to grow even during periods of economic downturn.

4.2.1 Business Participants

At present, Drs. Smith and Jones will own DEF Veterinary Clinic in its entirety. There may be an opportunity for Dr. Black to earn an equity stake in the hospital at some future date.

DEF Veterinary Clinic is also creating some important business alliances. It is granting free web space to Darlene's Dog Grooming on its website. It is anticipated that as Darlene's existing clients visit her pages on the DEF website they will be exposed to the services offered by DEF, and hopefully to elect to try the service. Similar offers of strategic alliances have been extended to Palmer's Pet Supply and Ben's Pet Boarding.

4.2.2 Main Competitors

Our main competition is actually ABC Veterinary Hospital at the outset. It is hoped that the creation of DEF Veterinary Clinic will actually decrease the likelihood of competition in the future. It is anticipated that approximately 15% of ABC's clients will choose DEF for their wellness needs, returning to ABC when additional diagnostic or therapeutic intervention is warranted.

ABC's strengths are:

- experience
- education
- large client base.

Their weaknesses are:

- distances for clients in area being considered;
- limited ability to offer personalized service, because of full hospital service model.

The strengths and weaknesses, however, seem of little consequence as the local market by all accounts is untouched, and no other veterinary practices have yet moved into the area.

5.0 Strategy and Implementation Summary

Studies show that the number one issue with consumers today is "personal service." They want to know that someone really cares about their concerns and wants to resolve their problems. Clients want value for their money, and the primary strategy is the delivery of value with high-quality wellness care.

5.1 Competitive Edge

DEF Veterinary Clinic can provide the following benefits:
1. High-quality wellness care.
2. Referral to full-service hospital as needed.
3. Existing relationships of many anticipated clients from ABC Veterinary Hospital.

5.2 Marketing Strategy

A marketing plan will be developed by our management team at Bizvet, Inc. that will involve advertisements in community newspapers, guest appearances of DEF veterinarians on local radio call-in shows, a mailing to households of licensed dogs and cats, visits to local schools, and an open house when the facility opens.

5.2.1 Pricing Strategy

The pricing for services will be very similar to that at ABC Animal Hospital. This should allow a greater profit margin at DEF Veterinary Clinic, which actually has a much lower overhead. Our management consultant team at Bizvet, Inc. will create a routine pricelist based on cost-plus pricing and a calculated profit margin of 24%.

5.2.2 Promotion Strategy

Promotion of DEF Veterinary Clinic will focus on a celebration of the human–animal bond. There will be different tiers of service that will differentiate clients wanting only a very basic level of service, to those wanted truly personalized care packages.

5.2.3 Marketing Programs

With a service-oriented business such as this, long-term relationships must be developed. When we have successfully met the wellness needs of our clients, the practice will be more inclined to promote other aspects to pet owners that would benefit from our service. We intend to grow extensively through referrals from current clients.

In addition to the ongoing program discussed earlier, DEF will incorporate numerous other strategies simultaneously.

In general, they are:
- Search engine and mobile-optimized website, Facebook, Twitter, and other peer-to-peer networking strategies.
- A listing in the local Yellow Pages, despite its relatively infrequent use at present, but as an introduction for older potential clients.
- Networking as members of the Chamber of Commerce, local civic organizations, county veterinary associations.
- Attending and volunteering services for pet-related fundraisers and health fairs, maintaining an information booth where indicated.
- Networking with other professionals, such as medical and professional consultants, attorneys, and accountants, pharmaceutical representatives, and medical equipment salespeople.
- Affiliation with local and national peer organizations, including those available on the Internet.
- Advertising in local newspapers.
- Membership in the Better Business Bureau.
- Accepting an invitation to appear on a local radio talk show.
- Submitting several press releases annually to local newspapers.
- Writing articles for several publications in the area.

5.3 Revenue Forecast

The graphs and charts included in the Appendix reflect the realistic goals we have set.

5.4 Strategic Alliances

DEF Veterinary Clinic is a privately owned veterinary practice, but all practicing doctors in the hospital are members of the national and state veterinary associations, and active members of an area veterinary group.

Animals requiring hospitalization are referred to ABC Veterinary Hospital, and there is a wide variety of specialists within a 45-minute drive time, including an emergency clinic located a 20-minute drive away.

Though some laboratory work is processed on site, the majority is sent to a nationally prominent commercial laboratory, with sample pickups on a daily basis.

5.5 Milestones

See Milestone table in Appendix. The hospital plans to be seeing 500 patients monthly by December 31, 2020 at an average client transaction of $147.00. Other milestones are evident in the table.

6.0 Management Summary

Company ownership includes Drs. Smith and Jones. The hospital manager of ABC Veterinary Hospital will help oversee day-to-day operations, including payroll, inventory control, and regulatory compliance. Both hospitals also have the oversight of Bizvet, Inc., a company devoted to veterinary practice management.

7.0 Financial Plan

The business will be financed mainly through cash flow. With a service-oriented business, our main investment is for staffing, general and administrative expenses, and medical and computer equipment. During subsequent years, other than normal overhead, we will be looking at:
- advertising fees;
- renewal of memberships to local and national organizations;
- updates of reference manuals and books;
- office supplies and utilities;
- payroll and benefits.

7.1 Important Assumptions

This financial plan depends on important assumptions, most of which are shown in the tables in the Appendix, including short-term and long-term interest rates, tax rates, expenses in cash %, and personnel burden %. The plan also assumes that pets will continue to be valued family members and that veterinary services will continue to be warranted to maintain pet health.

7.2 Key Financial Indicators

The hospital will benchmark to the key financial indicators outlined in the Appendix, including average client transactions, staff hours per transaction, and client satisfaction indices.

15.4. Sample Business Plan

7.3 Break-even Analysis

The break-even analysis charts and graphs shown in the Appendix have a good balance of fixed costs and sufficient revenues to remain healthy. As with any business, the first few months will show negative financial numbers.

7.4 Projected Profit and Loss

Because of the initial costs for rent, payroll, equipment, office furniture, advertising and management/legal fees, DEF Veterinary Clinic will show a loss of $6,742.00 for the first two months of business operation. The pro forma profit and loss statement is included in the Appendix.

7.5 Projected Cash Flow

Initially, cash flow will be supported by the personal savings accounts of the two principals of this company. This means that the amount left to finance will come from this cash fund. The pro forma cash flow statement is included in the Appendix, as is the graph of cash flow and cash balance.

7.6 Projected Balance Sheet

The projected balance sheets for three fiscal years are included in the Appendix.

7.7 Business Ratios

A variety of profitability, activity, debt, liquidity, and other ratios are located in the Appendix.

APPENDICES

NOTE

This business plan is heavily abbreviated and devoid of charts, tables, and graphics because of space limitations.

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15.5. Sample Marketing Plan

2020–2021

Introduction

This marketing plan is reflective of our desire to not only meet our clients' needs but exceed their expectations. Our practice is committed to offering the very best medical care and exceptional client service. We are patient advocates and enjoy the opportunity to interact with clients and their pets.

Situational Analysis

There are several relevant environmental factors to consider that affect the success of marketing our veterinary services. One is the human–animal bond, which is very important to our clients. Our clients want to partner with us to enhance this bond. In addition, clients today are looking for high-quality medical care, excellent client service, and value associated with the service they receive. Our practice is established and located in an upscale community. Clients are mostly educated with a mix of middle class to upper middle class in terms of socioeconomic status.

There are seven other established practices in close proximity. Owing to the resurgence in growth of the area, it is possible that another veterinary hospital might open. All of these practices are full-service hospitals with relatively nice facilities. Based on reliable client reports, as well as brief visits and phone calls to the hospitals, it appears that client service is variable and not considered to be outstanding at any practice. None of these hospitals appear to be offering any service that is not available at our facility.

A review of our client surveys and mystery shoppers shows that clients do not always feel our client service is exceptional. An analysis of our practice revenue data reveals growth opportunity in the following service utilization areas: dental prophylaxis, senior diagnostic testing, pet-specific care, feline wellness visits, and laser therapy.

Interactive discussions with team members have been helpful in identifying training needs and generating ideas for improved communication.

Marketing Planning

Marketing Objectives

• Provide exceptional client service. Raise the current level of client service to a gold standard level such that clients feel special. Clients will know the caring commitment we have to them and their pets. We will measure our progress by listening to our clients, reviewing client comments at monthly team meetings, hiring mystery shoppers to call and visit the practice, and quarterly client surveys. We have the following goals:
  ◦ increase dental prophylaxes performed per month by 15%;
  ◦ increase senior diagnostic testing revenue by 10%;
  ◦ increase feline wellness visits by 10%;
  ◦ institute pet-specific care initiatives within the next three months;
  ◦ increase laser therapy revenues by 25%.

Target Markets

• All clients relative to client service.
• All pets with periodontal disease.
• Dogs greater than seven years old.
• Cats greater than seven years old.
• Both dogs and cats with risks for common heritable conditions.
• Cat-owning clients that have not visited in the last six months.

Marketing Mix

Product: client service, dental prophylaxis, senior healthcare screens, feline wellness visits.

Price: the fees associated with the veterinary services have been reviewed and updated.

Promotion: marketing programs.
• Our electronic newsletter will feature an article on periodontal disease in the January issue and highlight that February is Dental Health Month. Our February issue will feature an article on the benefits of laser therapy.
• A new display dedicated to dental health and oral hygiene will be placed in the reception area.
• A dental healthcare kit will be provided to all pets who receive oral care or dental prophylaxis recommendations. This kit will contain a client education handout explaining the dental procedure and benefits. A brochure on oral hygiene products will be included, along with samples.
• Senior healthcare folders will be provided for dogs and cats over seven years of age. These folders will contain handouts and brochures on senior illnesses, senior nutrition, and diagnostic testing.
• A mailing on the importance of feline wellness visits will be sent to targeted clients.
• Training will be scheduled to educate all team members on the importance of senior care, dental care, pet-specific care, and nutrition.
• In-house training and webinars will be used in the next quarter to educate the team about the benefits of laser therapy and how to use the machine.

Promotion: client service.
• Team members will ensure that the exterior appearance of the hospital and the reception area are always clean and inviting.
• Telephone etiquette and client service training will ensure a positive experience for all clients.
• Wait times for clients will be no longer than 10 minutes except in the case of emergencies.
• The entire healthcare team will attend a continuing education meeting on "Providing Exceptional Client Service" January 10th and then discuss at the January 16th team meeting.

Place: all programs will be ongoing. Owners may drop off pets for senior health screenings.

Implementation and Control

• Dr. Smith will provide leadership and guidance for the plan.
• Hospital manager, Cindy, will oversee monthly progress of the plan and facilitate discussion at monthly staff meetings.
• Senior technician, Rachel, will be responsible for making the dental and senior kits.
• Dr. Black, associate DVM, will write the article on periodontal disease for the newsletter. Dr. Smith will write the article on laser therapy.
• Progress on service utilization for dentals, laser therapy, feline wellness visits, and senior testing will be tracked on the white board in the employee lounge.

Budget

• The administrative costs for the newsletter and mailings are included in the annual budget.
• The continuing education seminars, webinars, and training will cost $2,000.

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Abbreviations

24/7: 24 hours a day and 7 days a week (i.e., always open)
A/R: Accounts receivable
AACN: American Association of Critical-Care Nurses
AAEP: American Association of Equine Practitioners
AAFP: American Association of Feline Practitioners
AAHA: American Animal Hospital Association
AAVC: American Association of Veterinary Clinicians
AAVMC: Association of American Veterinary Medical Colleges
ABC: Activity-based costing
ACH: Automated clearing house
ADA: Americans with Disabilities Act
ADE: Adverse drug event
ADEA: Age Discrimination in Employment Act
ADOBE: Acknowledgment, discovery, opportunity, boundary, extension
ADR: Adverse drug reaction
AGI: Adjusted gross income
AIA: American Institute of Architects
AICPA: American Institute of Certified Public Accountants
AKC: American Kennel Club
ALARA: As low as reasonably achievable
AMA: American Marketing Association
AMA: American Medical Association
AMDUCA: Animal Medicinal Drug Use Clarification Act of 1994
AMT: Alternative Minimum Tax
APA: Asset purchase agreement
APHIS: Animal and Plant Health Inspection Service
API: Application programming interface
APPA: American Pet Products Association
ARR: Average rate of return
ASA: American Society of Anesthesiologists
ATC: Average transaction charge
ATM: Automatic teller machine
ATS: Applicant Tracking System
AVMA PLIT: American Veterinary Medical Association Professional Liability Insurance Trust
AVMA: American Veterinary Medical Association
AVPMCA: Association of Veterinary Practice Management Consultants and Advisors
BARK: Business Assessment Report Kard
BCS: Body condition score
BLE: Bluetooth low energy
CA: Chartered accountant
CAPC: Companion Animal Parasite Council
CART: County Animal Response Team
CBC: Complete blood count
CCD: Charge-coupled device
CCU: Critical care unit
CD: Contract document
CE: Continuing education
CEO: Chief executive officer
CF: Compassion fatigue
CFM: Cubic feet per minute (m^3/min**:** cubic meters per minute)
CFR: Code of Federal Regulations
CMS: Content management system
CNC: Covenant not to compete
COGS: Cost of goods sold
COLA: Cost of Living Adjustment (Allowance)
COPS: Cost of professional services
CP: Cash payback
CPA: Certified Professional Accountant
CPA: Certified Public Accountant
CPD: Continuing professional development
CPE: Continuing professional education
CPR: Cardiopulmonary resuscitation
CQI: Continuous quality improvement
CR: Computed radiography
CRC: Child-resistant container
CRM: Client (or customer) relationship management
CSR: Client service representative
CT: Computed tomography
CTA: Call to action
CTR: Click-through rate
CV: Curriculum vitae
CVA: Certified valuation analyst
CVA: Client value-adding activity
CVB: Center for Veterinary Biologics
CVM: Center for Veterinary Medicine
CVPM: Certified Veterinary Practice Manager
CVT: Certified Veterinary Technician
CVTS: Committee on Veterinary Technicians Specialties
***D*:** Annual demand
dB: Decibel
DCAP: Dependent care assistance program
DEA: Drug Enforcement Administration
DEVTP: Distance Education Veterinary Technology Program
DICOM: Digital Imaging and Communications in Medicine
DIR: Debt-to-income ratio
DIY: Do-it-yourself
DNA: Deoxyribonucleic acid
DOL: Department of Labor
DOS: Denial of service
DR: Digital radiography
DSHEA: Dietary Supplement Health and Education Act
DST: Deferred sales trust
EAP: Emergency action plan
EAP: Employee assistance personnel
EAP: Employee assistance program
EASE: Encourage, Align, Solve, End
EBITDA: Earnings before interest, tax(es), depreciation, and amortization
ECI: Emotional Competency Inventory
EEO: Equal Employment Opportunity
EEOC: Equal Employment Opportunity Commission
EFT: Electronic funds transfer
EI: Emotional intelligence
EIA: Emotional Intelligence Appraisal
EIN: Employer Identification Number

ELDU: Extralabel drug use
EM: Employee manual
EMR: Electronic medical record
EOC: Emergency operations center
EOL: End of life
EOP: Emergency operations plan
EOQ: Economic order quantity
EPA: Environmental Protection Agency
EQ: Emotional quotient
ER: Emergency room
ERISA: Employee Retirement Income Security Act of 1974
ERV: Energy recovery ventilator
ESCI: Emotional and Social Competency Inventory
ESOP: Employee Stock Ownership Plan
EVA: Economic value added
FAB: Feature–accomplishment–benefit
FACMPE: Fellow in the American College of Medical Practice Executives
FAQ: Frequently asked questions
FAS: Fear, anxiety, and stress
FASB: Financial Accounting Standards Board
FCGS: Feline chronic gingivostomatitis
FDA: Food and Drug Administration
FDA-CVM: Food and Drug Administration Center for Veterinary Medicine
FICA: Federal Insurance Contributions Act
FICO: Fair Isaac Credit Organization
FICO: Fair, Isaac and Company
FIFRA: Federal Insecticide, Fungicide and Rodenticide Act
FLP: Family limited partnership
FLSA: Fair Labor Standards Act
FMLA: Family and Medical Leave Act
FMV: Fair market value
FOCUS: Find a process to improve. Organize a team. Clarify the problem. Understand process variations. Select improvements
FORL: Feline odontoclastic resorptive lesions
FSA: Flexible spending account
FT: Full-time
FTE: Full-time equivalent
FUTA: Federal Unemployment Tax Act
FV: Future value
G&A: General and administrative
GAAP: Generally accepted accounting principles
GDP: Gross domestic product
GDPR: General Data Protection Regulations
GI: Gastrointestinal
GOST: Goals, objectives, strategies and tactics
GP: General partner
GPO: Group purchasing organization
GPS: Global Positioning System
GRAS: Generally recognized as safe
GST: Goods and Services Tax
***H*:** Annual holding costs (per unit)
HAB: Human–animal bond
HIPAA: Health Insurance Portability and Accountability Act
HIPPA: Health Information Portability and Protection Act of 1996
HMO: Health maintenance organization
HPC: Hospice and palliative care
HR: Human resources
HRP: Health reimbursement plan
HTML: Hyper Text Markup Language
HVAC: Heating, ventilation, and air conditioning
I-9: Employment Eligibility Verification Form
ICF: Incremental cash flow
ICS: Incident Command System
ICU: Intensive care unit
ID: Identification
IDP: Individual development plan
IOP: Intraocular pressure
IOT: Internet of Things
IQ: Intelligence quotient
IRA: Individual retirement account
IRC: Internal Revenue Code
IRR: Internal rate of return
IRS: Internal Revenue Service
IT: Information technology
IV: Intravenous
JAVMA: *Journal of the American Veterinary Medical Association*
JD: Juris doctorate or licensed attorney
JIT: Just-in-time
KPI: Key performance indicator
LAN: Local area network
LGBTQ: Lesbian, gay, bisexual, transgender, questioning
LLC: Limited liability company
LLP: Limited liability partnership
LOI: Letter of intent
LP: Limited partner
LTC: Long-term care
LTV: Lifetime value
LVMT: Licensed Veterinary Medical Technician
LVP: Luxury vinyl plank
LVT: Licensed Veterinary Technician
LVT: Luxury vinyl tile
MACRS: Modified accelerated cost recovery system
MBA: Master of Business Administration
MBTI: Myers–Briggs Type Indicator
MHA: Master of Healthcare Administration
MPD: Maximum permissible dose
MRI: Magnetic resonance imaging
MSCEIT: Mayer–Salovey–Caruso Emotional Intelligence Test
MSDS: Material safety data sheet
mSv: millisievert
MVA: Medical value-adding activity
NACVA: National Association of Certified Valuators and Analysts
NAD: Non-anesthesia dentistry
NAHERC: National Animal Health Emergency Response Corps
NASC: National Animal Supplement Council
NAVTA: National Association of Veterinary Technicians in America
NCF: Net cash flow
NCVEI: National Commission of Veterinary Economic Issues
NFC: Near-field communication
NFPA: National Fire Protection Association
NLRA: National Labor Relations Act
NOPAT: Net operating profit after taxes
NPIC: National Pesticide Information Center
NPO: Nothing per os
NPS: Net Promoter Score
NPV: Net present value
NRC: Noise reduction coefficient
NRC: Nuclear Regulatory Commission
NSAID: Nonsteroidal anti-inflammatory drug
NVA: National Veterinary Associates – 1996
NVA: Nonvalue-adding activity
***O*:** Order placement costs (per order)
OJT: On-the-job training
OSHA: Occupational Safety and Health Administration
OTC: Over the counter
P&L: Profit and loss
PA: Performance appraisal
PACS: Picture archiving and communications system

PC: Personal computer
PCI: Payment Card Industry (data security standard)
PD: Periodontal disease
PDA: Personal digital assistant
PDSA: Plan, do, study, act
PHR: Professional in Human Resources
PIMS: Patient information management software/system
PLIT: Professional Liability Insurance Trust
PMS: Practice management software/system
PO: Purchase order
POS: Point of sale
POS: Point of service
PPC: Pay per click
PPE: Personal protective equipment
PPO: Preferred provider organizations
PPV: Pay per view
PR: Public relations
PRSA: Public Relations Society of America
PS: Performance standard
PSA: Paid search advertising
PT: Part-time
PTO: Paid time off
PTS: Put to sleep
PV: Present value
QA: Quality assurance
QC: Quality control
QOH: Quantity on hand
QOL: Quality of life
***r*:** Rate of return
RACE: Registry of Approved Continuing Education
RCRA: Resource Conservation and Recovery Act
REIT: Real estate investment trust
rem: Roentgen equivalent man
RF: Radio-frequency
RIS: Radiology information system
RMW: Regulated medical waste
ROI: Return on investment
RTU: Rooftop unit
RVT: Registered Veterinary Technician
SART: State Animal (or Agricultural) Response Team
SBA: Small Business Administration
SCORE: Service Corps of Retired Executives
SDS: Safety data sheet
SEM: Search engine marketing
SEO: Search engine optimization
SEP: Simplified employee pension (plan)
SIMPLE: Savings Incentive Match Plan for Employees
SLAPP: Strategic lawsuit against public participation
SMART: Specific, measurable, achievable/attainable, relevant, time-bound
SMS: Short Message Service
SNOMED: Systematized Nomenclature of Medicine
SOAP: Subjective, objective, assessment, plan
SOP: Standard operating procedure
SPHR: Senior Professional in Human Resources
SPIKES: Setting, perspective, information, knowledge, empathy, summary and strategize
SSO: Situation–solution–outcome
STC: Sound transmission class
STS: Secondary traumatic stress
SUEIT: Swinburne University Emotional Intelligence Test
SWOT: Strengths, weaknesses, opportunities, threats
***t*:** Time
TA: Trade area
TB: Terabyte
TCP/IP: Transmission Control Protocol/Internet Protocol
TEIQue: Trait Emotional Intelligence Questionnaire
TQM: Total quality management
TR: Tooth resorption
UI: User interface
UpREIT: Umbrella partnership real estate investment trust
UPS: Uninterruptible power supply
USB: Universal Serial Bus
USDA: United States Department of Agriculture
USP: Unique selling point
USP: United States Pharmacopeia
UX: User experience
VAT: Value-added tax
VCA: VCA Animal Hospitals, a division of Mars Petcare
VCPR: Veterinarian–client–patient relationship
VCT: Vinyl composition tile
VFD: Veterinary Feed Directive
VHMA: Veterinary Hospital Managers Association
VIP: Very important person
VIRMP: Veterinary Internship and Residency Matching Program
VMA: Veterinary Medical Association
VMG: Veterinary Management Group
VMLRP: Veterinary Medicine Loan Repayment Program
VMRC: Veterinary Medical Reserve Corps
VNI: Veterinary Nurse Initiative
VTE: Veterinary time equivalent
VTS: Veterinary Technician Specialist
vWD: von Willebrand disease
W-4: Employee's Withholding Allowance Certificate
WAN: Wide area network
WAP: Wireless access point
WC: Workers' compensation
WHO: World Health Organization
WMPB: Well-Managed Practice Benchmarks
WMPBS: The Well-Managed Practice Benchmark study
WOM: Word of mouth
WSAVA: World Small Animal Veterinary Association

Glossary

1099-MISC form: The form a company issues to its independent contractors, citing all monies paid to the individual on an untaxed basis. It is then the responsibility of the independent contractor to file and pay all appropriate federal, state, and local taxes. Practices that pay independent contractors $600 or more in a year must file a 1099-MISC with the Internal Revenue Service and provide a copy to the recipient of the payment.

10-minute flex: The fastest-growing scheduling system in the industry today for companion animal practices. It is estimated that 35–45% of companion animal practices use this system. The system allows the user to determine the appropriate amount of time for the appointment based on the number of 10-minute blocks that are combined. Therefore, an appointment could be 10 minutes, 20 minutes, 30 minutes, or 40 minutes, as needed.

360 evaluation: Performance appraisal information collected from peers, supervisors, subordinates, and even customers to get a broader perspective on an employee's performance

4 As: The American Association of Critical-Care Nurses has developed a protocol to address "moral distress" in the workplace; it is summarized as Ask, Affirm, Assess, and Act.

401(k): A tax-qualified, defined-contribution pension account for US workers, defined by section 401(k) in the Internal Revenue Code.

Abandonment: The relinquishing of a right or interest with the intention of never again claiming it.

ABC analysis: An assessment of inventory items based on their economic value with usage, sales, and cost. An ABC analysis is an extension of the Pareto principle and a method of grading products based on their usage and turnover.

Absenteeism: The practice of regularly missing work without good reason.

Abuse: Improper usage or treatment for a bad purpose, often to unfairly or improperly gain benefit.

Abuse: Traditionally reserved for acts causing unnecessary injury or death to an animal, such as overworking, torturing, traumatizing, or mutilating.

Acceptance of employment offer: Acceptance of an offer may be manifested by a promise or by performance. The promise to become an employee can be verbal, leading to an implied contract, or by performance, that of beginning work, or of course by signing the agreement of acceptance in an employment contract.

Accountability: The obligation to be responsible and to act in the best interest of the organization and its mission.

Accountant: Term typically applied to accounting professionals, bookkeepers, tax preparers, enrolled agents, auditors, and general corporate-level accountants. Each is particularly suited for certain tasks at hand consistent with each of their discrete windows of experience.

Accounts payable: Amounts owed to your suppliers that are payable in the future. Without payables and trade credit, you would have to pay for all goods and services at the time you purchase them.

Accounts payable aging schedule: List of all amounts you owe to your suppliers over certain blocks of time (30, 60, 90 days, and more).

Accounts receivable: Money owed to a practice for services rendered or products sold that is not paid at the time of service or when the product is dispensed.

Accounts receivable aging schedule: List of customers who owe the practice for services and shows balances owed over certain blocks of time (30, 60, 90 days, and more).

Accounts receivable turnover (revenue-asset measurement): The relationship between sales made through credit and accounts receivable, computed by dividing sales on account by average net accounts receivable. The higher the accounts receivable turnover number, the quicker collections occur (and the higher the probability of successful collection).

Accrual basis accounting: Accounting method that recognizes income when it is earned and expenses when they are incurred, regardless of when cash is received or disbursed. under consideration.

Acid-test ratio (asset-liability measurement): Sum of cash, receivables, and marketable securities divided by current liabilities. The acid test provides a quick measure of the practice's ability to pay its near-term liabilities out of liquid assets. Passing the acid test requires that the sum of highly liquid assets be at least equal to current liabilities, if not greater.

Acquisition: The act of one entity acquiring control of another entity.

Acquisition cost: The unit cost at which a product or service can be purchased, including any delivery fees and/or taxes.

Actual value: Actual value is obtained from real performance. Actual values are either current for the time period being studied, or they may be historical from an earlier time period.

Adaptive leadership: Incorporating change by challenging the status quo, and adapting leadership styles to yield success.

Adherence: The extent to which patients take the medications prescribed, which requires the pet owner to fill and refill the prescription, administer the correct dose, timing, and use, and complete the prescribed course. Adherence is a term applied specifically to medications; it does not refer, for example, to recommendations for wellness checks, diagnostic screenings, and so on.

Adjusted gross income: The total of an individual's income (wages, salaries, interest, dividends, etc.) on a tax return after all allowable deductions have been subtracted.

ADOBE: A mnemonic that was created by the Bayer Animal Health Communication Project to facilitate the management of an angry client. ADOBE stands for Acknowledgement of the issue, Discovery of meaning, Opportunity to demonstrate compassion, Boundary clarification, Extension of the relationship to include a neutral third-party.

Adoption: A legal action that permanently alters the relationship with the child's biological or previous parents. After adoption, the biological parents give up all parental rights and obligation. As contrasted with guardianship, which a legal relationship between guardian and ward coexist with the biological or adopted parents.

Adverse drug event (ADE): Any adverse event associated with the use of an animal drug, whether or not considered to be drug related, and whether or not the drug was used in accordance with the approved usage. An ADE can also include lack of expected efficacy, product defect, or human exposure to the product either directly or due to residue violations and exposure in food.

Adverse outcome: Unanticipated harm that was induced by appropriate veterinary medical care. For example, the development of fibrosarcoma at the site of a rabies immunization in a young adult cat is an adverse outcome.

Advertising: A marketing effort to promote or sell a product, service, or idea

Advocate: Someone who speaks or takes action on behalf of another.

After-hours emergency practice: This type of facility provides emergency services when regular primary-care (first-opinion) practices are presumed to be closed

After-tax contributions: Contribution to a retirement plan made from employee earnings that have been included in the employee's taxable income for that year. When funds are finally withdrawn from the plan, the contribution itself is not taxed because this has already occurred.

Age Discrimination in Employment Act (ADEA): Federal law that protects employees over 40 years of age from discrimination in employment practices based on the employee's age.

Agenda: List of meeting topics to be covered for a specific meeting.

Aging accounts payable (liability computation): Accounts payable reported in layers, subtotaled by the duration of time the payable has been due to the vendor.

Aging accounts receivable (asset computation): Accounts receivable reported in layers, subtotaled by the duration of time the receivable has been outstanding and owing from the client. (Less than 30 days, 30–60 days, 60–90 days, >90 days.)

Agister lien: A lien on the animals under an agister's care, to secure payment of the agister's fee. An agister is one who takes and pastures grazing animals for a fee, a type of bailee for hire.

Air change/hour: The number of times the entire air volume of a room is completely removed and replaced within one hour.

ALARA: As-low-as-reasonably-achievable. Making every reasonable effort to maintain exposures to ionizing radiation as far below the dose limits as practical.

Alarm: A loud verbal or electronic sound possibly combined with a visual stimulant (strobe type light) that is used to alert people of an emergency situation of which they may not be aware. In small facilities, the alarm may just be yelling, "Fire, fire, fire!"

Allowance: Dollar amount assigned to a specific scope of work within a construction project to be used when the final requirements are not determined prior to bidding. For example, if the owner chooses to select carpet during construction, an allowance may be carried in a bid to cover the cost of materials. If the owner chooses carpet that is less expensive than the amount carried in an allowance, a credit will be due to the owner for the difference in cost.

Alternate: In construction, an option built into a design that may affect the cost of construction. Alternates may be included in a project as either an "add" alternate or a "deduct" alternate. When alternates can be identified early, the contractor can price them as options for the owner to choose from when the project finally bids. If the bids are below the budget, the owner may elect to add in some of the options or alternates that were previously thought to be unaffordable. Likewise, if the bid cost is higher than expected, deducting some of the alternates may allow the project to be brought into budget without going back to the drawing board.

Alternative minimum tax: Special tax system calculated on tax returns of itemized US filers. Typically applicable to taxpayers with significant deductions or preferences, passive losses, or capital gains.

Ambulatory practice: Generally used to refer to work with large animals and involves operating out of a vehicle, with or without additional equipment such as a portable ultrasound, x-ray unit, or dental equipment.

Ambulatory services: Services provided by a veterinarian at an owner's farm, away from the clinic.

American Association of Critical-Care Nurses: A 501(c)(3) nonprofit association; a community of acute and critical-care nurses offering unwavering professional and personal support in pursuit of the best possible patient care.

American Institute of Architects (AIA): A professional organization for architects. The AIA publishes industry standard contracts and other forms that are used for construction projects.

Americans with Disabilities Act: Federal law that prohibits discrimination in employment practices based on an employee's disability. The law also requires accommodations for disabilities in certain instances.

Amortization: A periodic expense attributed to the decline in usefulness of an intangible asset over its estimated useful life.

Amortization schedule: Uses the terms of a loan to provide due dates of payments, and the payment amount detailed by the principal and interest expense portions.

Analytics: The discovery and communication of meaningful patterns in data. Especially valuable in areas rich with recorded information, analytics relies on the simultaneous application of statistics, computer programming, and operations research to quantify performance.

Android: A Linux-based operating system designed primarily for touchscreen mobile devices such as smartphones and tablet computers. Google currently develops it in conjunction with the Open Handset Alliance.

Anesthesia: The rendering of a patient insensitive to pain, typically by means of gas inhalation or the administration of injectable drugs

Animal: Varies by jurisdiction. Common omissions include noncaptive wildlife, invertebrates, insects, fish, amphibians, or reptiles.

Animal drug: Any article intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in animals other than humans.

Animal hospice: A philosophy or program of care that addresses the physical, emotional, and social needs of animals in the advanced stages of a progressive, life-limiting illness or disability. Animal hospices also typically address the emotional, social, and spiritual needs of the human caregivers in preparation for the death of the animal and the grief experience.

Animal Medicinal Drug Use Clarification Act of 1994 (AMDUCA): AMDUCA allows veterinarians acting within a valid veterinary–client–patient relationship to prescribe and dispense medications in an extralabel manner to food-producing animals subject to detailed regulations establishing the need for extralabel use and establishing withdrawal times.

Antivirus software: Used to prevent, detect, and remove malware (of all descriptions), such as computer viruses, adware, backdoors, malicious browser helper objects, dialers, fraudtools, hijackers, keyloggers, malicious layered service providers, rootkits, spyware, Trojan horses, and worms.

Anxiety: The anticipation of future danger that may be unknown, imagined, or real. It can result in physiologic responses similar to those associated with fear.

Anybody: Generic term used by many practices to identify a client that scheduled an appointment but did not request a specific doctor. Therefore, "anybody" can see this client.

Apathy: Lack of interest, lack of feeling; not caring.

Archetype: A recurrent symbol or motif in literature, art, or mythology.

Architect: In order to be called an architect, an individual must be registered by a specific state to practice architecture. Each state issues licenses separately. However, the examination and qualifications are roughly equivalent.

Archive: A collection of historical records, or the physical place they are located. Archives contain primary source documents that have accumulated over the course of an organization's lifetime.

Asset approach: A business valuation approach generally selected when 100% of the business will be sold. The practice is valued "cash free" and "debt free," meaning that the seller retains all the cash in the business and pays all liabilities, including equipment leases.

Asset sale: Sale whereby some part of the sale price is allocated to items which can be expensed, depreciated, or amortized by a buyer.

Assets: Things of value, such as cash, equipment, inventory, or buildings.

Associate veterinarians: Those veterinarians who work for the practice, but do not have any ownership in the business.

Attorney: A lawyer who is licensed to practice law in a given jurisdiction. Some lawyers study the law but do not take and/or pass the bar exam to be licensed to provide legal services. Unlicensed attorneys should not be used for providing legal documentation.

At-will employment: At-will employment means that the employee is serving the employer at the will of both parties. This allows an employer to terminate its employees with or without cause, without incurring liability for the resulting terminations. Likewise, the employee can terminate without cause or any fixed duration of time to stay on the job.

Audiences/stakeholders: The individuals that have the potential to be impacted by business situations and that represent the front line of accountability for a business.

Audit: Methodical examination and review of practice records to assess accuracy and completeness. A large practice may have one or more staff members whose sole responsibility is to perform audits.

Authenticity: Being genuine, truthful, honest.

Automated clearing house: The national automated payment clearing system in the United States.

Autonomic shifts: Physiological manifestations that reflect individual response, emotion, and reaction (e.g., flushing, blanching, tearing, sweating, piloerection, changes in breathing and pupil size, swallowing, and dry mouth).

Autoresponder: Automatic response (set up through e-mail system) that provides a prewritten message to anyone who sends an e-mail message to a particular e-mail address or uses an online feedback form.

Average transaction charge: Total revenue over a period of time divided by the total number of transactions during that same period; this represents the average amount spent by clients each time they visit the practice.

Baby Boom generation: Commonly called "Boomers," this generation of people was born after the end of World War II, between the years 1946 and 1964.

Backup: In information technology, a backup, or the process of backing up, refers to the copying and archiving of computer data so it may be used to restore the original after a data loss event.

Bad news: Any news that is likely to be perceived by the client as distressful, unwanted, or unexpected.

Bailee: A person or party to whom goods or property are delivered for a purpose, such as custody or repair, without transfer of ownership.

Balance sheet: A report on financial conditions that lists a practice's assets, liabilities, and owner's equity at a specific point in time.

Balloon payment: Large lump-sum payment scheduled at the end of a series of considerably smaller periodic payments.

Bandwidth: The average rate of successful data transfer through a communication path.

Base rent: The rent charged by a landlord without any additional expenses, often expressed on a dollars per square-foot, per year basis.

Basic accounting equation: Assets = Liabilities + Equity. The balance sheet reflects this underlying principle, but if yours does not, the data you see are not reliable.

Beacons: The technology enables smartphones, tablets and other devices to perform actions (such as receive push notifications, open web pages and social media activities) when in close proximity to a beacon. The technology uses Bluetooth low energy, also known as near-field communication, and is reliant on the client having turned on the functionality.

Bedside manner: Perception of how well a physician relates to a client or patient.

Behavioral interviewing: A job interviewing technique in which the applicant is asked to describe past behavior and experiences to help determine appropriateness for the current position.

Benchmarking: Process by which a practice compares itself with others (especially those known for outstanding performance) in an attempt to improve performance.

Benchmarks: Numbers, percentages, dollars, or some type of measurable quantity for a given period of time that are industry standards.

Beneficiary: The individual who benefits from a trust agreement.

Benefit schedule: Summary of covered services, benefit limitations, and applicable co-payments provided in an insurance policy.

Benefit stream: Any level of revenue (income), cash flow or earnings (profit) generated by a business entity.

Benefits: Generally indirect and noncash compensation paid to an employee. Examples include health insurance, paid time off, and retirement plan contributions. For products and services, benefits typically refer to how the features can improve a situation for the client. Benefits answer the question "So what?"

Bias: Prejudice in favor of or against one thing, person, or group compared with another, usually in a way considered to be unfair.

Bid: Formal proposal from a contractor to build a defined scope of work, for a fixed price, in a fixed schedule.

Binding contract: Document binding on all shareholders or owners of a given business, even though it may seem there is not separate consideration for this document. The consideration for signing this agreement is the mutual benefit that all parties get when they become the one party that wants to exit ownership.

Bioavailability: The degree to which a nutrient is actually available to be absorbed into the body and is utilized.

Biophilic design: Design inspired by humans' inherent need to connect with the natural world.

Biosecurity: Procedures used to reduce the risk of the introduction or internal spread of infectious organisms in a facility or operation. Cleaning, disinfection, quarantine, limiting access by unauthorized personnel, and limiting the introduction of potentially contaminated materials are essential practices.

Bioterrorism: A premeditated attack on people, animals, or plants using infectious biological agents as a weapon.

Biweekly payroll: In this case, the pay period covers two weeks, which represents 26 pay periods per year.

Blockchain: A digital ledger in which transactions for cryptocurrencies are recorded publicly and chronologically; a database that is shared across a network of computers.

Blog: A discussion or informational site published on the World Wide Web and consisting of discrete entries (posts) typically displayed in reverse chronological order (the most recent posts appearing first).

Bloodborne pathogens: Generally refers to disease-causing organisms present in blood, but could refer to any organism capable of infecting a human from blood or body fluid contact.

Bluetooth®: A low-power wireless technology that allows devices to communicate.

Board of directors: The collective ownership or overseers of the practice.

Body condition score: System of assigning a number to indicate a pet's degree of adiposity based on visual and tactile cues.

Bonding philosophy: There are two primary bonding philosophies in multidoctor practices. The first is to bind clients to the practice. An alternative philosophy is to schedule clients with the same doctor always. This approach bonds the client to a specific doctor, and the

relationship that develops over time can result in improved patient care.

Bonding rate: Practices that encourage clients to bond with a specific doctor typically calculate that doctor's bonding rate. Most tenured doctors strive for a 70% bonding rate, and exceptional doctors can have bonding rates approaching 100%.

Book value: Dollar amount at which assets and liabilities are recorded in financial statements; this amount generally is not reflective of the fair market value of a business or its assets; net book value is the difference between assets and liabilities as recorded in the financial statements.

Bottom line: Typically a synonym for profit, referring to the bottom line in financial statements that indicates net profit or loss. In calculations, Bottom line = Revenues − Cost of Goods Sold − Operating Expenses − Professional Salaries − Taxes.

Brand: A brand is made up of the name, symbol, design, messages, and ethos that together form the identity of your practice, differentiating it from your competitors. A brand allows those familiar with it to distinguish it among competitors.

Brand champion: Someone who advocates for and embodies your brand; enthusiastically promotes your practice with passion.

Brand identity: Unique set of associations that the brand strategist aspires to create or maintain.

Brand promise: The spoken or unspoken expression of the continuing, important, and specific benefits clients connect with a firm, service, or product.

Branding: The practice of creating a consistent image of your brand.

Breakeven point: The level of sales that will just cover all costs, both fixed and variable. It can be expressed in dollars or units sold (or, in a veterinary practice, the number of patients seen).

Bridging: A communication technique in which the discussion is redirected from its current path to a more appropriate one. Learning just a few bridging techniques is all you need to masterfully control and redirect a conversation toward a more positive outcome.

Bridging documents: Drawings and other documents that are more developed than schematic drawings, yet still not completely engineered permit and construction drawings. Bridging documents may be prepared by a veterinary-specific architect in order to convey the important aspects of veterinary design to a builder or another architect not familiar with veterinary hospital design requirements.

Broadband: An Internet connection with a much larger capacity than dial-up (e.g., cable, digital subscriber line, or fiber optics).

Brochure: A pamphlet or handout bound or folded in booklet form.

Budget: Quantitative expression of a financial plan of action for the practice.

Building cost: When building cost is quoted, it is important to understand what exactly is included. Typically, building cost does not include any soft costs, land costs, site work, or furnishings and equipment.

Build-out: The interior construction necessary before a tenant is able to use the space. Some landlords are willing to provide an upfront, lump-sum cash allowance to provide for a portion of the build-out expenses, effectively incorporating the financing for build-out into the term of the lease.

Built-in market: Because of this agreement, the family of a decedent is able to sell the share of the decedent, even if the shares are a minority interest, without having to go to the public to find an interested minority buyer.

Burden of proof: Level of proof that must be provided by the plaintiff in order to prevail in a legal action. In negligence actions, the plaintiff must usually prove that the probability of negligence and harm is "more likely than not." The legal term often applied to this burden of proof is "by a preponderance of the evidence," a much lower burden than the "beyond a reasonable doubt" required in criminal cases.

Burnout: A result of frustration, powerlessness, and inability to achieve work goals; the stress that evolves specifically from the interaction of the veterinary professional and the work environment.

Business affiliation escape: Provisions of a buy/sell agreement between associated business owners allowing for one or more shareholders to leave ownership for various reasons, including death.

Business Assessment Report Kard (BARK)™: Strategic planning process designed to evaluate veterinary practices.

Business contingency (continuity) planning: Process of developing, communicating, practicing, and evaluating a comprehensive emergency plan to keep a business operating in the face of adverse conditions and to recover quickly from a disaster.

Business life cycle: The business life cycle has four major phases that describe a business from the time it is formed until the time it is closed. These four phases are start-up, growth, plateau, and decline.

Business ownership: Act of a person having an equity or capitalized interest in the goodwill and tangible assets of a business. It does not include associate employees.

Business plan: Written document that details a proposed or existing venture. It seeks to define the objective, vision, current status, expected needs, strategies, defined markets, and projected results of the business.

Buy/sell agreements: Agreements between shareholders or limited liability company members, or agreements in partnership documents that explain and provide for the methodology of allowing owners to exit, how the practice will be priced, and how payments will be made upon that exit. They should provide for rights and methods of surviving shareholders to purchase an exiting shareholder's stock.

Buyer journey: A framework that acknowledges a buyer's progression through a research and decision process ultimately culminating in a purchase.

Buy-in: In management and decision-making, buy-in signifies the commitment of interested or affected parties to a decision to "buy in" to the action specified (i.e., to agree to give it support), often by having been involved in the process.

Byline: The line in a publication that denotes the author.

Calculation of value: A calculation of value occurs when the client and the valuator agree to specific valuation approaches, methods, and the extent of selected procedures and results in a calculated value. Calculation engagements require the client to have detailed knowledge regarding valuation methodology.

Call to action (CTA): A CTA is a request within a communication for the recipient to initiate a desired behavior (e.g., phone, email, visit the practice) to make a purchase or book an appointment.

Capital: Rights (equity) of the owners in a business enterprise.

Capital asset: A cost that has utility over more than one accounting period, such as a computer printer.

Capital budgeting: Involves the analysis of all the financial plans associated with the acquisition of all capital assets for a business.

Capital expenditures budget: Budget planning for future acquisition of facilities and equipment.

Capital gains: The difference between an asset's purchase price and selling price, when the selling price is greater.

Capital investment analysis: Management process for evaluating, planning, and controlling long-term investments in property, facility, and equipment.

Capital lease: Lease that includes contract provisions that result in treating the leased asset as a purchased asset in the accounts. A capital lease agreement may provide for a bargain purchase option at the end of the lease period, which would allow the lessee to purchase the property at a very low price.

Capital reinvestment: Periodic capital outlay required to maintain operations at existing levels; also referred to as sustaining capital reinvestment.

Capitalization rate: The rate of return needed to attract capital to the practice. This is essentially the rate of return a buyer would expect for investing in the practice. The rate is a reflection of the risks associated with the business, with emphasis on the practice's ability to maintain its net income.

Carbon footprint: A measure of the global warming potential of a given project, system, or activity using carbon dioxide equivalents.

Carcinogen: Substance or agent that is known to cause cancer.

Care pathway: Also known as clinical pathways and care maps, care pathways are evidence-based practices for specific groups of patients with a predictable clinical course in which professional intervention can be defined, optimized, and sequenced and in which the outcomes can be measured, contributing further to evidence-based evaluation.

Career pathing: Scheduled progression of responsibilities that helps an employee achieve a higher position. For example, a technician could become a shift manager, then a technician manager, and then a practice manager.

Career planning: The continuous process by which an individual assesses the current state of their career, sets specific objectives for advancement and/or growth, and takes action designed to meet those objectives.

Cash basis: Accounting recognizes revenues and expenses as cash received or disbursed, regardless of the earnings process or the matching concept.

Cash basis accounting: System that recognizes income only when cash is collected from a sale, and recognizes expenses when cash is actually paid for goods and services received, effectively resembling actual cash flow.

Cash flow: The amount of money available to the owners of a business to use for purposes such as debt repayment, equipment replacement, or to withdraw for personal use.

Cash flow statement: Report reflecting the sources of cash (like profit, increased debt, and collections on client accounts) and the uses of cash (like reducing debt or buying more drug and supply inventory) during a period of time. The current format groups these items by operating, investing, and financing activities.

Cash payback: The amount of time necessary between the capital expenditure and the complete recovery in cash (net after expenses) of the amount invested.

Cash payback period: Estimated period of time that will elapse between the date of a capital expenditure and the complete recovery of the amount invested.

Catchment area: Area from which a business draws its clientele. Also known as trade area.

Category I drugs: These drugs do not require a withdrawal period when used in a food-producing species.

Category II drugs: These drugs require a withdrawal period when used in food-producing animals and are regulated on a "no-residue" basis.

Central hospital: Multiple specialty practices coming together to form a central hospital similar to a human hospital model. There are several of these either ready to open or close to opening. The big plus with this concept is the economy of scale while maintaining independence and autonomy of each practice or practitioner participating in the hospital.

Certified Public Accountant: College-trained accounting professional who has attained certification in the state that he or she practices in by passing a comprehensive two- to three-day exam, maintaining continuous professional education, obtaining relevant years of experience, and subscribing to a heightened level of ethics in a challenging business context.

Certified Veterinary Practice Manager: A designation available since 1989 through the Veterinary Hospital Managers Association (vhma.org) to recognize the professional development of veterinary managers.

Change: To make or become different.

Change agent: An individual that serves as a catalyst for change within the organization.

Change management: Managing the people side of change to achieve a desired business outcome of change.

Change order: Contractual change to either the time allowed by the contract for construction or a change to the cost to be paid.

Charge-coupled device: Similar in function to a digital camera, light is detected and focused with lenses onto a computer chip, which generates the digital image.

Charitable corporation: A corporation that has been organized under state law as a nonprofit corporation and that meets the criteria under Internal Revenue Code Section 501(c)(3) to have its income exempted from federal income taxes and its donations tax deductible for the donors.

Chart of Accounts: An organized listing of all the income, expense, asset, liability, and equity categories used to record a practice entity's transactions that are monetarily measured.

Chartered Accountant: Canadian/UK certification for accountants, similar to the Certified Public Account designation in the United States.

Chattel lien: A statutory lien that secures payment for labor or materials supplied in improving, repairing, or maintaining personal property, such as an automobile.

Check 21 Act: The Check 21 Act, signed into law during 2003 and effective October 28, 2004, was created by Congress and supported by the Federal Reserve Bank to further automate the American check-processing system. Checks impacted by Check 21 include consumer checks, business checks, cashier checks, teller checks, Treasury checks, and travelers' checks. Check 21 does not apply to direct deposits, automated teller machine, or point-of-sale transactions, or to noncash items such as passbooks or certificates of deposit.

Check authorization companies: Companies providing approval for checks. Approved checks returned for "insufficient funds" will be paid.

Checklist: A list of things to be accomplished and/or verified.

Chemotherapy: The introduction of drugs into the body primarily used to treat cancers. Chemotherapy drugs are carcinogenic in long-term exposures outside of therapeutic treatments. Chemotherapy drugs are often referred to as cytotoxic drugs because they are toxic at the cellular level.

Click-through rate: Number of clicks a website has received, particularly in reference to advertising.

Client: An individual or group who engages in a professional working relationship with a veterinarian or veterinary practice for the delivery of veterinary services. Veterinary referral practices have two clients: the pet owner and the referring veterinarian. The referring veterinarian is considered to be the primary client.

Client communications: Information shared between the client, the client's agents, and the veterinarian and veterinarian's agents in pursuit of a diagnosis, treatment, or prognosis. This information may be protected under state evidentiary privilege laws from disclosure during a legal proceeding.

Client lifetime value: Often referred to as CLV or LTV, client lifetime value is a prediction of the net profit attributed to the entire future relationship with a customer.

Client or market niche: A subset of a client or market segment that possesses like characteristics. An example of a client or market niche is pet owners who go camping with their dogs.

Client persona: A semi-fictional representation of your ideal client based on market research and real data about your existing clients.

Client profiling: Understanding a practice's existing client (and patient) base by grouping together pet owners based on a variety of like traits and attributes. These resulting client "segments" are then assumed to have similar needs and wants based on these attributes.

Client segmentation: Using client profile data to categorize existing clients (and patients) into groups with similar characteristics.

Client service: Refers to meeting the needs of individuals with whom you hope to maintain a long-standing relationship.

Client-centered communication: An interaction with a focus on the client's needs, concerns, ideas, expectations, and preferences for the purpose of achieving a shared understanding between veterinarian and client.

Clinical sink: A wall- or floor-mounted flushing fixture that is used to dispose of large quantities of feces.

Closed-ended inquiry: Questions that have a restricted range of answers, such as yes or no.

Cloud: A communications network that often refers to the Internet, and more precisely to a datacenter full of services that is connected to the Internet.

Cloud computing: The use of computing resources (hardware and software) that are delivered as a service over a network (typically the Internet).

Cloud-based backup: Also known as online backup, this is a strategy for backing up data that involves sending a copy of the data over a network to offsite servers. The server is usually hosted by a third-party service provider. Fees are assessed per data storage usage.

Cloud-based software: Software available online, usually through a paid subscription.

Cloud-based storage: The ability to access files through the Internet, as opposed to local storage.

Coaching: An ongoing approach to managing people by creating a motivating environment. It improves employee performance and increases their success by providing timely feedback, recognition, clarity and support.

Code of conduct: A set of rules defining acceptable behavior within the hospital, some of which might apply to clients as well as staff.

Cognitive limitations: Veterinary medical mistakes that result from distraction or absent-mindedness. For example, failing to count sterile gauze squares prior to closure of a laparotomy is a cognitive limitation.

Coinsurance: Payments for medical services shared by insurance companies and individuals, usually expressed in percentages, such as 80% paid by the insurance company and 20% paid by the individual.

Collateral: Assets of value pledged to the lender, giving the lender a preferred interest in the assets in the event the borrower defaults on the loan.

Combination Veterinary Feed Directive (VFD) drug: An approved animal drug that is intended for use in or on animal feed in combination with at least another animal drug under the professional supervision of a licensed veterinarian. Animal feed containing a combination VFD drug must be authorized by a lawful VFD order.

Commissioning agent: A professional who is hired, usually as a third party, to verify that the building mechanical, electrical, and energy systems are operating correctly.

Commodity: An item that is considered interchangeable, and whose price is a reflection of supply and demand. For example, one 500 mg capsule of cephalexin is much like any other to a client, regardless of brand name and whether they get it at a veterinary hospital, at their local drug store, or through an online pharmacy.

Common cost: A cost incurred to support a variety of practice activities and objectives, but which cannot be traced to them individually. For example, the salary cost of a veterinarian or technician is a common cost to all of the clients seen and patients treated, but in most cases cannot be purely attributed and allocated to specific patients.

Common law: A product of judicial evolution, a sort of gap-filling or gloss established over generations by judges; compare with "statutory or code law," which is set forth by legislative ordinance.

Communication channels: The vehicles by which the above audiences/stakeholders can be reached.

Community pricing: Establishing a price for a good or service based on the prices charged by others.

Community relations: Continuing, planned, and active participation with and within a community to maintain and enhance its environment to the benefit of both an organization and the community.

Companioning: The act of helping someone through the process of grief, without having the education or designation of counselor or therapist.

Compassion fatigue (CF): Also known as secondary traumatic stress disorder, this is the gradual loss of compassion by people who work with individuals that are ill, suffering, or victims of trauma. This includes veterinary staff working with worried clients with sick or injured animals. Signs include indifference, disengagement, withdrawal from patients and coworkers, and even physical signs relating to chronic stress. "The cost of caring" – Charles Figley. The impact of providing a high level of compassion on a daily basis, causing emotional and physical symptoms. The result of two things being present: a caregiving relationship and an empathetic capability.

Compassion-fatigue-induced burnout: Burnout as a result of unidentified, and unmanaged compassion fatigue.

Compassion satisfaction: Deriving pleasure from being a caregiver, and feeling good about the ability to help and make a positive contribution.

Compelling: Motivating to the point that the target is likely to act – or is compelled to do something.

Compensation: Total monetary pay given to employees for their work during a given period. The term is sometimes used to represent both the monetary and nonmonetary amounts paid to employees.

Compensatory time: Time off given to the employee to compensate for extra time worked in a single workweek.

Competition: The process of two or more businesses vying for the same group or a fixed pool of customers.

Complementary therapies: Those therapies used to augment conventional medical and surgical remedies versus alternative therapies, which are those therapies used instead of conventional medical and surgical remedies.

Compliance: The extent to which pets receive a treatment, screening, or procedure in accordance with accepted veterinary healthcare practices. Compliance involves veterinary staff performing and/or recommending treatments, screenings, and procedures, and pet owner follow-through.

Compliance reminders: A reminder for a pet owner to apply a treatment (usually for prevention of parasites) when due rather than to simply repurchase it.

Compounding: Customized manipulation of an approved drug(s) by a veterinarian or pharmacist to meet the needs of a particular patient.

Compromise fatigue: An extreme sense of stress associated with repeated requests to make compromises on the basis of the medical or financial management of patient care.

Computed radiography: Similar in function to traditional film screen radiography, the image is captured on photostimulable storage phosphor and read by a separate machine to produce the digital image.

Computer networking: Provides basic connectivity between invoicing/billing systems, patient records, building security, building controls systems, and digital diagnostics equipment.

Conclusion of value: A conclusion of value requires that valuators use their professional judgment to determine the most appropriate approaches and methods to determine business value. Conclusions of value rely on the valuator's professional judgment, rather than requiring that the client also be well informed regarding valuation theory.

Conditional use: A zoning term meaning some level of city, administrative, and/or public review, input, and approval with "conditions" is required before submitting construction drawings.

Confidentiality: The duty of keeping secret or private information pertaining to a patient's health that was obtained during the formation of a diagnosis, treatment, or prognosis of the animal.

Considerate approach: Encompasses the interactions between the veterinary team, the patient, and inputs from the environment while veterinary care is being administered.

Consideration: In contract law, consideration is generally expressed in terms of a benefit to the promisor or a detriment to the promisee. In our most common scenario, a written employment contract, or at least a letter of intent similar to an employment contract, is where the employer provides the promise of consideration or monetary payment to the employee for the work performed. Then there is adequate consideration for enforcement of other terms of the contract.

Consolidation: The mergers or acquisitions of smaller companies into a single, larger company. Entities operating multiple practices within or across regions are often referred to as "consolidators."

Content: Broad category of substance conveyed through customer interactions. Content can be information, or it can be the customer's experience. In all cases, to be effective, content should be compelling and deliver customer value.

Contingency: An amount of money, often a percentage of the total construction cost, which is set aside for unknown and/or unexpected costs. By carrying a construction contingency, an owner will have a special fund to accommodate unforeseen conditions (especially on remodels), design omissions, or other changes required during construction. It is also a good idea to carry a design contingency during the design phase estimate to cover items that have not yet been anticipated but will eventually be included in the final project.

Continuing education: Also known as continuing professional development, the ongoing training of doctors and other team members through conferences, journals and texts, online programs, other live educational programs, and self-study courses.

Continuous quality improvement (CQI): CQI is an ongoing process of seeking small improvements in processes that have an overall effect of improving efficiency and productivity while reducing waste within an organization.

Contract administration: Also referred to as construction administration, this is the work performed by the architect during the construction phase of the project. During this time, the architect assists the owner to be sure the project is being built according to the plans and the owner's requirements. The architect also answers contractor questions and helps resolve any differences between the owner and contractor that may arise.

Contract documents: The final drawings and detailed specifications that will be used to construct the building. Technically, these documents also include other items, such as the agreement between the owner and the contractor and the general conditions of the contract, which define many of the responsibilities of the parties to the contract. The key point to remember is that the drawings and specifications form a part of the contract between the owner and the contractor.

Control: The power to direct the management and policies of a business.

Control adjustments: Modifications in the anticipated earnings of a business due to changes made by the majority owner(s).

Control risk: There are some risks you cannot prevent, such as storms, natural disasters, power failures, or accidents. There are processes, however, to minimize either the likelihood such an event will occur or the impact it will have on your business after it occurs.

Controlled premises (including veterinary practice facilities): Places where original or other records or documents required under the Controlled Substances Act are kept or required to be kept. Places, including factories, warehouse, or other establishments and conveyances, where persons registered under the act or exempted from registration under the act, or regulated persons may lawfully hold, manufacture, or distribute, dispense, administer, or otherwise dispose of controlled substances or listed chemicals or where records relating to those activities are maintained.

Controlled Substances Act: The Controlled Substances Act (84 Stat. 1242; 21 U.S.C. 801) and/or the Controlled Substances Import and Export Act (84 Stat. 1285; 21 U.S.C. 951).

Cookies: A cookie is a small amount of data generated by a website and saved by your web browser. Its purpose is to remember information or preferences about the user.

Co-pay: Specified dollar amount of covered services that is the insurance policyholder's responsibility.

Copayment: Insured individual's portion of the cost for a particular service; for example, $10 for an office visit.

Core values: Belief system of the practice – the cultural values that give team members the tools to make decisions for the practice.

Corporate buyers (or consolidators): Small or large groups of investors that seek to purchase and hold or resell after they have consolidated the purchased small animal practices into equity-group-demanded size of revenue streams (usually 10 to 100 practices).

Corporate bylaws: The written terms of agreement of the shareholders of a corporation that explains voting rights and management rights, which may also include some reference to successor ownership and procedural determinations for executive officers. The bylaws do not include all the terms needed in a buy/sell agreement.

Corporate practice: A veterinary hospital owned and managed by a group of investors, rather than by private veterinarians.

Cortisol: A steroid hormone produced by the adrenal gland in animals and people in response to stress. Cortisol can be measured in the blood, so it is an indicator of stress responses in scientific studies.

Cosignatory: Individual who is not the borrower but who has equal and immediate liability to pay the loan in accord with its terms in the event the primary borrower does not. Generally required of a borrower who has inadequate financial strength to qualify for a loan. The lender evaluates the cosigner's credit rating, financial statements, and income in combination with those of the primary borrower to document a stronger debt-to-income ratio that enables loan qualification. Somewhat more risky than functioning as a guarantor.

Cost: An exchange price at an acquisition date to obtain a present or future benefit.

Cost driver: Quantifiable measure used to assign costs to activities; reflects the consumption of costs by activities. Examples: labor, supplies, equipment, and associated depreciation.

Cost object: Any activity for which a separate measurement of costs is desired. Examples: services, service lines, products, product lines, processes, and responsibility centers (surgery, pharmacy).

Cost of goods sold: Variable expenses associated with revenue.

Cost of professional services: Direct costs of patient care and product retailing, including drug and pharmacy costs, professional and hospital supplies costs, laboratory supplies and reference laboratory fees, radiology and imaging supply costs, surgery and anesthesia supply costs, dietary product costs, mortuary costs.

Counseling: Providing advice to the management of an organization concerning policies, relationships, and communications; in effect, "what to do."

Covered entities: The entities covered under the Americans with Disabilities Act of 1990 include employers, unions, and joint labor–management committees.

Credentialed veterinary technician/nurse: A team member that has graduated from an American Veterinary Medical Association-accredited school, passed the Veterinary Technician National Exam (VTNE), and has achieved registration (RVT), certification (CVT), or licensure (LVT) by the state in which he or she practices.

Credibility: The extent to which a clinician is perceived as believable, expert, genuine, and trustworthy.

Credit policy: Written guidelines to assist in deciding to extend credit to a customer. Formulating a standard credit policy helps to avoid extending credit to pet owners who are unable to pay their accounts. A good credit policy should help you retain good relationships without jeopardizing cash flow. The credit policy for most small practices is informal and relies on a practice owner's instinct.

Credit report: Listing of all outstanding debt you have and your history of paying on that debt.

Credit terms: Time limits set for your customers' promises to pay for the merchandise or services purchased from your practice. Credit terms affect the timing of your cash collections.

Criminal negligence: Unlike intent, knowledge, or recklessness, criminal neglect does not involve a state of awareness. A person acts negligently when he or she inadvertently creates a substantial and unjustifiable risk of which he or she ought to be aware. His or her fault is inattentiveness.

Crisis: A situation, often unexpected, that has the potential to cause physical or reputational damage or harm to a facility, its personnel, and constituents.

Crisis management: A proactive approach to anticipating crisis situations and taking responsibility for how the situation is handled.

Crisis plan: A written document that anticipates possible crisis situations and details how such situations will be managed from operational and communication perspectives.

Critical path: The succession of connected tasks that will take the longest to complete. The critical path is the longest path to complete the project. Therefore, to complete the project on schedule it is the critical path and the tasks that are part of it that must be managed most closely.

Critical-care facility: A facility that is open 24 hours a day, seven days a week, and is able to handle emergencies and the critical care needs of patients similar to the urgent care facilities available to people.

Criticism: Negative feedback that is generally destructive in nature. Often focuses on the person rather than the behavior or the task. Delivered in this way, many recipients feel attacked, reject the feedback, and hence no behavioral change ensues.

Cross-purchase agreement: Another name for a buy/sell agreement where other shareholders individually buy out an exiting shareholder of the business.

Cubic feet per minute (cfm)/cubic meters per minute (m^3/min): The volume of air supplied or exhausted by the heating, ventilation, and air conditioning system within one minute.

Culture: The set of shared attitudes, morals, values, and goals that characterizes an organization.

Current asset: Cash or another asset that may reasonably be expected to be realized in cash, sold, or consumed within a year or less, through normal practice operations.

Current liability: Amounts owed to outside parties that are due and must be paid within the next 12 months.

Current ratio: Key financial performance indicator. Indicates how much you have in assets, cash, or items of value versus how much you owe on those assets, credit card debt, one year's principal payments, and so on.

Curriculum vitae: An ongoing account of an individual's education, qualifications, and experience

Customer: Someone who pays for goods or services.

Customer acquisition cost: This is the total cost of acquiring a client.

Customer insights: A window into how consumers think and the motivation behind their needs and wants are in a given product or service category. Used to predict future customer behaviors.

Customer relationship management: A strategy for managing all a practice's relationships and interactions with customers and potential customers. It helps to improve a practices profitability.

Customer relationship management (CRM) platforms: CRM is used by veterinary practices to manage and analyze client interactions and data throughout the pet life cycle to improve relationships with clients, deliver personalized healthcare, assist in client retention, and drive sales growth. CRM systems are designed to compile information on clients across different channels (points of contact between the client and the veterinary practice), which could include the practice management system, practice website, LiveChat, direct mail, marketing materials, and social media.

Customer service: Refers to assistance to individuals who are purchasing a product. Typically, the interaction involves one transaction.

Customer value: How well a service provider or product manufacturer does at satisfying customers' needs at any point in a transaction. A customer can assign value beginning with pre-purchase information to post-purchase service and follow-up.

Customization/flexibility: Regarding software, these terms describe the ability of software to adapt from general usage to the needs of your specific practice. There are two major types of customization. The first type includes those features that your staff members can modify with little or no assistance from the vendor. The second type requires the vendor to modify the features for you. This latter practice frequently results in extra costs and could negatively impact operations if valuable time is wasted waiting for the vendor. It is wise to avoid a purchase that relies on future changes to meet the practice's current needs.

Cybersecurity: The protection against the unauthorized or unlawful use of electronic data.

Cycle counting: An inventory management tool in which select products are counted on a periodic basis to detect inventory errors and for continuous quality improvement, so process problems can be detected before official inventory counts or audits.

Data architecture: Models, policies, rules, or standards that govern which data are collected, and how it is stored, arranged, integrated, and put to use in data systems and in organizations.

Days in accounts receivable (asset measurement): Divide 365 days by the accounts receivable (A/R) turnover ratio for the entire year's sales. In general, a measure of less than 40 days in A/R is considered a good measure of likely collection and would equate to an annual A/R turnover of approximately 9. The shorter the average days in A/R, the more likely collection of outstanding accounts. Conversely, the better payment and collection policies, the shorter the average days in A/R.

De minimis: A Latin term meaning minor, or lacking significance.

Debt service coverage ratio: A capital structure ratio that measures the ability to pay both the principle and interest with available net cash flow.

Debt to equity: Another key financial indicator. Reflects how much you owe in total as a ratio to how much you own free and clear of any debt.

Debt-to-income ratio: A measurement of financial stability. A debt-to-income ratio of zero indicates that debt matches income and there are no net gains or losses. Higher debt-to-income ratios indicate that debt exceeds income.

Decedent: A person who has died.

Decibel (dB): A measure of the intensity of sound, based on the human ear.

Decisional conflict: An experience whereby a client has ambivalent thoughts and feelings, which tend to both accept and reject a given course of action.

Decisional support: Skills and behaviors of the veterinarian to assist clients who are in decisional conflict.

Deductible: Amount an individual must pay for health services before the individual's insurance company starts to pay.

Defalcation: Misappropriation of money or funds by someone entrusted with their care or management.

Defections: Clients who choose to leave the practice during a specific unit of time (e.g., one year).

Deferred payment plan: A written document stating amount owed, dates, and amounts for expected payment installments; consequences of failing to make payments on time; and a signature line for the client to sign.

Deferred sales trusts: An installment sale to an independent trust followed by a sale to an ultimate purchaser

Define: Being able to pinpoint the scope, nature, and boundaries of what is being understood.

Delegating: Entrusting a task or a skill to another person.

Demising walls: Walls that separate a tenant's suite from another tenant's suite, typically in retail shopping centers and commercial buildings with multiple tenants.

Democratization: The process of making something accessible to everyone.

Demographics: Description of objective and quantifiable characteristics of an audience or population such as age, marital status, household income, and pet-spending index.

Dental calculus (tartar): Hardened dental plaque, often caused by the accumulation of minerals from saliva.

Dental plaque: A biofilm consisting of bacteria, mucus, and food particles that adheres to the surface of teeth.

Departmental floor plan: A plan with the hospital functions grouped or clustered into distinct, departmentalized areas.

Depreciation: Monetary amount of estimated annual normal wear and tear on assets or property improvements deducted annually from tax basis of property. Not applicable to land.

Design team: Refers to the architect and the architect's consulting engineers.

Design–bid–build: A conventional or typical project delivery method in which the owner contracts with separate entities for the design and construction of a project. A benefit of this method is that the design team is impartial and looks out for the interest of the owner. It also uses competition to improve the efficiency and quality for owners.

Design–build: This project delivery method uses a single entity known as the design-builder or design–build contractor to retain both design and construction services. This delivery method is used to prioritize costs and timeline and thereby to minimize the risks for the project owner. A downside to this system is that the owner sacrifices control and sometimes project quality.

Diagnostic local blockade: The use of local and regional perineural block and peri/intraarticular techniques to confirm pain's presence by the reduction of pain response once administered.

Differentiation: A manner of creating competitive advantage through offering products or services that stand out from rival businesses through the quality, service level, or cost of the services. Offering a unique combination of services or a uniquely focused set of services are other means of differentiation.

Digital imaging: Any imaging that captures image data in a digital format, for storage, manipulation, viewing, and distribution. All imaging modalities are capable of producing digital images, either inherently or through analog-to-digital converters built into their hardware.

Digital Imaging and Communications in Medicine: Image standard that allows communication between image capture devices, viewing software, storage and print devices.

Digital media: A form of electronic media where data are stored in digital (as opposed to analog) form.

Digital radiography: A term often used to encompass all methods of digital radiograph image capture. When used in this manner, it may include computed radiography, charge-coupled device (CCD) systems, and image capture with digital panel systems. Digital radiography is also used to refer more specifically to the latter of these (CCD and digital panel systems).

Direct expense (cost): An expense (cost) that becomes an integral part of a specific patient's care or client sale that can be physically and conveniently traced to it.

Direct labor hours: Costs associated with providing staffing for a service.

Disability: Any impairment, physical or psychological, that substantially affects a person's activities. Applicable federal or state laws can define the term "disability" differently.

Disaster and emergency: These terms are often used interchangeably when departments, agencies, or private entities are unexpectedly torn from their standard operating procedures or are required to obtain resources outside their normal authority. In some cases, government declarations give official status to an emergency or disaster, which may result in the release of additional resources for response and recovery.

Disaster declaration: An official designation of an event as a disaster by local, tribal, state, or federal authorities. An official declaration may often trigger economic or resource assistance.

DISC: DISC is a behavior assessment tool based on the DISC theory of psychologist William Moulton Marston, the original process focusing on four different behavioral traits: dominance, inducement, submission, and compliance. In more contemporary applications, the letters can also signify basic tendencies such as directing, influencing, steadiness, and compliant, or they can also stand for the following personality types: dominant, inspiring, supportive, and cautious (or conscientious). DiSC® is a branded form of the DISC assessment.

Discipline: Training people to obey rules and codes of behavior, using punishment as a deterrent for misconduct. Also used to define a branch of knowledge.

Discount: Reduction in price for services and/or products. This can be a partial or total reduction of fees.

Discount plans: Not insurance. Instead, this is a service by which pet owners pay a fee to receive discounted services from participating veterinarians.

Discount rate: A rate of return used to convert a future monetary sum into present value.

Dishonorable conduct: This term is referred to by some state practice acts to be the same as unprofessional conduct.

Disintermediation: Giving the user or the consumer direct access to information that otherwise would require a mediator. This is often done through technological innovation.

Disposable income: Income remaining after all taxes and mandatory expenses have been deducted that can be spent or saved at one's prerogative.

Disqualified person(s): Anyone who has contributions in excess of that allowed to the charitable corporation from its inception, or persons who manage or control the charitable corporation.

Diversification: A manner of attempting to gain increased sales through offering new products or services or by selling products or services into new markets.

Doctor's manual: A guide to help ensure that all doctors in a multidoctor practice are following the same basic protocols so as to avoid client confusion that will undermine client trust in the practice.

Doggy daycare: A service for dogs to play together in supervised group settings. This may be a drop-off day service, or it may be offered as an enhancement to overnight boarding.

Domain: An identification string that defines a realm of administrative autonomy, authority, or control on the Internet.

Download: Means to receive data to a local system from a remote system, or to initiate such a data transfer.

Driver: An aspect of a business that leads to change in other aspects of a business, usually in a positive fashion.

Dual-degree attorney: These are attorneys that have at least two concurrent degrees. Commonly, they include degrees in veterinary medicine and/or business administration. Dual-degree attorneys should theoretically be better qualified to advise businesses on operations while understanding the needs of legal liability protection.

Due diligence: The process by which persons conduct inquiries for the purposes of timely, sufficient, and accurate disclosure of all material statements/information or documents that may influence the outcome of the transaction.

Duplicate content: Content that is the same, or very similar, on two separate domains.

Duration of use: Regarding Veterinary Feed Directive (VFD), the length of time that an animal feed containing the VFD drug is allowed to be fed to the animal(s).

Earned media: Publicity gained through invitation to participate in media events, rather than paying for them.

Earnings: The profit remaining to the owners of a business after all normal business expenses have been paid.

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA): EBITDA represents a business's net income with certain accounting expenses, namely depreciation, amortization, plus income taxes and interest added back in. EBITDA is used to gauge a business's profitability as well as its ability to repay debt.

Economic euthanasia: A situation in which euthanasia is selected principally on the basis of a pet owner's unwillingness or inability to pay for needed veterinary care.

Economic life: The number of years over which cash is expected to be returned from an investment in property.

Economic order quantity: The most economical quantity of a product to order, factoring in both holding and ordering costs.

Economic value-added: Monetary value of an entity at the end of a time period minus the monetary value of that same entity at the beginning of that time period; that is, after-tax earnings minus the opportunity cost of capital.

Economy of scale: The reduction in cost per unit that results when operational efficiencies allow increased production. Thus, there are savings, because as production increases, the cost of producing each additional unit decreases.

Economy of scope: The reduction in cost that results when delivering two or more distinct goods or services, when the cost of doing so is less than that of delivering each separately. It is the efficiency attributed to variety and diversification rather than volume.

Electronic funds transfer (EFT): The process of moving transaction funds from one bank to another via the automated clearing house of the Federal Reserve network. An EFT processes preauthorized debits or credits from one bank account to another without using a check. This electronic, computer-based transaction process is governed by the Federal Reserve banking system.

Electronic medical records: The systematized collection of patient health information in a digital format.

Electronic prescribing (e-prescribing): The use of digital electronic prescriptions rather than providing a printed prescription or faxing a prescription.

E-mail: Electronic mail, commonly referred to as email or e-mail, is a method of exchanging digital messages from an author to one or more recipients. Modern e-mail operates across the Internet or other computer networks.

E-mail automation system: Software that allows you to automate e-mail sending. It is the most effective way to engage in e-mail marketing, enabling you to send out e-mails at specific times, or when a customer takes a specific action.

Embezzlement: The fraudulent appropriation of funds or property entrusted to your care, but actually owned by someone else.

Emergency: An unplanned event that is likely to cause significant harm to people or animals or property damage. Some emergencies require immediate action (such as a fire), whereas others provide warnings and possible reaction time (such as a wildfire or hurricane).

Emergency action plan: A specific written plan on how the practice will respond to a given emergency situation.

Emerging disease: A new disease or new strain of known disease that may impact human, animal, or plant health.

Emotional branding: The practice of building a brand that appeals directly to a consumer's emotional state, needs, and aspirations.

Emotional intelligence: The capacity to perceive, assess, and positively influence one's own and other people's emotions.

Empathy: The ability to understand and share the feelings of another.

Employee handbook (policy manual): An employee handbook is the document that describes the employment policies of a specific employer, describing what the employer expects of the employee, and what the employee can expect from the employer; this term puts the focus on the audience of the document so that it is produced for the employees.

Employee manuals: Written manuals running from a few pages to many pages explaining the terms and conditions employees must operate under while working for a given business.

Employee policy book: The policy book should be separate from the employee manual, in that it can include many operating policies giving more detail on the day-to-day operations than an employee manual can. The employee manual primarily directs behavior, attendance, and/or absences.

Employee relations: Responding to concerns and informing and motivating employees.

Employee Retirement Income Security Act (ERISA): Employee Retirement Income Security Act of 1974. Title I of ERISA covers funding, vesting, and fiduciary standards applicable to employee benefit plans, and is enforced by the US Department of Labor.

Employee stock ownership plan: A program that allows an organization's employees to have an ownership interest in the organization.

Employees: Workers hired by practice owners to perform specified job tasks during delineated time periods, subject to the authority and control of their employers.

Employer: As defined in the Americans with Disabilities Act, a person engaged in an industry affecting commerce that, as of July 26, 1994, employs 15 or more employees. This definition also includes an employer as a person acting as the agent of an employer, also being an employer.

Employment-at-will relationship: The most common form of employment relationship between an employee and an employer. Under this type of relationship there is no contract between the employer and employee; the employee may quit at any time or the employer may fire the employee for any reason that is not illegal. For example, an employer may fire an at-will employee for poor performance, to cut costs, or because the employer simply does not like the employee, but may not fire an at-will employee for

discriminatory reasons, to retaliate against the employee for reporting harassment, or because the employee exercised a legal right.

Empower: To give official authority or legal power to someone (e.g., she empowered her attorney to act on her behalf).

Empowerment: Authority of power given to someone to do something (carry out a task that has been delegated).

Encryption: Changing data so it is not readable by unauthorized parties who might intercept it.

Endowment: A fund, usually in the form of an income-generating investment, established to provide long-term support for an organization.

Energy recovery ventilator (ERV): An ERV recycles energy by "preconditioning" the air that goes into the building with the air that is exhausted. The two channels of air pass next to one another to facilitate thermal exchange, but they remain physically separate to prevent contamination.

Engage: Obtain someone's interest or attention as a result of some form of interaction.

Engaged: Involved in activity: occupied, busy; greatly interested; committed.

Engaged employee: An employee who is actively involved in his or her work, and highly committed to duties and the company mission.

Environmental Protection Agency (EPA): Government agency EPA established on December 2, 1970, to consolidate in one agency a variety of federal research, monitoring, standard-setting and enforcement activities to ensure environmental protection. The EPA regulates products used topically for the control of ectoparasites and insects on animals under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA).

EPA Regulation 40 CFR 261: The regulation that lists the categories of hazardous waste.

Epigenetics: The study of heritable changes in genetic expression caused by mechanisms other than those attributable to underlying DNA sequences.

Equal Employment Opportunity Commission: This is the commission at either the federal or state level that is responsible for implementing the regulations to enforce the Americans with Disabilities Act statutes, whether state or federal.

Equity: The portion of the practice's assets that belong to the owner or owners, not the creditors.

Equity loan: Money that you are able to borrow because an asset, generally real estate, but maybe value in your practice, is worth more than any outstanding debt against it.

Equity sale: A business valuation approach used when less than 100% of the business will be sold; for example, when an associate buys into the practice, as a partial owner.

Ergonomics: The study of injuries or disorders related to the musculoskeletal system. In the small animal veterinary profession, back injuries are the most common ergonomic injury. In the equine and food animal areas, muscle strains and "twisting" injuries are more common.

Escalation: Automatic increases to the base rent amount that occur at set times over the term of the lease.

E-slots or same days: These are two of the many terms practices use to describe appointments that are held open until that day to accommodate emergencies, walk-ins, or other situations that require a doctor's immediate attention.

Estimate: An opinion of probable construction cost prepared prior to the completion of the final pricing or bid documents. Estimates may be prepared by architects, engineers, cost-estimating consultants, or general contractors.

Estimate of value: A range of values when, in the sole professional judgment of the valuation analyst, an opinion of value cannot be stated.

Ethics exhaustion: Fatigue, emotional distress, and lack of will to continue to act in a way that is consistent with what you believe is the ethical thing to do.

Evidence-based medicine: A medical system that allows physicians to access empirical information pertaining to a particular illness and its treatment, to see which treatment modalities produce the best outcomes and thus compare treatment options based on the best available evidence.

Evidence-based practice: Use of the best currently available resources (research and clinical expertise) in making decisions about patient care.

Evolution: The gradual development of something, especially from a simple to a more complex form.

Exam room assistant manual: Resource for those technicians and aides responsible for assisting veterinarians in appointments and other exam room procedures ranging from pedicures to emergencies. It typically includes an index of all the practice's client education materials as well as a list of community resources for clients such as obedience schools, boarding kennels, and groomers. It may also contain guidelines for handling abandoned pets and how to manage wildlife until a certified wildlife rehabilitator can be contacted.

Exceptional: Unusually good; outstanding.

Excess earnings: The amount of earnings expected over and above the return on tangible assets; includes earnings as a result of intangible assets such as goodwill.

Exclusion: In insurance, a condition that is not covered under an insurance policy.

Exclusively organized and operated for charitable purposes: A charitable tax-exempt organization must be exclusively organized and operated solely for a recognized charitable purpose. If any part of its purpose or its operation is for anything other than a recognized charitable purpose, then the corporation could lose its tax-exempt status.

Executor: A person or entity appointed by a testator to carry out the terms of their will.

Exempt: Specific employees may be exempt from the minimum wage and overtime requirements of the Fair Labor Standards Act. Doctors are typically exempt employees.

Exempt employees: Professionals, executives, certain administrators, and computer workers are exempt from the minimum wage and overtime compensation present provision of the Fair Labor Standards Act if they meet specific regulatory tests.

Exhaust air: Exhaust air is mechanically exhausted to the outside without being reused by the heating, ventilation, and air conditioning unit.

Expectancy theory: The theory that motivation is increased when employees believe that increased effort leads to desired results.

Expectation: A strong belief that something will happen or will be the case in the future.

Expense: A measured outflow of services and/or goods, matched to the revenue generated for that outflow.

Expiration date: The specified period of time for which the Veterinary Feed Directive (VFD) is valid. After the expiration date of the VFD order the drug should not be fed. The expiration date cannot exceed six months after the issuance date of the VFD order.

Expungeability: After a prescribed period of time of good behavior, the ability of a convicted defendant to cleanse the criminal conviction from her record.

External crisis: A crisis that originates due to outside factors, in most cases, outside the practice's control.

External hard drive: External removable hard drive that typically connects via Universal Service Bus. Plug-and-play drive functionality offers system compatibility and features large storage options and portability.

External marketing: Written or verbal communication aimed at attracting new clients. Examples include exterior appearance of the hospital, advertising, mailings, community events, speaking engagements, hospital signage, website, digital marketing, social media, and converting phone calls to booked appointments.

Extralabel drug use: The use of an approved drug in a manner that is not in accordance with the approved labeling (e.g., the use of the product for another species, different indication, or dose).

Facilitator: The facilitator has the task of leading a group to a reasonable consensus.

Fair Labor Standards Act: Federal law that establishes minimum wage, overtime pay, recordkeeping, and child labor standards affecting full-time and part-time workers.

Fair market value: The price at which the property would change hands between a willing buyer and a willing seller, when neither is under any compulsion to buy or to sell, and both having reasonable knowledge of relevant facts.

Fair value: A statutory standard of value that varies from state to state. It is most commonly used in situations that will be litigated, particularly for dissenting shareholders. For these reasons, fair value is not commonly used in veterinary practice valuation.

Family and Medical Leave Act: Federal law that allows certain employees to take up to 12 weeks of unpaid, job-protected leave each year for the birth and care of a child, for placement with the employee of an adopted or foster child, for the employee's own serious health condition which causes them not to be able to work, or to care for a serious health condition of a child, spouse, parent, or next-of-kin military service member.

Family limited partnerships (FLPs): An FLP is a partnership created by two or more family members in accordance with state law consisting of two classes of partners: limited partners and general partners. An FLP is created when owners of a veterinary practice, and perhaps other assets, want to consolidate and centralize management of assets while reducing estate transfer costs. Both current value and future increases in value are transferred to heirs. The FLP is a pass-through taxpayer, so tax attributes flow to individuals holding FLP interests.

Fan coil system: In a fan coil system, hot and cold water is supplied from a remote boiler and chiller to fan coil units, which are mounted in each room. Fan coil systems are not practical for most veterinary hospitals, because they are relatively expensive and may not provide sufficient exhaust for rooms such as animal wards. However, they are often used in retrofits, because they are space efficient.

Favorable: Historically, people described budget variances as "under budget" or "over budget." These characterizations created confusion because sometimes being under budget was a good thing and sometimes it was a bad thing. In lieu of these characterizations, the term favorable should be used. A favorable result is always a desirable result.

Fear: An emotion that induces an animal to avoid situations and activities that may be dangerous. Pets may perceive danger where none exists. Perception is key.

Feasibility study: Feasibility studies aim to objectively and rationally uncover the strengths and weaknesses of an existing business or proposed venture, opportunities, and threats as presented by the environment, the resources required to carry out the venture, and ultimately the prospects for success.

Features: The characteristics of products, services, or programs you offer. Features answer the question "What does it do?"

Fee agreement: Clients of attorneys should have a signed fee agreement explaining the terms of the relationship and the expected cost to the client.

Feed: Data format used for providing users with frequently updated content.

Feminine/female: Used interchangeably in this context. Having qualities or appearance traditionally associated with women, especially humility, self-deprecation, softness, and emotionality.

FICO score: Score calculated using a computer model that compares the information in your credit report to what is on the credit report of thousands of other customers. This assesses a number of factors, such as past payment history, amount of outstanding debt, age of the credit, types of credit, and changes in amount of outstanding credit. FICO stands for Fair Isaac and Company, the company that developed the proprietary algorithm for the calculation.

Fiduciary: Any person who has discretionary authority over the administration of a plan or the management of plan assets, or who renders investment advice to a plan for a fee.

Fiduciary duty/relationship: A fiduciary duty is the highest standard of care. A person who has a fiduciary duty is called the fiduciary, and owes the duty of good faith, trust confidence and candor.

Fill rate: Percentage of available appointment slots that were scheduled during a specific period of time. If, for example, a doctor is seeing 15-minute appointments from 08:30 a.m. to 10:00 a.m., there are 10 available appointment slots. If six of these slots are scheduled, the fill rate for this appointment block is 60%. Most practices calculate fill rates by shift and by veterinarian each quarter and adjust the practice's scheduling guidelines accordingly.

Finance charges: The amount of money charged for payments that extend beyond an agreed-upon time limit. The amount charged is governed by the usury laws in the state within which you practice. The amount of finance fee charged must be clearly reflected on the invoices rendered.

Finance risk: One approach to risk management involves purchasing enough insurance to transfer responsibility for losses to your insurer. Insurance is an essential aspect of risk management.

Firewall: Any number of software-based or hardware-based programs installed in a computer to keep a network secure from outside threats.

First in, first out: Method whereby items first placed into inventory are the first taken out of inventory or sold.

Five stages of grief: Created by Elisabeth Kubler-Ross, the five stages are known as denial, anger, bargaining, depression, and acceptance. They do not happen in sequence, and a person does not necessarily experience all of these stages.

Fixed costs: Costs that do not fluctuate with revenue. For example, the rent paid to lease the building in which the veterinary practice is located is a fixed cost. Even if no clients come in the door and no revenue is generated by the practice, the business still has to pay rent.

Fixed expense: An expense that stays the same regardless of the amount of work the practice performs. Rent is an example.

Fixed schedule: The scheduling of staff members, their duties, their workday, and workweek are the same (fixed) week after week and do not change.

Flash drive: Data storage device that includes flash memory with an integrated Universal Serial Bus (USB) interface. USB flash drives are typically removable and rewritable, and physically much smaller than an external hard drive.

Floor workers: The floor workers are those people on the veterinary team who are doing the hands-on work of a veterinary practice; these people are not involved in the management of the business, but instead are the first line for taking care of the patients and clients.

Flow monitor or "flow switch": A device installed in the fire sprinkler piping that monitors any flow of water in the pipe, indicating that an automatic fire sprinkler has been activated. Automatic fire sprinkler systems with 100 or more sprinkler heads require flow monitors to be installed by code, with a notification system to alert the fire department in the event of fire sprinkler activation.

Flowchart: Graphic representation of the stages in a process or of the steps required to solve a problem. A flowchart is commonly used to

outline the sequence of functions in a complex process. For example, some practices have created a step-by-step graphic representation of a healthy pet wellness exam in order to identify all of the potential roadblocks to customer service and/or practice efficiency.

Focus group: A group of clients who are asked to participate in a discussion about a particular topic or issue. The information from the group is used to develop programs, improve service, or solve problems in the practice.

Follower: An adherent or devotee of a particular person, cause, business, or activity.

Food and Drug Administration (FDA): The FDA is an agency within the US Department of Health and Human Services that is responsible for protecting the public health by regulating the manufacturing, marketing, and distribution to ensure the safety, efficacy, and security of human biological products, human and veterinary drugs, and medical devices, cosmetics, and products that emit radiation.

Food and Drug Administration Center for Veterinary Medicine (FDA-CVM): The FDA-CVM is a branch of the FDA dedicated to ensure the safety and efficacy of animal drugs, devices, medicated feed for companion and food producing animals, and safety of food products made from treated animals. In addition, the FDA-CVM monitors the safety and effectiveness of animal drugs on the market, and ensures the safety of pet foods and food additives.

Foreclosure: A legal proceeding to terminate a debtor's interest in property, instituted by the creditor either to gain title or to force a sale in order to satisfy the unpaid debt secured by the property.

Foreign animal disease: A disease of great concern that is currently not endemic to the country. This may also be referred to as a transboundary disease.

Forming: Members are uncertain about rules, roles, and expectations.

Four Cs of onboarding: A memory tool used to recall four important content areas to include in the onboarding process: compliance; clarification; culture; and connection

Fractional owner: An owner who owns less than 100% of a business.

Fraud: An intentional misrepresentation of the truth to mislead another to bargain or act in reliance upon the misrepresentation.

Fraud triangle: Three key factors that identify individuals who may be susceptible to committing fraud: situational pressures, opportunities to commit fraud, and personal integrity.

Freestanding building: An unattached building with its own site that includes parking, landscaping, and utilities. Examples would include veterinary hospitals located on individual lots or on a pad site in a development.

Frequently asked questions: In the context of telephone service management, these would be commonly asked client questions that anyone who works in a veterinary practice should be able to answer fluently and well, such as the hospital's policies on spay and neutering, vaccinations, and parasite control, among others.

Fringe benefits: Any benefit provided in excess of compensation that is not excluded according to law. Pet care discounts is an example of a fringe benefit.

Full-time equivalent: A method of comparing practices based on a full-time schedule of 40 hours a week. If a practice has two veterinarians, one working 50 hours a week and one working 20 hours a week, that practice has 1.75 full-time equivalent veterinary positions: (50 + 20)/40.

Functionally illiterate: Lacking basic reading and writing skills.

Fungibility: The property of a good or commodity to have individual units that are essentially interchangeable. For example, in currency, bills and coins of equal value are considered interchangeable and are thus fungible.

Future value: The monetary value of some defined investment at some point in the future, given a specified rate of return.

Gain sharing program: Title of cost-savings commission programs instituted generally in manufacturing environments, but that are applicable to the veterinary practice as well. The goal is to devise a compensation plan that is self-funding. Volunteers representing each clinical department create a "design team," and facilitators guide the team in deciding how the team should measure and reward positive performance within set parameters. Employees strive to improve the hospital's patient-satisfaction scores, which in turn would increase employees' payouts and their own connection to how they impact total practice success.

Gamification: The integration of game dynamics and design to nongame applications, such as learning tools, to make them more engaging.

General and administrative expenses: All executive, organizational, and clerical expenses associated with the general management and operation of a practice, rather than with delivery of patient care, ancillary services such as pet boarding and grooming, or product/pharmacy sales.

General anesthesia: Drug-induced loss of consciousness to conduct invasive medical or surgical procedures.

General contractor: A builder that subcontracts for the majority or all of the trades associated with the construction of a freestanding building, renovation, or the build-out of a lease space. Although many contractors self-perform certain aspects of construction, their most important role is organizing and contracting with the specialty contractors needed for a construction project.

General ledger: Detailed listing of the activity that occurs in each account on the financial statements.

General partners (GP): GPs (you and/or a spouse) design the partnership to gift family limited partnership (FLP) shares to family members. GPs control the operations of the FLP and make day-to-day investment decisions.

Generally accepted accounting principles (GAAPs): Requires the use of accrual accounting; broadly describes the body of principles that governs the accounting for financial transactions underlying the preparation of a set of financial statements. GAAPs derive from such sources as the Financial Accounting Standards Board and the American Institute of Certified Public Accountants.

Generally recognized as safe (GRAS): GRAS refers to substances added to food that are generally recognized as safe by qualified experts. These do not need to be reviewed and approved by the Food and Drug Administration before being marketed.

Generation X: People in this generation were born between 1965 and 1981, but more generally this includes anyone born in the 1960s and 1970s.

Generation Y or Millennials: This generation includes anyone born between 1982 and 1999.

Generation Z: Also known as the iGeneration or Net Generation, these are individuals born after 1999. They grew up in the post 9/11 era and have always had familiarity with communications and media technology. Their tendencies in the workforce have yet to be fully characterized.

Generational wealth: The development of significant stable financial resources that can be passed down to future family generations.

Generic drugs: Generic drugs are Food and Drug Administration approved, which requires a demonstration of bioequivalence of safety and efficacy with the pioneer drug product.

Gentle control: Utilizing comfortable and safe positions for patients while administrating veterinary care with minimal restraint.

Gigabyte: Unit of computer memory or data storage capacity equal to 1,024 megabytes.

Goals of care: Discussions about goals of care are often framed when considering a veterinary treatment. For some clients, the primary goals may not necessarily be focused on medical issues and instead on personal goals, such as how they want their pet to live or if they

are enjoying life as fully as they can considering their health status. When client's goals of care are identified, this allows for a more intentional discussion for considering treatment options that can meet the needs which are most important to the client in making healthcare decisions for their pet.

Going concern: The premise that business is expected to continue to operate into the future.

Going concern assumption: Assumption that the business will remain in operation for the foreseeable future (as opposed to a liquidation assumption).

Goods and Services Tax: A tax paid by consumers on goods and services sold for domestic consumption. The tax is remitted to the government by the businesses selling the goods and services.

Goodwill: An intangible asset resulting from a business's reputation, name, location, products, services, customer base, and so on.

Goodwill value: Value attributable to goodwill, whether personal (related to a specific owner) or enterprise (related to the business as a whole).

Google AdWords: Google's search advertising platform.

GPS (Global Positioning System): A space-based satellite navigation system that provides location and time information in all weather, anywhere on the Earth.

Grantor: An individual who transfers or conveys ownership.

Grief: The constellation of internal thoughts and feelings we have when someone we love

Gross ignorance: An act or omission that reaches a level of incompetence or error much greater than that of a more common negligent or mistaken action or omission.

Gross income: Income resulting from all veterinary operations before any cost/expense deductions and excluding interest income, service charge income, rebates, sales tax collected, or any other income resulting from other than veterinary professional services, animal care ancillary services such boarding and grooming, and pharmacy/product retail income.

Gross profit (profitability measure): A monetary amount, computed by subtracting total cost of professional services from gross income.

Gross profit percentage (profitability measure): The ratio percentage resulting from gross profit divided by gross income.

Gross revenue: The total dollar amount taken in by a business before expenses are subtracted.

Guarantor: Similar to a cosigner, an individual who guarantees an obligation and has a legal duty to fulfill it. Common in commercial loans where the primary borrower is the business entity and shareholder or owner personally backs the loan. Unlike the case of a cosigner, the lender must first exhaust all means of collection against the primary borrower before the guarantor's income and assets are attached.

Guardian: One who has legal authority and duty to care for another's person (ward) or property because of the other's infancy, incapacity or disability.

Guardian ad litem: A guardian, appointed to the court to appear in a lawsuit on behalf of an incompetent or minor party.

Guardianship: The fiduciary relationship between a guardian and a ward, whereby the guardian assumes the role of owner to make decisions about the wards' person or property; guardianship is almost always an involuntary procedure imposed by the state on the ward. Guardianship implies a fiduciary duty in the relationship.

Guidelines: Routine or sound practices, often formed by consensus within veterinary organizations.

Hacker: Someone who accesses a computer system by circumventing its security system.

Handling: The manner by which pets are visualized, approached, and touched. Strive to replace the word "restraint" and its analogous thought process with "handling."

Harassment, direct: Occurs when one person is targeted for harassing, intimidating, or offensive behavior because that individual is a member of a protected group.

Hard costs: Cost of tangible items. This typically includes land cost, building construction cost, and furnishings and equipment.

Hard skills: These are teachable skills and quantifiable skills. This means they produce quantifiable results and you can be graded and/or evaluated for your ability.

Hardware: The collection of physical elements that comprise a computer system. Computer hardware refers to the physical parts or components of the computer such as monitor, keyboard, hard disk, mouse, and so on.

Hash code: A form of cryptographic security that, unlike encryption, cannot be reversed or decrypted.

Hazard: Any threat that could impact a nation, region, community, facility, or individual household. Hazards may be natural, man-made, accidental, intentional, low impact, high impact, low probability, high probability, local, or regional.

Hazard assessment: A review and analysis of the facility and the procedures of a practice with the goal of identifying potential hazards to the staff. Often referred to as a "physical exam" of the practice.

Hazardous chemical: Any chemical product that can cause physical harm to a person or to the environment, including seemingly mild products that can be irritating to the eyes or cause skin reactions.

Hazardous waste: Waste products harmful or toxic to humans, animals, or the environment. Chemotherapy drugs fall under this category.

Health education methods and strategies: Various ways for delivering health education to clients, such as providing written information sheets, showing educational videos in the waiting room, providing verbal information during the visit, and so forth.

Health Information Portability and Protection Act of 1996 (HIPPA): A federal law that governs medical privacy and contains provisions for safeguarding medical information. HIPPA specifically defines protected health information as being geared towards individuals, and, therefore does not apply to veterinary medical information.

Health literacy: Level of understanding that is required by the client to access, utilize, and follow through on recommendations to maintain the health of an animal in their care.

Health savings account: An account to be used in conjunction with a high-deductible health plan for individuals or families to use for paying health-related costs.

Healthspan: That portion of lifespan that the pet remains in good general health.

Heat pumps: A mechanical system that moves heat from one place to another. For example, in heating mode, heat is collected from the outside and moved to the inside of a building. In cooling mode, heat is collected from the inside and moved to the outside of a building. Heat pumps may derive heat from air (air source), ground (ground source), or via a commercial water source such as a boiler and chiller system.

Hedging: A risk management strategy used in limiting or offsetting probability of loss from fluctuations in the prices of cryptocurrencies. Hedging employs various techniques but, basically, involves instantly exchanging cryptocurrencies into the preferred currency used.

Hedonic adaptation: Sometimes referred to as the hedonic treadmill, this refers to the observed tendency of individuals to return to a relatively stable level of happiness despite major positive or negative events or life changes.

Held checks: Checks dated the day they are written, with a verbal agreement that you will hold them for deposit until an agreed-upon

date. This may be better than no money collected, but there is no guarantee the check will clear when deposited.

Herzberg's motivator–hygiene theory: The theory that meeting basic needs results in motivation and increased performance.

Hierarchy: Hierarchy refers to the classification of people in accordance to their professional standing or position of authority.

High density: Refers to any scheduling system where the doctor has access to more than one examination room. Common examples could be a doctor and technician working two exam rooms simultaneously; or a doctor, a technician, and an assistant working three rooms simultaneously. High-density scheduling requires a well-trained and well-choreographed staff that can leverage the available doctor's time and expertise, resulting in increased productivity.

High tech: Refers to practicing on the cutting edge, using highly technical or advanced equipment and procedures.

High touch: Refers to high-quality service and ambiance.

Historical benchmarks: Data from your own practice that represents various time periods. The most common historical data is collected at the end of each operating year, although other periods of time may be used depending on the specific focus of the research.

Holacracy: A flat organizational structure in which authority and decision-making are controlled by self-organizing teams rather than by a management hierarchy.

Holding (carrying) costs: All costs associated with maintaining inventory on the premises.

Horizontal analysis: Comparison of a specific account in one financial reporting period to the account balance or amount in another financial reporting period. Also, the comparison of one percentage or ratio in a financial period with that in another period.

Horizontal versus vertical organization: Technical terms for describing a nonteam environment (vertical) or a team environment (horizontal).

Hospice: A philosophy or program of care that addresses the physical, emotional, and social needs of animals in the advanced stages of a progressive, life-limiting illness or disability. Provided to the patient from the time of a terminal diagnosis through death, inclusive of death by euthanasia or by hospice-supported natural death. Addresses the emotional, social, and spiritual needs of the human caregivers in preparation for the death of the animal and the grief experience. Animal hospice care is enhanced when provided by an interdisciplinary team approach.

Hospice-supported natural death: Use of palliative care measures during a patient's terminal life stage, including the treatment of pain and other signs of discomfort under veterinary supervision until the natural death of the individual.

Hospital administrator: Similar to practice manager, with more responsibility for veterinary doctors and technicians (professional and paraprofessional staffing). This is an unregulated position, in that credentials are not needed to use this term.

Hospital safety manual: A collection of all the safety rules, and policies of the facility. It should contain the set training schedule for the staff, a written safety plan, safety data sheet library, and evacuation plans for emergencies. It must be stored in an easily accessible location and available to staff during their normal work shift.

Hostile work environment: This exists when conduct based on protected status, by anyone in the workplace, has the purpose or effect of creating a hostile, intimidating, or offensive work environment. The conduct can be verbal, nonverbal, or physical. Harassing conduct includes, but is not limited to, epithets, slurs or negative stereotyping; threatening, intimidating or hostile acts; denigrating jokes and display or circulation in the workplace of written or graphic material that denigrates or shows hostility or aversion toward an individual or group (including through e-mail or other Internet communication sites).

House call fee (or trip fee): An additional fee added to an invoice to reflect the veterinarian traveling to the client.

House call practice: A veterinary practice operated from a vehicle, where services are provided at a client's residence or place of business.

Human capital: The value of the skills, knowledge, and experience of persons within an organization.

Human resources: Hiring, training, firing, and supervising the activities of the entire healthcare team while maintaining the legal requirements of the management of people.

Human–animal bond: The relationship between humans and animals. The relationship is measurable from the human side but not well understood from the animal's perspective.

Humane euthanasia: The intentional termination of life by human intervention utilizing American Veterinary Medical Association-approved methods that cause minimal pain, discomfort, and anxiety for the purpose of relieving an animal's suffering.

Humanization of pets: The societal trend of treating pets more like human family members than as property or with lesser status than people.

Hybrid logs: These logs are a combination of patient and procedure logs. For example, a final care log lists the names of deceased pets and the actions that need to be completed such as requesting cremation or burial services. These logs may also serve as task checklists to ensure that all paperwork and communication related to a specific procedure are completed in a timely manner.

Hybrid schedule: This schedule has characteristics of both a fixed and rotating schedule. A typical hybrid schedule may include a fixed weekday schedule with a weekend rotation.

Hypertext Markup Language (HTML): HTML is the standard markup language for creating e-mails and web pages. HTML describes the structure of e-mails and web pages using markup. HTML elements are the building blocks of e-mails and web pages.

I-9: A US Citizenship and Immigration Services form called the Employment Eligibility Verification form to confirm employment eligibility in the United States.

Identify theft: A third party's fraudulent taking and use of another person's or business's uniquely identifiable information (social security/employer identification number, copied signatures, credit card numbers and holder's name) for the third party's financial gain.

Identity elements: The various ways in which a practice conveys who it is. This includes everything from the facility in which a practice is housed, to the behaviors of its people, to its manner of service delivery, to its visual identity (logo, icons, and symbols), to its messaging. Practices all convey some sort of identity – whether or not it is conscious or a reflection of how the practice wants to be seen.

IEEE 802.11: Currently the most widely used standard for wireless radio-frequency data transmission.

Implement: A verb: to put into effect.

Imprest system: A financial accounting system, most commonly used for petty cash, in which a fixed amount is reserved and then replenished at the end of the period or when circumstances require. So, if the period begins with $100 in the petty cash "float" and by the end of the period $75 has been spent from petty cash, then $75 is replenished and credited to the cash account, and the debits go to the appropriate expense accounts based on the petty cash receipts.

Income statement: Another commonly prepared financial statement that shows a business's performance over a period of time; this statement lists income and expenses during the covered period (also known as a profit and loss statement).

Income statement (or profit and loss statement): Financial report presenting income and expenses (with depreciation/amortization) made for a specific period of time.

Incremental cash flow: The change in the practice's net cash flow attributable to the capital investment.
Indemnity insurance: System of health insurance in which the insurance carrier reimburses the insured individual for medical expenses after care has been provided.
Independent contractors: Workers who are contracted by veterinary practice owners to perform certain jobs for the practice.
Individual development plan: A staff member's individual plan for self-development that is then approved by a manager to ensure it is aligned with the organization's goals.
Industry norms: Values derived from the analysis of a large number of practices. Most of the national groups that represent organized veterinary medicine publish some variety of industry norms. The most common examples would be the American Animal Hospital Association and the American Veterinary Medical Association.
In-floor radiant heat systems: Some veterinary hospitals supplement their heating, ventilation, and air conditioning system in animal wards with in-floor radiant heat to provide therapeutic floor surfaces and decrease floor drying time.
Information technology: Concerned with the development, management, and use of computer-based information systems.
Informed consent: Person's agreement to allow something to happen, such as a medical diagnostic or surgical procedure, that is based on full disclosure of the facts necessary to make an intelligent decision.
In-house laboratory services: All laboratory testing that can be readily completed at the hospital by the hospital team: chemistry profiles, complete blood cell counts, urinalysis, intestinal parasite testing, cytology, in-house testing kits, and so on.
Initial cost: Cost of materials and labor directly related to the initial construction of a project.
Initial investment outlay: The incremental cash flow that occurs at the start of the project's life. These initial cash outflows typically include the purchase price, shipping, and installation charges.
Inner leadership qualities: Qualities an individual must have as inner strengths to be an effective leader: vision, self-belief, integrity, courage, and being results focused.
Installment sale: A sale whereby any part of the purchase price is received in a tax year subsequent to the year of the sale.
Insurance: A form of risk management in which reimbursement for specified veterinary expenses is guaranteed in exchange for premium payments.
Insurance coverage: Insurance coverage, or cover, is the amount of risk or liability that is protected in an insurance contract.
Intangible assets: Nonphysical assets such as goodwill, contracts (noncompete covenants), trademarks, patents, copyrights, and so on, which provide value to a business.
Integrated diagnostic systems: Diagnostic tests that are linked to practice software; often, entering the diagnostic code will both order the test (in-house or outside) and input the charge for the test. Results typically are downloaded into the medical record and manual entry is not required.
Integration: Specialized tools to simplify the sharing of medical and related data between medical equipment and electronic health records.
Integrative medicine: The use of complementary and conventional diagnostics and therapies in health and disease.
Integrity: A sense of commitment to open and honest communication, inclusiveness, and high standards in discharge of professional responsibilities and actions.
Intensive care unit flow sheets: These are records of treatments, observations, and nursing notes that are often kept with the patient while in the hospital. Also known at treatment sheets.
Intentionally: The actor's conscious object is to perform an action of that nature or to cause such a result. The action is purposive.
Interest: The cost of borrowing money assessed by the lender over time and usually expressed as a percentage of the principal amount of borrowings. The percentage is expressed as a rate over a time period, and can change (variable rate) or stay the same over the term of the loan (fixed rate).
Intermediary installment sale: An installment sale through an intermediate limited liability company entity (usually with family members) followed by a sale to the ultimate purchaser.
Internal accounting controls: Process and mental controls set in place to provide management reasonable assurance that no practice resources are being lost, that financial reporting is reasonably accurate, and that profitability targets are achieved.
Internal crisis: A crisis that originates as a result of the actions of a practice employee or facility malfunction.
Internal marketing: In veterinary medicine, this refers to efforts to increase the utilization of services by existing clients. Internal marketing also refers to efforts by the practice to train and motivate staff to work together as a team to better meet client needs.
Internal rate of return: The calculated rate of return, given the cost and future value of an investment.
Internet: Worldwide network of computer networks.
Internet marketing: Also known as web marketing, online marketing, web advertising, or e-marketing, is referred to as the marketing (generally promotion) of products or services over the Internet. Internet marketing is considered to be broad in scope because it not only refers to marketing on the Internet, but also includes marketing done via e-mail and other online media.
Internet of Things: Physical devices containing hardware, software, and sensors which are connected to a network, enabling these objects to connect and exchange data.
Internship: A one-year, postgraduate, supervised educational learning opportunity within clinical practice to enhance the graduate's exposure to case management and/or to prepare the graduate for specialty training.
Interventional pain management techniques: The use of invasive interventions such as joint injections, epidural or spinal injections, perineural or local/regional blocks, infusion therapies usually preceded by or using advanced imaging techniques (computed tomography, fluoroscopy, magnetic resonance imaging, ultrasound).
Intrinsic value: The deemed asset worth derived by the practice owner, including how the equipment generates value for the practice.
Intrusion detector: A security-system device installed in a building to detect unauthorized access to the building. The most common types of detectors include door-ajar sensors and glass-break detectors.
Inurement: Inappropriate benefit of a private person or company from a charitable organization.
Inventory: Goods ready to be sold.
Inventory Chart of Accounts: A directory of codes related to products that will be used to determine cost centers and profit centers to be monitored within the accounting and practice management software.
Inventory turnover: Also known as inventory turns, merchandise turnover, stockturn, stock turns, turns, and stock turnover, this refers to the cost of goods sold divided by the average inventory. It is a measure of the number of times inventory is sold or used within a time period.
Investment thesis: The beliefs that investors decide to use when determining what investments to purchase or sell, when to take an action, and why. An investment thesis helps investors establish goals for their investments, and measures whether they have been achieved, either in written form or simply as an idea.
Investment value: The value to a specific buyer based on their unique requirements and expectations.

Invitee: Anyone who enters the premises by invitation and whose entry is connected with or may in some way enhance the business of the owner.

Ionizing radiation: Energy that causes ionization when it interacts with tissues. Ionization within tissues has been linked to free-radical formation, nucleic acid mutations, cell death, and cancer. There is no "safe" level of ionizing radiation. Thus, regulators (Nuclear Regulatory Commission) set a maximum permissible dose for occupational exposure (50 mSv/year).

iOS: Mobile operating system developed and distributed by Apple, Inc. Originally released in 2007 for the iPhone and iPod Touch, it has been extended to support other Apple devices such as the iPad and Apple TV.

IRS Code Section 1031: "No gain or loss shall be recognized on the exchange of property held for productive use in a trade or business or for investment if such property is exchanged solely for property of like kind which is to be held for productive use in a trade or business or for investment." This technique is used primarily in real estate sales to roll over the seller's cost basis from a relinquished property into a replacement property with no current tax due if rules are followed for complete tax deferral.

Job: A task or series of tasks that are performed to accomplish one's occupation. It is basically a specific piece of work. Examples of jobs include cleaning a cage, answering a phone, cleaning teeth, sterilizing a pack, filing charts, creating an invoice, and so on.

Job description: A written summary listing elements of a particular job that should include responsibilities, purpose, duties, qualifications, training, physical and mental demands, and working conditions associated with a specific job.

Job enlargement: Assignment of additional tasks similar to those the employee is already trained to accomplish. For example, asking an employee who is trained to do callbacks for one doctor to begin doing callbacks for all of the doctors.

Job enrichment: A method of making work more satisfying by expanding the tasks to increase not only their variety, but also the employee's responsibility and accountability.

Just-cause relationship: A relationship between an employer and employee in which the employee can only be disciplined or terminated for a sufficient reason (some examples are misconduct, negligence, or theft).

Just-in-time inventory: Receiving product as it is needed, rather than storing product as inventory.

Key performance indicators: Key metrics (financial and operational) used to measure performance of an organization.

Kinesics: Individual communication through facial expressions, body tension, gestures, use of touch, body position, posture, and angulation.

Knowingly: The actor is simply aware that his or her conduct is of the required nature or that the prohibited result is practically certain to follow from his conduct. A man or woman who wills that a particular act or result takes place has intent, whereas another who is merely willing that it should take place has knowledge.

Laboratory manual: A complete reference guide for technicians and doctors who may be working in the laboratory or processing samples through the laboratory. It typically includes step-by-step instructions on how to perform each in-house laboratory test, and it may describe how samples should be collected, processed, and shipped to each outside reference laboratory, as well as the preferred laboratory for each type of test.

Laser printer: Digital printing process that rapidly produces high-quality text and graphics on plain paper.

Lawyer: One learned in law.

Lead position (shift lead): This refers to the first level of management, the person who becomes responsible for providing the closest observation of the floor workers; this person still works their assigned floor position for the majority of their time. This person may oversee a certain position on the team or a certain area of the facility. Typically, this person serves in a leadership role in the event of a crisis during that person's work shift, particularly if the practice is open nights and/or weekends.

Leadership: The process by which an individual influences others to achieve a common goal.

Leadership fatigue: An extreme sense of stress associated with managing expectations regarding policies and procedures in the hospital.

Learning curve: Graphic showing the relationship between efficiency of the activity and length of experience with the activity. More experience is expected to result in better outcomes.

Lease type: A general classification of a type of commercial property lease dependent upon assignment of costs to either the landlord (lessor) or to the tenant (lessee). The costs above and beyond the base rent rate often include property taxes, insurance, and building maintenance and repair.

Lease, double net: A lease in which the property taxes and building insurance are the responsibility of the tenant, but the landlord covers the costs of any structural repairs or common-area maintenance. Also referred to as net-net.

Lease, single net: A relatively uncommon form for a commercial lease agreement in which only the cost of property taxes is passed through to the tenant. Also referred to as net.

Lease, triple net: An expression describing a commercial real estate lease based on the terms that the tenant is responsible for a base rent plus the property taxes, building insurance, and building maintenance and repair costs. This type of lease is common for single-tenant, freestanding buildings. Also referred to as net-net-net.

Leasing: Method of acquiring equipment without using large amounts of cash to purchase, thus freeing up dollars for the practice.

Ledger books: Actual physical books where cash is recorded chronologically when received or disbursed, and where the value of services is recorded when rendered on credit. These subsidiary ledgers are then summarized (or "closed") daily, monthly, and annually in a general ledger, the precursor of today's computer-generated financial records.

Legal duty: Any duty that is defined or regulated by laws in the jurisdiction where the veterinarian is licensed to practice.

Legal liability risk assessments: This is a form of practice audit where an attorney or lawyer can visit and review a practice to be sure there is coverage for the risk of malpractice and the risk of client lawsuits based on client injury.

Legend drug: A drug that can be dispensed to a client only with an order from a properly authorized individual (such as a veterinarian). Legend drugs are often more commonly referred to as prescription drugs.

Lessee: Person or company who uses the property that is the subject of the lease.

Lessor: Person or company who owns the property that is the subject of the lease or rental agreement.

Leveraged: Used creditor funds to purchase assets, based on the prediction that the rates of return on purchased assets will exceed the costs of borrowing.

Leveraging: Borrowing money (incurring debt/liabilities) to obtain capital needed to pay for the costs of revenue generation. In theory, the revenue thus generated is adequate to pay for newly incurred expenses, to pay interest on the debt, to retire (over time) the principal portion of borrowed funds, and to generate adequate additional profits for further capital investment in needed assets consumed to allow future revenue growth.

Liabilities: The practice's debts; that is, money owed to creditors.

Liability: The state of being responsible for something, especially by law.

Libel: Defamation of another's character, appearing in written form.
Licensee: Someone who enters the premises but does so for his or her own purposes rather than for the benefit of the business owner.
Lien: Claim against real or personal property until the debt associated with the property has been paid off.
Life Plan: A proactive personalized schedule of care and intervention for pets, based on risk factors identified and prioritized.
Life-cycle cost: Total cost of owning the facility, including initial costs and operating/maintenance costs.
Lifetime value (LTV): LTV is a metric that represents the total net profit a veterinary practice makes from any given pet. You can generally determine a client's lifetime value by multiplying the average number of pets owned by the client × the average number of times each pet visits the practice × the average value of each transaction × the number of years a client is expected to own pets × the number of friends each client might refer to the practice during his or her lifetime, and so on. In veterinary practice it is essential to understand that owners will have more than one pet during their own lifetime and as such should be treated at every touch point based on their LTV ($0,000's) rather than the profitability of a single transaction ($00).
Limited liability company (LLC): Business entity formed under the state laws of the state in which you live. Each statute is different, but generally the LLC is made up of members who actively manage the business but have no personal liability for its debt or obligations (unless signed on as personal guarantor for a mortgage, for example).
Limited Partners (LPs): LPs (your heirs) have an ownership interest in the family limited partnership (FLP), but they have very limited control. They share in the income generated by the FLP, depending upon how many shares of the FLP they own, with little or no management rights.
Linear accelerator: Device most commonly used to deliver highly focused beams of x-ray radiation in oncology treatments.
Linear floor plan: A plan with the front, middle, and back portions of the hospital one after the other in a line.
Liquidation: The cash that would be received under the premise that the business would be terminated and the assets sold piecemeal.
Liquidity: The ability to quickly convert assets to cash or to pay a liability.
Literacy sensitive: Providing health information in a manner that considers the health literacy level of the client.
Loan terms: Exact requirements of how a loan will be made to and repaid by the borrower.
Local area network: Connection of computers, printers, and other network devices in a localized area, such as within a single facility.
Local or regional anesthesia: Drug-induced analgesia that targets one or more body parts without rending the patient unconscious.
Local search: Search queries involving localized keywords such as "near me" or "nearby."
Logo: A symbol or other small design that identifies your products, uniform, vehicles, and so forth. Logos often include the company name and meaningful icons or images.
Long-term portion of loan: Principal portion of a loan that is due to be repaid in greater than 12 months.
Loyalty programs: Structured and long-term marketing efforts that reward and encourage loyal buying behavior from the client.
Major species: Means cattle, horses, swine, chickens, turkeys, dogs, and cats.
Majority owner: An owner who controls more than 50% of the organization and has significant influence or can control the direction of the business.
Malice: The intentional and wrongful doing of an act without lawful justification and with evil motivation.
Malpractice: A more limiting term specifically describing a professional's failure to practice the quality of medicine set by the similarly situated veterinarians in a given geographical area, if the accused is a general practitioner. If the accused is a specialist, then the standards of care are compared with a broader area than for a general practitioner.
Malpractice defense attorney: An attorney or licensed lawyer who is able to defend a client in a court of law in a given jurisdiction in a suit based on the veterinarian's possible deficient veterinary care, in which the patient treatment may not have achieved acceptable medical standards.
Malware: Short for malicious software. Software used or created to disrupt computer operation, gather sensitive information, or gain access to private computer systems. It can appear in the form of code, scripts, active content, and other software. Malware is a general term used to refer to a variety of forms of hostile or intrusive software.
Managed Care: Healthcare system under which healthcare professionals are organized into a group or "network" to manage the cost, quality, and access to healthcare.
Management: In this context, management refers to the combined efforts of the people responsible for overseeing the production of the employees and operations of the facility. There can be multiple levels of management depending upon the size of the facility and how many people it employs (i.e., a very large practice can have a hospital administrator, a practice manager, and an office manager in place).
Management support professionals: Individuals or teams with specific expertise in practice management, accounting, law, and other business-related disciplines that apply their skills to the betterment of veterinary practices.
Manager: Administrative staff member that oversees the daily operations of the veterinary practice.
Managerial accounting: Includes both historical and estimated data that management can use to conduct daily operations, planning future acquisitions, and developing business strategies.
Mandated reporter: Those individuals required by law to notify law enforcement of penal code violations. Good faith immunity from civil and criminal prosecution often protects those upon whom the duty to report is imposed.
Margin pricing: Also known as cost-plus pricing, this involves taking all the direct and indirect costs in providing a good or service and adding a set amount or percentage that corresponds to a gross profit margin to arrive at a retail price.
Marginally literate: Possesses the most basic of reading and writing skills.
Market: Your customers, prospective customers, and other consumers or providers of your products and service. Competition is central to the concept of market – clients can choose you, or other options, or not buy at all.
Market development: Promoting existing products to new markets.
Market identity: The results of positioning; the way in which a practice is perceived or understood by pet owners and in the marketplace. All practices have a market identity. Many times, the identity that the marketplace has is not in alignment with the desired reality of the practice. (See Perception gap.)
Market maturation: As a growth market for services or products begins to transition into a more stable market, this often marks a time when customer needs or demand are not evolving or growing rapidly. As a market shifts from growth to maturation, businesses need to adopt different strategies due to the nature of competition and the demands of the customer. Signs of mature markets often include competition, differentiation, and diversification.
Market penetration: The extent of sales of existing products and services to existing clients.
Market research: Determining attitudes and behaviors of various public segments and their causes in order to plan, implement, and

measure activities to influence or change those attitudes and behaviors.

Market segment: A piece or part of the overall market that shares similarities in its demographic traits, attitudes or views, that lead it to experience similar needs or desires.

Market segmentation: The process of splitting or segmenting the pet owner market into identifiable parts or segments that share similar traits. Market segmentation makes it easier for any business to identify and reach out to its most likely and/or lucrative targets.

Market viability: Determination of the probable success of a business venture based on an evaluation of demand, price, and quality of goods or services.

Marketing: The process of developing and delivering services and/or products matched to the needs of consumers with the ability, desire, and means to acquire them. Marketing includes service/product development, pricing, distribution, and promotion.

Marketing communications: Combination of activities designed to sell a product, service, or idea, including advertising, collateral (printed) materials, publicity, promotion, packaging, point-of-sale display, trade shows, and special events.

Marketing goals: The ultimate *measurable* outcome – or series of outcomes – that a business desires to achieve based on marketing opportunities and the realities of the marketplace.

Marketing mix: The unique blend of product, pricing, promotion, and place (distribution channel) designed to reach a specific group of consumers.

Marketing plan: Involves establishing marketing objectives, defining target markets, and deciding on the marketing mix.

Marketplace: A collective term for the representation of numerous market segments that span a wide range of consumer demographic and lifestyle traits.

Marketplace opportunity: An identified reason to pursue and reach out to a particular market segment as a result of unmet needs, dissatisfaction, inadequate delivery systems or other weaknesses affecting the segment.

Markup pricing: Pricing based on taking the acquisition cost and increasing it by percentage or factor to arrive at a retail price.

Masculine/male: Used interchangeably in this context. Having qualities or appearance traditionally associated with men, especially strength, aggressiveness and dominance.

Maslow's hierarchy of needs: People seek to satisfy basic needs and satisfying a lower level need results in the next level being a motivating factor.

Materials: Costs associated with providing products used for a service, including both direct and indirect costs.

Means test: A determination as to whether an individual, family, or group has the ability to pay for services without assistance (i.e., literally do they have the financial means to afford care without being subsidized).

Media relations: Relating with news media in seeking publicity or responding to their interest in an organization.

Medical records: Daily written reports by veterinarians on the animals he or she treats. They are required to be kept for each animal or companion animal. They may also be kept on herds or flocks, and for food- and fiber-producing animals.

Medicalese: Terminology used within the profession that may not be familiar to the client.

Medicalization: In veterinary medicine, this term has come to represent the percentage of animals that have been seen by a veterinarian at least once in a 12-month period. This is different from the sociologic use of the term to describe nonmedical issues that are described in medical terms of prevention, diagnosis, and treatment.

Medically important antibiotics: These are antibiotics that are used in both veterinary and human medicine and are characterized by the World Health Organization and the Food and Drug Administration as important for therapeutic use in humans. For example, macrolides and tetracyclines are "medically important" but ionophores are not, because they are not used therapeutically in humans.

Memory: The term memory is used for the information in physical systems which functions at high speed (i.e., random access memory).

Mentor: An experienced individual within your organization who is assigned to help the new employee navigate the culture and flow of the workplace, as well as manage office personalities and professional relationships.

Mentoring: An informal relationship where, on an ongoing basis, a more experienced individual offers guidance and/or career advice to a less experienced colleague.

Merchant: A business who accepts payments from consumers. Also, a type of bank account that allows businesses to accept payments by payment cards, typically debit or credit cards. A merchant account is established under an agreement between an acceptor and a merchant acquiring bank for the settlement of payment card transactions.

Merger: The act of several practices combining operations to create an economy of scale (reducing expenses) and improving the growth potential of the new entity.

Meta description: A snippet of text that summarizes a page's content, used primarily for search engine results purposes.

Microwave thinking: The mistaken perception that if changes are made, then results will be quickly evident. Most changes made will yield gradual improvement, which can be difficult to appreciate in times when instant gratification is expected.

Minimum order point: The level below which you do not want your stock to fall.

Minimum wage: There is a federal minimum wage; however, many states, cities or locales have higher minimum wages than the federal minimum wage. Ensure you are in compliance with the highest paid wage required in your location.

Mining: Cryptocurrencies are made through a very interesting self-limiting system called cryptocurrency mining, and the people who mine these coins are called miners. This involves commanding a computer, or a network of computers, to work around the clock to solve 'proof-of-work' problems.

Minor species: Animals, other than humans, that are not considered major species (i.e., cattle, horses, swine, chickens, turkeys, dog, cats).

Minority owner: An owner who does not have sufficient ownership to control business operations on their own.

Mission statement: Statement of the role, or purpose, by which a practice intends to serve its stakeholders.

Mixed animal veterinary practice: At least 25% of the client contacts are companion animal and at least 25% are either food animal or equine.

Mixed breed: An animal of unknown or mixed parentage. Mixed-breed dogs are sometimes referred to as mutts or mongrels; mixed-breed cats are sometimes referred to as moggies or mutt-cats.

Mobile application (mobile app): Software application designed to run on smartphones, tablet computers, and other mobile devices. They are available through application distribution platforms, which are typically operated by the owner of the mobile operating system, such as the Apple App Store, Google Play, Windows Phone Store, and BlackBerry App World. Some apps are free, whereas others have a price. Usually, they are downloaded from the platform to a target device, such as an iPhone, BlackBerry, Android phone, or Windows Phone, but sometimes they can be downloaded to less-mobile computers, such as laptops or desktops.

Mobile broadband: Term for wireless Internet access through a portable modem, mobile phone, Universal Serial Bus wireless modem, or other mobile devices.

Mobile device: Small, hand-held computing device, typically having a display screen with touch input and/or a miniature keyboard and

weighing less than 2 lbs (0.91 kg). Apple, HTC, Samsung, LG, Research in Motion (RIM), and Motorola are just a few examples of the many manufacturers that produce these types of devices.

Mobile health (mHealth): Subclassification of telehealth in which mobile applications (apps) and wearables are used to provide healthcare information for pets.

Mobile operating system: Also referred to as mobile OS, is the operating system that operates a smartphone, tablet, personal digital assistant (PDA), or other digital mobile devices. Modern mobile operating systems combine the features of a personal computer operating system with touchscreen, cellular, Bluetooth, Wi-Fi, GPS mobile navigation, camera, video camera, speech recognition, voice recorder, music player, near-field communication, PDA, and other features.

Mobile practice: Used to encompass house call and ambulatory practices, in which examinations and procedures take place inside the mobile unit, which may be equipped with an examination table, dental equipment, and/or a surgical suite.

Mobile search: Search taking place on a mobile device.

Mobile-friendly: A website that is easy to use on a mobile device or small screen size.

Modem: A device or program that enables a computer to transmit data over, for example, telephone, fiber optic, or cable lines.

Modified Accelerated Cost Recovery System: Depreciation system that applies to all recovery property (not land or intangibles) placed in service after 1986. This typically reflects a five-year depreciation on autos, light trucks, computers, and specialized equipment, and seven years on office equipment (except computers).

Modified income tax basis – cash: A method of accounting for income and expenses in accord with US tax laws, which in general, results in the reporting of revenues as payment is received from clients and of expenses as the practice makes payment to outside parties.

Mom-and-pop: A colloquial term for a small, closely held company in which the principals owning the business are also the principals working in the business.

Money factor: Term used in leasing that is similar to but not the same as interest on a loan. It determines how much you will pay in finance charges over the life of the lease. The lower the number, the lower the total final payment. To convert the money factor amount into an equivalent interest rate, simply multiply the money factor number by 2,400.

Monitored security system: An electronic building security system consisting of any combination of motion detectors, intrusion detectors, or other monitoring devices that is capable of relaying information to an off-premises company in order to alert the business owner or emergency personnel in case of a security breach. Security systems may also include panic buttons for manual notification by staff to the security company and/or police in case of emergency or fire.

Moral distress: When (1) you know the ethically appropriate action to take, but you are unable to act upon it, and (2) you act in a manner contrary to your personal and professional values, which undermines your integrity and authenticity.

Moral turpitude: The act of baseness, vileness, or the depravity in private and social duties that a human owes to his or her fellow human or society in general, contrary to accepted and customary rules of right and duty to others. It also includes acts or behaviors that gravely violate moral sentiment or accepted moral standards of a community.

Mortgage: Type of loan made on real property (real estate) in which the collateral for the loan is the real property.

Motivation: A method to move a person toward a goal using psychological, behavioral, cognitive, or social factors.

Motivators: Factors that create change in an employee's behavior, making his or her actions more consistent with or complementary to the practice's needs.

Mourning: When you take the grief you have on the inside and express it outside of yourself; the outward expression of grief.

Multimedia: Media and content that uses a combination of different content forms. Multimedia includes a combination of text, audio, still images, animation, video, or interactivity content forms.

Myers–Briggs type indicator (MBTI): A well-established test instrument that measures the personality traits and preferences of normal, healthy people. The test is a personality inventory, not a test of skills or abilities. The MBTI relies on four scales, each of which is a continuum ranging from a slight to a very clear preference for a particular characteristic. There are unofficial versions of the instrument available on the Internet, though their results may not be as reliable as the actual MBTI.

Myers–Briggs type indicator (MBTI) personality types: These (16 in all) are the result of individual preferences on the four MBTI scales. An individual's personality type does not change over time; however, people may express their type in somewhat different ways at different times, and at different ages and stages of life.

Myofascial trigger point diagnosis and therapy: The diagnosis and treatment of hyperirritable soft tissue (fascial, tendon, ligament, muscle) areas which are a source of pain, decreased healing, and altered function.

Mystery shoppers: Individuals known to management, but unknown to the team, who call or visit the practice and report back to management about their experience. Mystery shoppers can be used to assess the practice's client service efforts from the client's perspective.

National Animal Supplement Council (NASC): The NASC is a nonprofit industry that provides guidelines for product quality assurance, adverse event reporting, and labeling standards for animal supplements.

National Labor Relations Act: Federal law that grants employees the right to organize and bargain collectively with their employers (the most common means is through a labor union).

Natural disaster: A tornado, hurricane, blizzard earthquake, wildfire, or even severe weather such as lightning storms.

Near-field communication: A wireless technology that allows devices to communicate by touching or "tapping" them, or by holding them in close proximity to each other.

Need: Require something because it is essential or very important.

Negative feedback: Feedback pointing out what someone has done incorrectly so that they can change it. This form of feedback should still be framed positively; however, in many cases it is not and becomes criticism.

Negative stress: Also known as distress, this refers to the body's response to stress that lacks positive attributes and outcomes. Not all stress is bad, and negative stress refers to those stressors that cause anxiety or concern, is perceived as outside our coping abilities, can decrease performance, and can lead to mental and physical problems.

Neglect: Often relegated to negative acts causing unnecessary injury or death to an animal, such as deprivation of medical attention, ventilation, shelter, space, and sustenance.

Negligence: Doing an act that a person of ordinary prudence would not have done under similar circumstances, or the failure to do what a person of ordinary prudence would have done under the same or similar circumstances.

Negotiated bid: In some circumstances, it is a benefit to the owner to hire the contractor early and negotiate the project scope and cost. The benefit of this method is it maintains control for the owner, and yet reduces unknowns. However, this method may not yield the lowest cost as it is less competitive than design–bid–build.

Negotiation: Any communication process between individuals that is intended to reach a compromise or agreement to the satisfaction of both parties; a discussion aimed at reaching an agreement.

Net book value: The historical asset cost less accumulated depreciation since the purchase date.

Net capitalization cost: The amount that is actually being financed by a lease—the retail price minus any discounts and customer down payments

Net cash flow: Revenue less expenses plus noncash expenditures (depreciation and amortization expenses, for example).

Net operating profit: The dollar amount left over after all normal and necessary operating expenses calculated at fair market value rates are subtracted from the revenue of the practice.

Net present value: The value of an investment calculated by comparing the initial cash outlay with the present value of the future net cash flows by using a management-determined interest rate of return.

Net profit (profitability measure): A monetary amount equal to gross income from operations, less cost of professional services, and less general and administrative expenses (before interest income or expense, before income tax expense, before any other sources of income or expense other than from veterinary services and retailing).

Net promoter or net promoter score: A management tool that can be used to gauge the loyalty of a practice's client relationships. It serves as an alternative to traditional client satisfaction research and is correlated with revenue growth. www.netpromoter.com.

Network: A collection of computers and other hardware components interconnected by communication channels that allow sharing of resources and information.

New client target: Population characteristics affect the number of new clients each practice needs to maintain its transaction volume. The general rule of thumb is 30 new clients per month per full-time equivalent veterinarian. These 30 "new" clients represent replacements for the 10–15% typical client attrition. If a practice wishes to grow, it must exceed this number.

News media: Any number of news and information outlets that might have an interest in covering a practice's news situation.

Niche lender: Lender who has a particular expertise or area of interest for lending money. Factors other than availability of collateral and down payment are considered when evaluating a loan. Veterinarians are considered one of the best credit risks because, as a profession, they have a high payback history. There is a subcategory of lenders that lend only or primarily to veterinarians because of this fact.

No fault point policy: Generally, an employee accrues a point per absence with a tracking policy. Once the employee has accumulated a set number of absences, you would then subject the employee to increased levels of discipline. Also known as a progressive disciplinary policy. If the employee does not change course, he or she could have their employment terminated.

Noise reduction coefficient: A representation of the amount of sound energy absorbed by a particular surface.

No-Lo™ practice: A term coined by the Veterinary Valuation Council of VetPartners describing a practice with no profit–low profit or no value–low value.

Nomadic computer: Portable, wireless computer system, such as a tablet- or notebook-type personal computer or personal digital assistant. Nomadic computers and wireless networks can provide flexibility in a veterinary hospital.

Noncompete clause: In this case, it would be a contractual agreement between a landlord and a tenant to restrict a specific type of tenant from the development. For example, this type of agreement would not allow the introduction of a new PetSmart or large veterinary hospital into the same shopping center as an original, small-scale veterinary clinic.

Noncompetition: A noncompete agreement is a promise by an employee not to compete with his or her employer for a specified time and within a specified geographic region.

Noncompliance: This describes the veterinarian's lack of maintaining adequate medical records to meet the minimum requirements stated in a Veterinary Practice Act.

Nonexempt: Staff members covered by the Fair Labor Standards Act minimum wage and overtime regulations. Technicians and receptionists are typically nonexempt employees.

Nonlinearity: A relationship between x and y wherein a unit change in x will not always bring about an equal unit change in y. The graphic representation of this relationship is a curve rather than a straight line.

Nonoperating assets: Assets not related to ongoing operations of the business enterprise; if the assets were eliminated from the business, the resulting earnings would be unchanged. An example is a vehicle owned by the hospital but used exclusively by the business owner for personal transportation. Also referred to as redundant assets.

Nonprofit: An entity that is not conceived for the purposes of earning a profit, but rather to serve a public good.

Nonrelated business income: Income earned by a charitable corporation from the sale of goods or services unrelated to its charitable purpose. For example, a corporation sells pet supplies to raise money to treat the pets of indigent owners. The proceeds from the sale of the pet supplies are considered nonrelated business income. A corporation that earns income from providing medical services at a discounted rate for pets of indigent owners is earning related business income because the income is related to its charitable purpose (providing medical services to the pets of those in poverty).

Nonverbal communication: Aspects of communication, such as gestures and facial expressions or body postures, that do not involve verbal communication; this may include aspects of speech (accent, tone of voice, speed of speaking, etc.).

Normalizing: Providing a verbal message to the client that indicates the acceptance and normalcy of their preferences, thoughts, feelings, ideas, concerns, behaviors, and/or responses. For instance, "A lot of clients have trouble reading and remembering these materials. How can I help you?"

Normalizing adjustments: Adjustments made to financial data so that they conform to industry accounting principles and to eliminate nonrecurring, extraordinary and excess items.

Norming: Working styles are agreed to and systems are set up.

Not allowed: Zoning term meaning specific businesses or uses are not allowed on a site as zoned.

Note/loan: Promise to pay a debt. Debt secured by property used as collateral against which a lien has been filed is a secured note. If there is no collateral, the note/loan is unsecured and is the equivalent of a "handshake" loan.

Not-for-profit: Any activity that is conducted without purposes of earning a profit. Often used interchangeably with nonprofit.

Occupational exposure: Dose received by an individual during the course of employment.

Occupational Safety and Health Administration (OSHA): The OSHA is a division of the US Department of Labor. Twenty-five states and territories of the United States have state-level OSHA agencies.

Occupational stress: The particular stress that arises from working in a specific occupation.

Occupational workers: Workers who are expected to come in regular contact with radiation-producing sources. In the veterinary field, veterinarians and paraprofessional staff are typically considered occupational workers. Occupational workers must be at least 18 years of age.

Offer of employment: An offer is "a manifestation of willingness to enter into a bargain, so made as to justify another person an understanding, their assent to that bargain is invited, and so they will conclude it." As stated, the existence of an offer is presumed where the employment agreement is expressed. Where an employment agreement is implied, the offer may be oral or derived from writing such as a hiring letter or policy statement. The two main requirements for an offer to be enforceable are that it must be definite and it must be certain.

Office manager: Administrative staff primarily responsible for reception, clerical, and nonmedical staff in a practice. There is no standard definition for this term; and it is unregulated, so anyone can refer to himself or herself as an office manager.

Office politics: When an individual or group tries to circumvent the system to gain privileges or power by manipulating events or other people to their advantage, usually in an underhanded manner. This works against teamwork and fairness in the workplace.

Off-label: Pharmaceuticals prescribed, dispensed, or administered for an unapproved indication. Also referred to as extralabel drug use.

Omnichannel consumer: Consumer exposure to information and marketing messages, preferably seamlessly, through a variety of different channels, including bricks-and-mortar stores, the internet, apps, and so on.

On-boarding: The process of helping new employees become productive faster by providing them with documentation and training related to practice culture, vision, policies, protocols, and expectations.

On-the-job training: Method of training that focuses on employees acquiring skills within the work environment under normal working conditions. Through on-the-job training, team members acquire both general skills that they can transfer from one job to another and specific skills that are unique to a particular job. This form of training typically includes verbal and written instruction, demonstration and observation, as well as hands-on practice. In addition, the on-the-job training process involves one employee – usually a supervisor or an experienced employee passing knowledge and skills on to a novice employee.

Open-book management: The premise that employers should share with employees the measures of the practice's business success so that employees better understand the efforts that impact the success of the business.

Open-ended question: A question that cannot be answered with a yes or no but requires a developed answer. These questions help identify opinions, attitudes, and beliefs.

Operating agreements: Agreements that are the very essence of a limited liability company or can also be agreements used as part of a partnership agreement to explain the management terms and exit strategies for one or more of the owners.

Operating budget: The most common budget format encompasses a 12-month period of operations. Operating budgets typically include those items found on a profit-and-loss statement, but not usually items found on a balance sheet or cash-flow statement.

Operating expenses: Also known as "fixed expenses." These expenses are less likely to go up and down directly related to sales. Examples are rent, staff wages, employee benefits, telephone, advertising, insurance, and so on.

Operating lease: A true lease is generally for a short term, and ownership of the asset (the object being leased) remains with the lessor at the end of the lease.

Operating/maintenance costs: Ongoing costs incurred when you own a facility.

Operating system: A collection of software that manages computer hardware resources and provides common services for computer programs. The operating system is a vital component of the system software in a computer system. Application programs require an operating system to function.

Operational revenues: Increases in owner's equity resulting from veterinary professional activities and sales entered into for the purpose of earning income.

Operations manual: An organized resource for each of the processes that take place in delivering a business model; it includes documents that describe in detail the processes and systems that a company uses to provide its services.

Opinion of value: The most unambiguous expression of value, expressed as a single value.

Opportunity cost: A benefit that could have been realized, but was not, because an alternative was selected instead.

Optimization: In online terms, the strategy and tactics used to make a website favored in search.

Option to purchase: The rights given to surviving or remaining shareholders allowing them the chance to purchase available shares before they can be sold to any other third party.

Ordering costs: Costs associated with employee time used for shopping, ordering, receiving, and documenting purchased products.

Organizational behavior: The values and behaviors that contribute to the unique social environment within an organization.

Organizational chart: Overview of who reports to whom within an organization.

Organizational compassion fatigue: As a result of employing those with compassion fatigue, the effect on the organization where the personal symptoms of compassion fatigue are incorporated into the culture of the corporation; the productive mission of the organization is replaced by policies, procedures, and goals that reflect high levels of dysfunction.

Organizational pyramid: A charted structure that usually puts the front-line workers at the bottom or base of the pyramid, with increasing tiers of management levels ascending to the owners or executives of the company at the apex.

Orientation training: Introductory training that all new employees should receive. It is informational and typically covers hours of operation, confidentiality, pay and compensation, dress code, practice mission and philosophy, overview of how the hospital works and expected interaction between the departments, hospital policy and goals, grounds for dismissal, and the "trial period" for new employees.

Outbound telephone calls: Telephone calls to clients that are initiated by the practice. Their purpose is to increase the purchases of veterinary services, improve client service, and salvage lost accounts.

Outer leadership qualities: Qualities an individual must possess as outer signs that he or she can be an effective leader – communication skills, visibility, teamwork, attentiveness, and commitment.

Overcapacity: Situation in which there is capacity available to perform services, but inadequate demand to perform those services at capacity.

Overhead: Costs of operating a business, even if no clients avail themselves of any services.

Overtime: Hours worked in excess of the maximum regular number of hours fixed by statute, union contract, or custom. Typically, all time worked in excess of 40 hours per workweek.

Overtime compensation: In the United States, overtime compensation is typically one and a half times the regular rate of pay.

Owner: One who has the right to possess, use, and convey something.

Ownership: The bundle of rights allowing one to use, manage, and enjoy property, including the right to convey to others.

Page speed: The time it takes for the content on a website page to load.

Pain score: The application of an objective rating to a subjective acute physiologic, psychological hurtful experience.

Palliative care: Treatment that supports or improves the quality of life for patients and caregivers by relieving suffering; this applies to treating curable or chronic conditions as well as end-of-life care.

Paper light practice: A practice that uses practice information management software but continues to use some paper forms in the workflow of the practice.

Paperless practice: Digital utilization of the practice management software for recording patient history, invoicing, inventory control, marketing, financial tracking, production reporting, and team communication pertaining to patient care and status. In-house and outside laboratory services are connected, and reports stored digitally. Digital diagnostic devices such as radiography, ultrasound, magnetic resonance imaging reports are also stored as part of the patient medical history. Paper patient history charts are no longer utilized.

Paralanguage: Range of voice tone, rhythm, volume of speech, degree of emphasis, and rate of speech.

Parent: Be or act as a mother or father to someone.

Partner: A person who has joined together with one or more persons to carry on a partnership.

Partner clinic: A full-service veterinary practice to which a mobile practice may be affiliated.

Partnership: An association of two or more persons to carry on as co-owners of a business for profit.

Partnership agreements: An agreement between partners, whether a general partnership or a limited partnership, that explains the terms of management and exit strategy.

Partnership-at-will: Partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking; in other words, to practice as partners for an indefinite term until one or all of the partners elect to leave or dissolve the partnership.

Partnership interest: All of a partner's interest in the partnership, including the partner's transferable interest and all management and other rights.

Pass-through of losses: The net income or loss of a pass-through entity is passed through and taken into account by the owners in proportion to their ownership. Thus, an S corporation shareholder or limited liability company member may use his or her pro rata share of losses to offset other income, subject to loss and basis limitations.

Patient log: Any record or list of patients that have received a particular service or product. The log generally has additional pertinent information, such as excerpts from the patient's medical record and/or items helpful in the billing process (e.g., laboratory logs and new-patient lists).

Pay period: Length of time covered by each payroll session. Pay periods typically include the amount of time covered as well as the specific starting and stopping points. The most common lengths of a pay period are weekly, biweekly, and semimonthly.

Payday: The day that the staff is supposed to receive their paychecks. When determining the payday, it is important to allow for a sufficient amount of time between the end of the pay period and payday to allow for check preparation. A common scenario is for a pay period to end on Sunday night at midnight, and payday to be on Thursday. This allows all day Monday, Tuesday, and Wednesday for processing.

Payment plan: A bundled medical plan in which specified veterinary services are provided and paid for in installments or prepaid, rather than at time of service. Sometimes referred to as wellness plans or concierge plans.

Payment plan management services: Companies that set up in-house payment plans for veterinary practices. These companies typically assess credit, set up automatic bank withdrawals from the pet owner's account, and follow up if payments are not made.

Pay-per-click (PPC): PPC is a model of internet marketing in which advertisers pay a fee each time one of their ads is clicked. Essentially, it's a way of buying visits to your site, rather than attempting to "earn" those visits organically.

Pay-per-view advertising: Online advertising in which the cost is determined by number of views.

Payroll: The amounts paid to employees as compensation for the services provided to the practice.

Payroll processing: This term encompasses all of the steps it takes to be able to pay staff. Processing begins with obtaining the time records for each hourly worker and entering them into your system; it ends with getting the checks signed and distributing them to your staff. How many steps are involved and how time consuming it is depends on each unique situation.

Payroll taxes: Taxes that are paid by employees and employers. During payroll periods, the employer pays one half of the taxes and withholds the employee's one half and submits payments to the state and federal government. These taxes are comprised of social security and Medicare taxes, which are mandated by the Federal Insurance Contributions Act, and unemployment taxes, which are mandated by the Federal Unemployment Tax Act and state counterparts.

Pedigreed: An animal whose ancestry is recorded by a registry organization.

Per diem: Staff members scheduled one day at a time as needed by the practice. For example, a former staff member hired on a per diem basis may be called in to cover operations during a staff meeting.

Perception gap: Sometimes, a practice wants to be understood or thought of in one way, but the marketplace has a different view. The result is a perception gap – the desired reality and the actual reality are not in alignment.

Performance appraisal: A system of determining how well an individual employee has performed during a period of time. The appraisal may include some form of a development plan to address insufficient performance and to reward appropriate and exceptional efforts.

Performance review: A formal individual performance appraisal and/or review process. Generally performed by a more senior staff member on or about a more junior employee.

Performing: Teams work positively, creatively, and productively together.

Periodontal disease: Disease of tissue surrounding the teeth – attached gingiva, alveolar bone, periodontal ligament, and cementum of the root

Peripheral: Generic term for all pieces of hardware excepting, of course, the computer itself. Accessory pieces such as printers and scanners, however, are considered hardware peripherals.

Perpetual inventory: System of inventory control in which the number and value of inventory items can be determined directly by stock records and are updated directly as transactions occur. By adhering to perpetual inventory principles such as the cycle of ordering, receiving, selling, and cycle counting, practices can develop an accurate quantity on hand within an automated inventory system such as through your practice information management system.

Perpetual survival: Businesses, if successful and profitable, need perpetual or uninterrupted existence, whether one or more shareholders desire to leave or not.

Perquisite (Perk): An incidental or "fringe" benefit.

Person: As defined in the Americans with Disabilities Act, "person" includes one or more individuals, governments, governmental agencies, political subdivisions, labor unions, partnerships, associations, corporations, or legal representatives. Thus, from this definition, it can be seen that employers include the private sector and state and local governments employing 15 or more employees. The federal government, however, is expressly excluded.

Personal protective equipment: Various pieces of equipment that need to be purchased and brought into the facility for the safety and protection of the staff. Examples include eyewash stations, safety goggles, and lead aprons for radiology.

Personalty: Personal property; compare "realty," which is real property.

Pesticides: Any substance or mixture of substances intended for preventing, destroying, repelling, or mitigating any pest. Generally speaking, pesticides must be registered with the Environmental Protection Agency prior to distribution or sale, unless they are otherwise excluded or exempted from regulations.

Pet-specific care: An approach that tailors veterinary care to individual pets based on their predicted risk of disease and likely response to intervention.

Pharmacovigilance: The science and activities relating to the detection, assessment, understanding and prevention of adverse effects or any other drug-related problem.

Phishing: Attempting to acquire such information as passwords, user names, and credit card details though electronic communication by posing as a trustworthy entity.

Phobia: Persistent and excessive fears of certain things or situations that are usually out of proportion to the actual threat that they present. Examples include fireworks, thunderstorms, and fire alarms.

Photovoltaic system: A solar-powered, energy-producing system used to generate electricity.

Picture archiving and communication system (PACS): A medical imaging technology that provides economical storage of, and convenient access to, images from multiple modalities (source machine types). Electronic images and reports are transmitted digitally via PACS; this eliminates the need to manually file, retrieve, or transport film jackets.

Piercing the corporate veil: Courts are often asked to issue a judicial order stating that the corporate owners are liable for the corporation's unpaid debts. If courts agree to issue the order, this is known as "piercing the corporate veil." Courts look at certain actions by business owners and management to determine if the order is warranted, such as whether owners failed to observe corporate formalities (keeping minute books, passing resolutions, holding board meetings, etc.) and if they treated the corporation as a separate entity or just as a continuation of themselves.

Pioneer drug: The brand name or patented version of a drug, later copied to make generic drugs after the patent expires.

Plan B: An alternate strategy, often considered as a second choice to a preferred strategy.

Planning, zoning, building, and permitting departments: Municipal entities that control, enforce, and maintain the physical development of land.

Points: A fee paid to the lender at the initiation of a loan, negotiated in exchange for a lower interest rate and that effectively equates to prepaid interest. One point equates to 1% of the borrowed principal amount.

Policy manual (employee handbook): The policy manual is the document that describes the employment policies of a specific employer, describing what the employer expects of the employee, and what the employee can expect from the employer; this term puts the focus on the content of the document, and the policies existing within the document.

Portal, patient: Healthcare-related online applications that allow clients to interact and communicate with their pet's healthcare providers, such as veterinarians. Typically, portal services are available on the Internet at all hours of the day and night.

Positioning strategy: Defining a practice and creating a market identity that's in alignment with the needs and desires of the practice's targets. A practice's positioning is conveyed through every way in which it interacts with pet owners, including the practice's facility, visual devices and symbols, people, services, and service delivery. All these elements work together to create an understanding of what pet owners can expect when they walk in the door.

Positive feedback: Feedback that is supportive of what someone has done, and framed positively.

Possessory lien: A lien allowing the creditor to keep possession of the encumbered property until the debt is satisfied. A power of sale may or may not be combined with this right of possession.

Postdated checks: Checks written on the current day, but dated for a future date. It is risky to accept these, and it may be illegal in some areas. Prosecutors likely will not prosecute a postdated check.

Post-traumatic stress disorder: The impact of experiencing a traumatic event first hand.

Practice app: Application used on smartphones that allows easy access to a business and improves the client experience.

Practice culture: Refers to the attitudes, motivation, values, role expectations, and beliefs that employees have about their daily work environment.

Practice information management software: The software that tracks client and patient data and interactions in a veterinary hospital. Also known as practice management software.

Practice management software: Software that deals with the day-to-day operations of a medical practice. Such software frequently allows users to capture patient demographics, schedule appointments, maintain lists of insurance payers, perform billing tasks, and generate reports. Also known as practice information management software.

Practice manager: Similar to an office manager, but typically with more responsibility for staff supervision and human resource issues. This is an unregulated term, although there is a certification program (Certified Veterinary Practice Manager) offered by the Veterinary Hospital Managers Association.

Practice models: The array of various aspects of ownership and management of veterinary practices, including the practice size and the scope and breadth of services or markets served.

Practice positioning: Defining how a practice wants to be understood in the marketplace; the space the practice seeks to occupy in the minds of pet owners. Positioning is essentially determining how a practice will "look and talk" in the marketplace.

Present value: The current monetary value of some defined investment return, given a specified rate of return.

Present value of money: The present value of an amount of money that is expected to be received at a specified time in the future is the amount that if invested today at a specified interest rate would accumulate to that given amount.

Presenteeism: The practice of being at work while ill or not performing to full potential while at work.

Pretax contributions: Contribution to a retirement plan made from employee earnings that are not included in the employee's taxable income for that year. When funds are finally withdrawn from the plan, the contribution is considered taxable income because it was not previously taxed.

Primary beam radiation: Ionizing radiation as it leaves the radiographic tube and collimator. This should never strike veterinary staff.

Primary care physicians: Physicians who coordinate and manage the regular medical care of patients. Also known as first-opinion physicians in some countries, they see patients for all services and refer to specialists as necessary.

Prime rate: Based on the federal funds rate set by the Federal Reserve, the prime rate is the interest rate used by banks in lending to their best clients.

Principal: Borrowed amount of money, excluding any interest on the outstanding amount. Over time, with regular payments, the principal balance of a loan gradually decreases. With a fixed payment amount per period, the earliest payments primarily satisfy

the interest accruing on the note. Loan payments made later in the term increasingly reduce the principal portions of the note.

Privacy policy: A written or legal statement that discloses how a practice uses or intends to use a client or customer's data. Generally pertains to nonmedical information, such as name and demographic data, but may also include purchasing data, credit card information, data gathered online, and other potentially sensitive information.

Private buyers: Individual associates at a practice or third-party private buyers. These individual buyers may be either veterinarians or nonveterinarians desiring to purchase to own an investment, where they may or may not work.

Private foundation: A nonprofit organization which is usually created via a single primary donation from an individual or a business and whose funds and programs are managed by its own trustees or directors.

Pro forma: Projection or estimate of what may result in the future, given current assumptions and predictions. This is the financial estimate of how the business will do if certain assumptions are achieved.

Probate: The court process by which a will is proved valid or invalid.

Procedure log: Procedure logs help ensure that tasks have been completed and/or completed in a specific manner (e.g., a practice housekeeping checklist or a record of dates evidencing that someone has calibrated the in-house laboratory instruments).

Processor: Processes the critical information and instructions that make your computer perform.

Product development: Developing new products or services for sale to existing clients.

Production: A form of commission paid to veterinarians on the basis of their revenue generation.

Production label claims: A label claim that was not for disease control, treatment, or prevention but was for an enhancement to production, such as "increased rate of weight gain" or "improved feed efficiency." These label claims were voluntarily withdrawn by drug manufacturers in 2016 and the Food and Drug Administration will no longer approve a drug application with a production claim.

Production report: Report produced by your practice management software that shows fees by service code (i.e., surgery, examinations, vaccinations, retail sales, etc.).

Productivity: The rate at which goods or services are produced per unit of labor. Productive employees are satisfied, motivated individuals working toward a common goal. A productive business is one that generates revenue from efficient inputs of resources and labor.

Professional development plan: A plan assembled by an organization's management for the purpose of enriching its employee's skills and enhancing their careers, and at the same time aligning the employees' motives with the organization's business needs and goals.

Professional liability: Insurance that protects against claims arising from acts, errors, or omissions in rendering services of a professional nature.

Professional salaries: Compensation paid to owner, associate, and relief veterinarians. In the case of owner compensation, it includes any monies received out of the practice due to ownership, whether they are from veterinary salary, owner bonuses, return on investment, management fees, or division of profits.

Profit and loss statement: Also known as the income statement, this is a report on financial performance that covers a period of time and reports income and expenses during that period.

Profit center: A section of a practice that can be assessed in terms of its revenues and expenses (e.g., surgery, imaging, or laboratory).

Profit center report: Report that tracks income from related service codes (e.g., all dentistry codes) and expenses related to producing that income (doctor and tech time, dental supplies, dental equipment, etc.), arriving at the profit (or loss) for those practice areas.

Profit margin: The dollar amount of profits divided by the gross revenue of the practice and expressed as a percentage.

Profitability: The revenue for a practice once all expenses are paid, a fair market facility rent is paid, and the owner is compensated at a rate similar to what employees in the same position are paid.

Pro-forma budget: Budget that charts a course of future action for the practice by outlining and defining the plans of the practice in financial terms.

Programming: Information-gathering process during which the design team gathers information from the owner regarding his or her needs. The product of programming may be a list of rooms and room sizes that may be referred to as the "program" or the "program plan."

Project: A project is a temporary endeavor with a defined beginning and end (usually time constrained, and often constrained by funding or deliverables), undertaken to meet unique goals and objectives, typically to bring about beneficial change or added value.

Project management: The discipline of planning, organizing, securing, managing, leading, and controlling resources to achieve specific goals.

Projected value: Projected value is your best guess for anticipated future performance. For example, if last year the practice generated $1,000 and next year it expects to generate $1,100, the practice's projected value is $1,100.

Promotion: The act of encouraging a trial or persuading an action to contribute to the growth and advancement of a business.

Property: All property owned and used in the operation of the partnership, including real estate, personal property, and tangible and/or intangible property.

Prophy: Colloquial term for a dental prophylaxis procedure.

Pros/cons analysis: A decision-making tool that weighs advantages (pros) and disadvantages (cons) of a contemplated change. Weighting may be assigned to various pros and cons.

ProSal: The practice of compensating veterinarians with a base salary and performance bonuses for personal production exceeding a specific threshold. The term is a conflation of "production" and "salary" and provides the security of a salary with the opportunity to earn more.

Prospect: An identified potential client that can be targeted for business.

Protocol: The form and etiquette observed for a specific event or procedure.

Pro-veterinary: Content that supports the message and recommendations of veterinarians and the veterinary profession.

Proxemics: Spatial relationships or distance between individuals when communicating, including barriers that may inhibit the communication process.

Psychographics: Research that attempts to explain behavior by analyzing people's personality traits and values.

Public affairs: Developing effective involvement in public policy, and helping an organization adapt to public expectations; also a term used by military services and some government agencies to describe their public relations activities.

Public relations: The art of developing reciprocal understanding and good will between a business and the public.

Publicity: The act of delivering information of news value as a means of gaining public attention or support.

Publics: Any group with some common characteristic with which an organization needs to communicate, including the media, government bodies, financial institutions, pressure groups, and so on, as well as customers and suppliers.

Pull marketing: The opposite of "push" marketing. Marketers seek to engage and connect with consumers through relevant and

compelling content with the goal of consumer engagement leading to sales.

Purebred: An animal bred from parents of the same breed or variety; one whose ancestry contains members of the same breed.

Push marketing: Promotional efforts that rely on aggressive advertising campaigns to disperse often one-sided information on products and services with the goal of consumer sales.

Push notifications: This allows a smartphone to receive and display alerts even when the device's screen is locked and the application that is pushing the notification is closed.

Quality of life: The total wellbeing of an individual animal that considers the physical, social, and emotional aspects of its life.

Quality-of-life score: The objective rating of criteria that determine how well an animal lives and daily functions long term, usually with a chronic disease, impairment, or pain.

Quantitative and qualitative research: Quantitative research generates numerical data or information that can be converted into numbers. Qualitative research, on the other hand, generates nonnumerical data.

Query: Precise request for information retrieval with database and information systems.

Quick asset: An asset that can be converted to cash (liquidated) rapidly: cash, accounts receivable, short-term notes receivable, certificates of deposit, and other short-term investments in marketable securities. Specifically excludes inventory.

Quid pro quo sexual harassment: Occurs when a supervisor conditions the granting of employment benefits upon the receipt of sexual favors from a subordinate, or when a supervisor punishes the subordinate for refusing to submit to his or her request for sexual favors.

Radiation dose: Measured in millisieverts (mSv) or rems (Roentgen equivalent man).

Radioisotopes: Versions of an element that have a greater atomic weight due to additional neutrons. Unstable isotopes that emit ionizing radiation are known as radioisotopes.

Radiology information system: System that integrates hospital management software with picture archiving and communications system and viewing software.

Ransomware: Malware that encrypts the files on the computer making them unreadable unless a ransom is paid.

Rate of return: The amount an investment appreciates or depreciates over time, often expressed as a decimal (e.g., 0.06) or a percentage (6%).

Reach: The total number of different people or households exposed to a medium during a given period.

Real estate investment trust (REIT): An investment company that owns and manages a portfolio of real estate properties and mortgages. Most REITs trade like stocks on financial markets, and REITs are sometimes referred to as "real estate stock."

Real-time laboratory testing: Laboratory testing performed at the hospital (in-house), by the hospital team, for immediate results.

Reasonableness: The subjective standard by which the actions of a veterinarian with similar qualifications, skills, and knowledge is determined.

Receptionist manual: Outlines all front-desk procedures in a step-by-step manner. Examples may include processing insurance claims, third-party payment applications, and payment plans. This manual typically includes customer service policies. It also outlines a vast array of procedures from how to answer the telephone to how to arrange for a pet's cremation. Furthermore, it includes step-by-step instructions on how to operate all of the standard features of the office automation equipment, including the telephone system, voice mail, facsimile machine, the credit card machine, and the practice management software.

Recklessly: The actor is consciously creating a risk that injury might result with a probability less than substantial certainty (if the actor knows that injury is certain to result, they act knowingly). It is an unjustified, substantial risk known by the actor and consciously disregarded by the actor. Their fault is indifference.

Recurring revenues: The portion of a company's revenue that is highly likely to continue in the future. This is revenue that is predictable, stable, and can be counted on in the future with a high degree of certainty, and usually does not require the major costs of new customer acquisition.

Red flag rules: A set of federal regulations that require certain businesses and organizations to develop and implement plans to keep client information secure in efforts to discourage identify theft.

Redemption agreement: Another name for the buy/sell agreement where the business entity or corporation is buying the shares of an exiting owner.

Reference laboratory: Offsite laboratory where tests are done on clinical specimens in order to get information about the health of a patient as pertaining to the diagnosis, treatment, and prevention of disease.

References: Individuals the candidate has personally selected who are willing to be contacted by a potential employer regarding the candidate's qualifications.

Referring veterinarian: The referring veterinarian is generally the primary care veterinarian for the pet that is usually a general practitioner.

Referring veterinarian liaison: A staff member such as a technician who works with the hospital manager and specialists to facilitate improved relationships with area practitioners. Duties include oversight of follow-up referral reports, fielding phone calls from referring veterinarians, organization of incoming medical records, assisting specialists with follow-up phone calls to area veterinarians, and clinic visitations.

Refills: The Veterinary Feed Directive cannot allow refills unless the label specifically allows refills. If a label is silent to refills, then refills cannot be authorized.

Reflective listening: Communication technique whereby the veterinarian demonstrates to the client that his or her interests and concerns have been heard. It focuses completely on what the client is saying and confirms understanding of the message content and the underlying emotions to ensure an accurate understanding.

Regenerative medicine: The process of creating and implanting living, functional tissues to repair or replace tissue or organ function lost due to age, disease, damage, or congenital defects.

Regular rate: The regular rate is an hourly rate equal to the amount an employee receives per hour for all time worked during any workweek, without regard to the manner and means by which employees' pay is earned.

Regulated medical waste: A subcategory of solid waste covering biohazardous or infectious waste produced by the diagnosis, treatment, or vaccination of animals.

Rehabilitation modalities and therapies: Techniques and tools used to enhance and restore functional ability and quality of life to those with physical impairments or disabilities via focus on connective and nervous tissues.

Relevant: Meaningful and applicable to a particular target; pertaining to the target in a way that members can relate.

Relinquished property: The property being sold.

Relinquishment: Giving up a pet for adoption or euthanasia.

Remote desktop: Remote desktop software refers to a software or an operating system feature allowing applications to be run remotely on a server while being graphically displayed locally.

Remote or cloud backup: Cloud-based backup systems are typically built around a software program that runs on a schedule, typically once a day, and usually at night while computers are not in use. This

program typically collects, compresses, encrypts, and transfers the data to the remote backup service provider's servers or offsite hardware.

Remote rate: A different hourly wage for working remotely as compared to working in the hospital. Some practices pay the same rate, others pay less, believing that remote work is an employee convenience, while others pay more to offset the employee's office expense.

Remotely: From a distance or without physical contact.

Remuneration: All monies received for time worked in a pay period, whether deemed wages, commissions, nondiscretionary bonuses, tips, or any other form of compensation for services rendered.

Reorder point: Inventory level at which additional product is ordered.

Replacement property: The property being purchased.

Request: Generic term used by many practices to indicate that a client has requested a specific doctor when scheduling an appointment.

Research: Determining attitudes and behaviors of publics and their causes in order to plan, implement, and measure activities to influence or change the attitudes and behavior.

Residency: A two- to three-year period of supervised, advanced training in a concentrated discipline of veterinary medicine with the intent to qualify for specialty certification. An internship may or may not precede a residency.

Resilient: Capable of absorbing impact without permanent deformation. Resilient flooring materials tend to be more comfortable under foot, especially during extended periods of standing as may be experienced in treatment or surgery areas.

Resinous: Self-leveling, or troweled-on, liquid-applied flooring materials consisting of epoxy, acrylic, or urethane resins.

Responsibility: The duty to perform or complete an assigned task.

Responsive design: A website design that automatically adjusts content based on screen size.

Restrictive covenant: Any type of agreement that requires an individual to take or abstain from a specific action.

Résumé: A brief summary of personal, educational, and professional qualifications and experience, typically used as part of a job application.

Retail-anchored practice: A veterinary practice affiliated with a retail entity.

Return on investment (ROI): Income that an investment generates compared with the cost of the investment. ROI is a measure of how effectively a firm uses its assets to generate profit.

Revenues: All sales of the practice for goods and services. Also referred to as income, and in some countries as "turnover."

Reverberant sound: Sound waves that bounce off surfaces.

Review: An evaluation of a publication, a product, a service, or a company.

Right of first refusal: The rights given to surviving or remaining shareholders allowing them to meet or match a third party's offer to purchase available shares of a business, within a prescribed specific amount of time.

Risk: The level of danger to an individual, business, or community based on an analysis of threat versus vulnerability.

Risk management: The identification and assessment of risks and minimizing their impact, such as with insurance or reducing risk factors.

Roadblock: Typically an employee who works to prevent another employee from achieving his or her goal(s).

Robust password: Meaning "tough" or "complex" password. It must contain at least eight characters, including at least one upper-case letter, at least one lower-case letter, at least one symbol, and at least one number. It may not contain words in the dictionary or proper names.

Roll-up merger: A roll-up (also known as a "roll up" or a "rollup") merger occurs when investors (often private equity firms) buy up companies in the same market and merge them together. Roll-ups combine multiple small companies into something bigger and better to be able to enjoy economies of scale. Private equity firms use roll-ups to rationalize competition in crowded and/or fragmented markets and to combine companies with complementary capabilities into a full-service business.

Rooftop unit (RTU): This is a term used to define a prepackaged heating, ventilation, and air conditioning unit that combines gas-powered heating, a fan unit, and cooling. RTUs are often combined with energy recovery ventilators, which reduces the RTU's required capacity. RTUs are the most common solution for veterinary hospitals.

Rotating schedule: The staff, their shifts, and their responsibilities rotate. The rotation may be always the same (fixed) or random in nature.

Router: A device that forwards data packets between computer networks, creating an overlay internetwork. A router is connected to two or more data lines from different networks. When a data packet comes in one of the lines, the router reads the address information in the packet to determine its ultimate destination.

Rule of 72: A simple method for estimating the time it would take for an investment to double in value, given a fixed compounding annual rate of interest.

Rule of thumb: A rough approximation that is not intended to be strictly accurate or reliable for every situation.

S corporation: A corporation that has between 1 and 100 shareholders and that passes through net income or losses to its shareholders.

Safety data sheet: A document prepared by the manufacturer of a product that contains detailed technical and safety information about the product.

Safety director: Person in charge of defining and implementing safety plans.

Safety manual: A guide that identifies hazards within the practice and delineates procedures for dealing with them. This manual includes relatively simple activities, such as how to properly use the autoclave and how to perform a daily leak test prior to using your anesthesia machine(s).

Safety stock: Inventory remaining past the reorder point.

Sales funnel: The system or process that companies lead customers through when purchasing a product or service.

SBA 504 loan: A loan program administered by the Small Business Administration (SBA). These loans are guaranteed by the US Government and cover up to 40% of the project cost, with another 50% financed conventionally, and a low 10% down payment from the owner. Although there are restrictions, SBA loans are a good option for many small business owners to cover a portion of their construction financing.

Scatter radiation: Ionizing radiation that scatters from the patient, table, equipment, and so on, after interaction with the primary beam, and which may travel directly toward veterinary staff. This radiation should be the focus of radiation safety in the veterinary practice.

Scavenger: A mechanical, physical, or chemical device that captures the waste anesthetic gases from the anesthesia machine and discharges them to a safe area or absorbs them into a filter.

Schematic design: These drawings typically indicate the general layout and design of the building and include floor plans drawn to scale, elevations or a perspective drawing illustrating the exterior building appearance, and a site plan.

Scienter: A legal term implying that the offender had knowledge of wrongdoing before the act was committed.

Scintigraphy: Imaging utilizing radioactive isotopes for contrast.

Scope: In project management, scope is a set of boundaries that define the extent of a project. These boundaries determine what falls inside or outside the project and what is included, or not, in planning.

Scope creep: This is the trend of adding more and more into a design or the project's scope of work. Obviously, costs escalate as the scope grows. Establishing a budget for a fixed program and sticking to it can eliminate this situation.

Search engine optimization: The process of affecting the visibility of a website or a web page in a search engine's "natural" or unpaid ("organic") search results.

Seasonal staff: Staff members who work only during a specific season of the year. The most common example is that of college students who have returned to the practice during the summer months and/or holidays.

Secondary traumatic stress: An indirect exposure to trauma through a firsthand account or narrative of a traumatic event; compassion fatigue is a form of secondary traumatic stress.

Section 125: This section is part of the Internal Revenue Service Code that allows employees to convert a taxable cash benefit (salary) into nontaxable benefits. Under a Section 125 program, employees may choose to pay for qualified benefit premiums before any taxes are deducted from their paycheck.

Section 179: An election to expense up to a certain dollar value of qualifying property in the year of acquisition. Qualifying property generally is tangible personal property acquired by purchase for use in the active conduct of a trade or business.

Security interest: The legal rights a lender takes in collateral to protect against loss in the event of borrower default on loan repayment. A security interest is perfected when the lender formally records the interest with a governmental agency, such as a county recorder's office.

Sedation: The administration of one or more drugs to reduce anxiety and improve patient tolerance of a medical or diagnostic procedure.

Segmentation: A marketing term referring to the aggregating of prospective buyers into groups (segments) that have common needs and will respond similarly to a marketing action. Market segmentation enables businesses to target different categories of consumers who perceive the full value of certain products and services differently from one another.

Self-awareness: The ability to know one's emotions, strengths, and weaknesses and their impact on others.

Self-directed teams: Self-managed group of employees who work together to produce a product or service. The process by which empowerment of team members at the local level is made to effectively make "operational" decisions without deferring to a supervisor or other manager for their area. These individual groups define and train for the process needed to achieve the goals of the practice.

Self-regulation: The ability to control or redirect one's disruptive emotions and adapt to changing circumstances.

Semimonthly payroll: In this scenario, paychecks are issued twice a month, typically on the first and the fifteenth of each month.

Semivariable costs: Costs that do not fluctuate directly with revenue, but still do not stay fixed in the sense that rent does. Staff salaries are an example. Often, these costs increase in a stepwise fashion. Staff salaries may be fixed over a certain range of revenue but increase once the high end of that range is reached.

Sensory marketing: Marketing that engages the consumers' senses and as a result affects their perception, judgement, and behavior.

Separate document: The buy/sell agreement in a closely held corporation is usually a standalone document and should not be part of the bylaws of the corporation. The buy/sell agreement may be called a shareholder agreement or incorporated into a shareholder agreement.

Serious adverse event: A serious adverse event is any adverse event that results in death, is life threatening, or results in persistent or significant disability/incapacity, or a congenital anomaly or birth defect.

Server: Physical computer (a computer hardware system) dedicated to run one or more services (as a host), to serve the needs of the users of other computers on the network.

Service: The action of helping or doing work for someone.

Service mix: The selection of services a practice offers that should be in alignment with, and reflective of, the needs of its targets. When services are structured around the needs of a target, it is easier for the target to understand the benefit or advantage they will gain from using the service.

Settlor: A person who has created a trust. Also known as a trustor or grantor.

Sexual harassment: Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when, for example: submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment; submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or, such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

Shaping space: Arranging the physical space and nonverbal content of the veterinary encounter for enhancing the quality of care for the client and patient.

Shared decision-making: Shared decision-making addresses the ethical need to fully inform clients about the risks and benefits of treatments, as well as the need to ensure that clients' values and preferences play a prominent role.

Shared leadership: Sharing wisdom, knowledge, and influence through empowerment.

Shareholder agreement: Agreements between corporate shareholders that can and should include buy/sell agreement terms allowing one or more shareholders to exit the company having pre-committed buyers for the shares.

Shift differential: A premium that is added to regular pay in a 24-hour environment for working less-desirable shifts, such as weekends or overnights. Shift differentials are usually a specific dollar amount per hour or a percentage of regular hourly wage on top of the employee's regular hourly wage.

Short Message Service (SMS): In some countries, including the United States, SMS is more commonly referred to as text messages. Limited to, and charged at, 160 characters per message, including spaces. Smartphones enable up to four SMSs to be strung together.

Short Message Service (SMS) application program interface: Allows practice management software to directly integrate with SMS software, either to send messages or collect inbound responses (e.g., "reply 'YES' to confirm appointment or NO to cancel").

Shortage costs: The costs of not maintaining sufficient inventory so that the sale is lost when consumers go elsewhere.

Short-term (or current) portion of loan: Amount of a loan's principal balance that is due within the next 12-month span of time.

Shrinkage: The loss of product from inventory not resulting from sale, including product lost to employee theft, shoplifting, administrative and paperwork errors, and vendor errors/issues.

Situational analysis: Review of the current environment, including competitors as well as social, political, economic, and legal conditions. For established veterinary practices, the situational analysis includes looking carefully at the current state of affairs for the practice in terms of its ability to meet client needs.

Skill-based scheduling: A method of scheduling based on the known skill sets of individual employees and the needs of the practice. The more skill sets an employee has developed, the more flexible their scheduling options. Examples could include ensuring there is at least one assistant with client education skills, restraint skills, and phlebotomy skills in order to support appointments. This type of

scheduling ensures all typical tasks can be completed by the staff on-hand, instead of just ensuring an appropriate "body count."

Skill hog: Employee who has mastered a skill, but refuses to train others. These individuals are generally insecure in their position within the practice and believe that "hoarding" a specific skill set gives them job security or elevated status within the practice. For example, there is only one technician in the practice that can take dental radiographs, but they never seem to have time to teach anyone else this skill.

Skills-based compensation: A system of wages and raises based on achievement in different skill blocks as determined by the individual practice's need.

Small Business Administration (SBA): Independent agency of the executive branch of the US Government. Through its loan program, the SBA is a major provider of funds for borrowers who fit their lending requirements. Although independent lenders or banks provide the actual funds, the lender receives, in essence, a guarantee by the government that the loan will be repaid. Therefore, when a business applies for and receives an SBA loan, they are actually applying for a commercial loan, structured according to SBA requirements, which ultimately receives a guarantee that the SBA portion of the loan will be repaid. As such, the loan must also meet the underwriting requirements of the lending institution.

Small Business Association lender: A US Government lender partnership that lowers lenders' risk though guarantying a percentage of each loan.

SMART: Acronym for specific, measurable, attainable, related to mission, and time limited.

Smart device: An electronic device that is cordless (unless while being charged), mobile (easily transportable), always connected (via Wi-Fi, 3G, 4G, etc.) and is capable of voice and video communication, Internet browsing, "geo-location" (for search purposes), and that can operate to some extent autonomously.

Smartphone: Mobile telephone built on a mobile operating system, with more advanced computing capability and connectivity than a feature phone.

SOAP: An acronym that identifies the most common data entry format used by veterinary practices. The data are generally located in the progress notes portion of a problem-oriented medical record. S: Subjective – includes the chief complaints as well as the patient history. O: Objective – includes objective and observed information derived from the physical examination, laboratory reports, and other diagnostic data. A: Assessment – includes a provisional diagnosis, summary of abnormal findings and differential rule-outs. P: Plan – the most critical section for continuity of care, the plan should include plans being made for further diagnostic studies, treatments, and/or surgery.

Social media: Interactive platforms that individuals and communities create and share user-generated content.

Social skills: The ability to manage relationships and direct others in a desired direction.

Soft costs: Cost of intangible items that may include fees to regulatory agencies, any legal fees, financing costs, design fees, insurance costs, and relocation expenses.

Soft skills: Soft skills are personal attributes that enhance an individual's interactions, job performance, and career prospects. Unlike hard skills, which are about a person's skill set and ability to perform a certain type of task or activity, soft skills relate to a person's ability to interact effectively with coworkers and customers; these skills are broadly applicable both inside and outside the workplace.

Software: A collection of computer programs and related data that provide the instructions for telling a computer what to do and how to do it. Software refers to one or more computer programs and data held in the storage of the computer.

Solid waste: A term defined by the Environmental Protection Agency that covers a broad range of solid and liquid waste products. Most of the waste that is produced by a veterinary hospital is solid waste. Solid waste is then broken down into many different categories and subcategories.

Sound transmission class (STC): An empirically derived rating for materials or material assemblies that describes the number of decibels "screened" when noise passes through. For example, a wall that has an STC of 45 will screen 45 dB of sound. If the sound is 65 dB, then 20 dB will be audible on the other side of the wall. Generally, walls with greater mass screen more noise.

Spam: The use of electronic messaging systems to send unsolicited bulk messages, especially advertising, indiscriminately.

Special events and public participation: Stimulating an interest in a person, product, or organization by means of a focused "happening"; also, activities designed to enable an organization to listen to and interact with publics.

Specialty/emergency practice: A facility that opens an emergency facility to ensure 24-hour-a-day care for all hospitalized patients. The increasing number of specialists combining practices and the need for specialized care of patients 24/7 has opened the way for these practices to start and maintain emergency practices.

Spinal manipulation: The use of high-velocity, low-amplitude joint manipulations to treat neuromusculoskeletal pain and dysfunction in order to restore mobility within a particular musculoskeletal area.

Split scheduling: This is when an employee works for more than one business unit within a single workday or workweek. For example, a receptionist on a split schedule works in the general practice from 4.00 p.m. to 9.00 p.m. and then moves to the emergency practice from 9.00 p.m. to 11.00 p.m. to finish their shift.

Split shift: A shift that contains at least one break that is larger than a meal break. For example, a staff member may work 8.00 a.m. to noon, then 4.00 p.m. until closing. The advantage to the practice is it schedules employees during greatest need, so it uses payroll dollars very efficiently. However, an employee typically needs to live near the practice and have other ways to utilize their down time between shifts in order for this arrangement to be a win–win for both parties.

Spoliation: The intentional destruction of documents meant to be saved.

Spyware: A type of malware (malicious software) installed on computers that collects information about users without their knowledge. The presence of spyware is typically hidden from the user and can be difficult to detect.

Staff turnover: The rate at which workers leave a workplace and need to be replaced by new employees.

Stakeholder: An individual or a group with an interest in a particular business; the individual or group has something at risk (at stake).

Standalone specialty practice: A facility that does not have an emergency facility present on site and would send critical cases to an emergency practice for observation during the evenings and/or weekends.

Standard of care: Duty to exercise the care and diligence that is ordinarily exercised by a reasonably competent veterinarian under similar circumstances. In veterinary medicine, the term standard of care is often also used synonymously with protocol to identify guidelines that have been customized for use in a specific practice.

Standard operating procedures: Preferred methods of doing a procedure or protocol in the practice.

Standards of performance: Written protocols regarding patient care, customer service, and team professionalism.

Standing: The legal requirement for a party to prove that they can participate in a lawsuit. Simply put, standing is the legal right and ability to sue and be sued. The party must show that they have an actual harm, that there is causation between the behavior of the

other party and the actual harm, and the action of the court can actually correct the issue.

Statement of cash flow: The third of the commonly prepared financial statements listing the sources of cash in a business (such as revenue from services, proceeds from debt incurred, and collections on client accounts) and uses of cash (such as debt payments or purchases of drug and supply inventory) during a period of time.

Stationary practice: A traditional "brick and mortar" veterinary practice, compared with a mobile practice.

Step expense: An expense that increases or decreases in distinctive amounts rather than in a linear fashion. Any staff member with a guaranteed work schedule is considered a step expense. This is because each staff member has the capacity to complete a specific volume of work. For example, if a new technician supports $150,000 in revenue production, the practice will not need to hire another technician until the new technician is at full capacity. The next technician represents the next "step" in staffing costs.

Stock sale: A sale where a seller sells an interest in some type of entity, typically an S or C corporation, or limited liability company.

Stockout: A stockout, or out-of-stock event, is a situation in which the demand for an item cannot be met from the supply in inventory; the amount on hand is insufficient for the amount needed or wanted.

Storming: Members come into conflict over goals and personalities.

Straight 15s: Historically, the most common scheduling system. The staff would schedule a steady stream of appointments at 15-minute intervals (e.g., 08.00, 08.15, 08.30). Currently, it is estimated that 10–15% of companion animal practices still use this system.

Straight 20s: A popular expansion of the straight 15s approach. Appointments were scheduled at 20-minute intervals (e.g., 08.00, 08.20, 08.40). Currently, it is estimated that approximately 40% of companion animal practices use this system.

Straight 30s: A popular time-scheduling option in very competitive markets and perhaps the schedule of choice for new practices trying to bond clientele. It is estimated that only 5% of companion animal practices use this system.

Strategic partnerships and alliances: A relationship between businesses in which the parties work cooperatively in a business effort to achieve shared goals. The scope of a strategic partnership or alliance can range from an informal business relationship based on verbal commitment to a more formal contractual relationship such as a joint venture.

Strategy: A plan or action to achieve a specific end, typically within a long time frame (usually greater than a year). Often, strategies are achieved by utilizing various tactics to achieve specific aspects of the overall strategy.

Stress: Any chemical, physical, or emotional force that threatens an organism's homeostasis.

Structured on-the-job training (OJT): A form of OJT that is carefully defined based upon the needs of the business and structured to mirror and support the career path of employees. Structured OJT employs formal materials to support the learning process.

Structured sales: An installment sale whereby an installment obligation is assigned to an insurance company for an annuity payment.

Student loan: Debt associated with post-secondary education. Graduating with little or no student loans is the rare exception today.

Stylus: Computer accessory that is used to assist in navigating or providing more precision when using touchscreens.

Subscription: A purchase made by signed order, as for a periodical for a specified period of time or for a series of performances.

Succession: The legal transfer of real estate and/or business entities to another individual/entity.

Suffering: An unpleasant or painful experience, feeling, emotion, or sensation, which may be acute or chronic in nature; this is an umbrella term that covers the range of negative subjective experiences, including, but not limited to, physical and emotional pain and distress. In veterinary medicine, suffering can be experienced by the patient and the caregiver.

Supervisor: This refers to the next level of management, the person who is responsible for overseeing a larger number of people or larger area of the facility than the lead position; this person continues to work some of the time on the floor, but the majority of the time they are involved in the management of the business.

Support: Regarding software, this is technical assistance offered by the software vendor that helps you properly use the software product (i.e., technical support helps users troubleshoot and resolve problems). The two most important factors in evaluating the quality of support offered by a vendor are hours of availability and responsiveness to a user's inquiry (i.e., how quickly technical support contacts you to help you resolve your software problem).

Sustainable design: The application of design principles that use resources responsibly and reduce negative environmental impacts.

SWOT analysis: A strategic planning method used to evaluate the strengths, weaknesses/limitations, opportunities and threats involved in a project or in a business venture.

Sympathy: Feelings of sorrow for someone else's misfortune.

System failures: Deficiencies in the surrounding environment that contribute to or result in a veterinary medical error. For example, lack of mentorship and oversight of house officers in a veterinary teaching hospital is a system failure that may result in rookie mistakes.

Systems: Methods to create positive repeatable outcomes for the patient, the client, and the practice. Each area of the practice (client service, technical services, doctors' procedures, inventory, etc.) needs job descriptions or standard operating procedures.

Tablet computer: Any of a number of portable computers, approximately the same size as a notebook computer, in which the display screen serves as a touch-sensitive input device. The most common example is the iPad by Apple Computers.

Tactic: A plan or action to achieve a specific end, typically within a short time frame (usually less than a year, but occasionally spanning a few years).

Talent acquisition: The process of finding and acquiring skilled human labor for organizational needs and to meet any labor requirement.

Tangible assets: Physical assets such as cash, accounts receivable, inventory, property, facility, and equipment.

Target audience: A target audience is a specific group of people within a target market at which a product or the marketing message of a product/service is aimed.

Target market: A particular type of client that the practice wants to attract.

Target marketing: Identifying select target markets and directing marketing efforts to these targets. It is the opposite of mass marketing, in which all customers and prospects are treated the same.

Targeted marketing: The ability to specifically target which users see an advertisement, based on hundreds of data points, including location, employment, gender, and so on.

Task objective versus team objective: Many "teams" come together because a task needs to be completed and that is a bit of "the cart before the horse." It is important to remember that these are separate functions.

Tax basis: Total purchase price of property plus additional improvements minus all accumulated depreciation.

Tax bracket: Marginal federal tax rate assessed on your taxable income. It is the tax rate applied to each additional dollar of income. You need to know your current tax bracket in order to make informed decisions.

Tax credits: Incentive programs authorized by the Internal Revenue Service that provide incentives in the form of dollar-for-dollar tax reductions based on expenses incurred to encourage business owners to comply with the law in achieving certain commendable goals on behalf of society. Examples include providing accessibility to the disabled, hiring disadvantaged youth, establishing a presence in lower socioeconomic neighborhoods, and so on.

Taxes: All involuntary fees paid to federal, state, and local governments on the profits of the practice.

TCP/IP: TCP handles host-to-host communication. IP connects local networks, thus establishing internetworking.

Team: Trained and focused group of people working synergistically toward a goal.

Team/group stages: A team grows and changes markedly during its lifetime. The process of development has been described as having four stages: forming, storming, norming, and performing.

Teamship: The collective standard of behavior that is understood and appreciated by everyone participating on a team.

Technician manual: Designed to support the technicians in accomplishing their daily tasks in the back of the practice. It includes step-by-step instructions on how to operate and maintain all of the equipment in the practice, from intravenous pumps to pulse oximeters. It may also provide directions on how to complete daily, weekly, and monthly quality controls for equipment such as anesthesia machines and sterilizers. Depending on your specific practice model, it may also include instructions for proper charge capture and medical record auditing.

Teleadvice: Subclassification of telehealth in which only general advice is provided that is not specific to a particular patient's situation.

Teleconsulting: Subclassification of telehealth in which the consulting takes place between a primary-care veterinarian and a specialist.

Telehealth: Broad term to describe healthcare consulting delivered remotely; also referred to as virtual care.

Telemedicine: Telehealth delivered between a veterinarian and an animal-owning client, under the auspices of a veterinary–client–patient relationship.

Telemonitoring: A form of telehealth in which patients are monitored remotely.

Teletriage: Subclassification of telehealth in which assessment is made remotely regarding the need for urgent veterinary visitation. Teletriage does not include rendering any diagnosis, just advising regarding the potential urgency of the situation based on the information provided.

Template: Standard layout of a schedule that can be used to schedule into the future (such as a month in advance) or to speed up the creation of the fixed component of a schedule. Templates simplify schedule creation and allow staff members with fixed or standard rotations to predict their future work schedule in advance.

Terabyte: Unit of computer memory or data storage capacity equal to 1,024 gigabytes.

Terrorism: The unlawful use of force or violence against persons or property to intimidate or coerce a government, the civilian population, or any segment thereof in furtherance of political or social objectives. 28 CFR 0.85.

Testator: A person who has made a will.

Text (SMS) messaging: The act of typing and sending a brief electronic message between two or more mobile phones or fixed or portable devices over a phone network.

Thin client: Computer or a computer program that depends heavily on some other computer (its server) to fulfill its traditional computational roles.

Thin slicing: The ability to find patterns in events based only on "thin slices," or narrow windows, of experience.

Third-party payment: Monetary reimbursement for medical services from someone other than the client/patient.

Time management: The process of organizing and planning how to divide time between specific activities and tasks.

Time tracking: Recording the amount of time employees have worked for each pay period.

Time worked: All time during which an employee is at work and not free to leave, including in most cases waiting time. Time worked does not include paid time off, such a sick leave, vacation days, or paid holidays, even if an employee is paid by the hour for that time.

Tip sheet: A document containing the latest information or "tips" for a particular topic.

Title VII of the 1964 Civil Rights Act: Federal law that prohibits discrimination in the workplace based on an employee's sex, race, religion, color, veteran status, marital status, genetic information, age, disability, or national origin.

Tooth resorption: Any resorption of tooth substance, most commonly seen in cats (feline odontoclastic resorption lesion). Type 2: odontoclastic or replacement resorption seen radiographically as roots are resorbed with loss of the periodontal ligament and replaced by bone. Lesions in the crowns are often filled with hyperplastic gingiva and can be painful.

Top line: Typically, a synonym for revenue, income (or turnover in some countries), referring to the top line in financial statements that indicates income received by the business.

Total project cost: Combined total of soft costs and hard costs.

Total quality management: Consistent performance, expectations, and consequences of nonperformance from all staff and doctors.

Touch gradient: Methods used to touch canine and feline patients to minimize fear, anxiety, and stress during veterinary procedures.

Trade area: Considered to be the geographic area from which the organization draws most of its customers and within which the organization's market penetration is the highest. The traditional benchmark for defining a trade area is the area that contains 80% of a business's clients. A trade area is also known as a "region of influence" or "catchment area."

Trade credit: Trade credit allows you to defer payment to vendors until a negotiated future date. A vendor payment discount may be available if you pay your bills quickly, within a certain period.

Traditional lender: Generally, banks, brokerage houses, or other sources that lend money. Collateral for the loan, down payment, and ability to service the debt from cash flow are deciding factors in willingness to loan money for a purchase.

Trainer: Someone in the practice who has mastered a specific skill well enough to be entrusted with the responsibility of teaching it to others.

Training: Regarding software, this describes the vendor's responsibility for training you how to use its software. Education options can range from an expert educator being placed onsite to train your staff, to a trainer guiding your staff via telephone or interactive webinar, to a vendor supplying your staff with a printed manual and telling them to "read the book."

Transfer risk: Where appropriate, practice owners may want to shift the responsibility for risk to practice lessors, vendors, subcontractors, competitors, and even pet owners.

Transferrable soft skills: These are skills that involve the way a person interacts with other people that can be transferred between positions and even between industries.

Travel sheet: Also known as a tracking sheet, this is a document that accompanies the patient and on which is detailed the services to be provided and (typically) the fees for those goods and services to ensure that nothing is missed when being recorded in the medical record and the invoice.

Travel surcharge: An additional fee added to an invoice to reflect travel-related expenses of the visit.

Trespasser: A person who goes on the premises without an express or implied invitation from the possessor.

Triangular floor plan: A plan with the front, middle, and back portions of the hospital in a triangular pattern.
Trigger: Anything that exacerbates or causes symptoms to occur.
Trust: A relationship whereby property is held by one individual for the benefit of another.
Trustee: The individual or organization who receives the settlor's property for the benefit of the beneficiaries.
Two-stage evaporative cooling: Also known as indirect/direct evaporative cooling, the first stage of cooling precools the air without adding humidity. The second stage cools and slightly humidifies the air.
Type A medicated article: This is a drug in its most concentrated form and is intended for creation of another Type A article or mixture into a Type B or C medicated feed.
Type B medicated feed: This feedstuff contains an animal drug that is mixed with including vitamins, minerals, and/or other nutritional ingredients by weight.
Type C medicated feed: This is a complete feed that is mixed from a Type A or Type B feed and is ready to directly feed "free-choice" or "top dress" another feed.
Unfavorable: An unfavorable result is always an undesirable result. For example, if the practice projected $1,000 in revenue and only produced $900, there results a $100 unfavorable variance.
Uninterruptible power supply: A battery pack used to provide temporary power to critical systems in the case of a power outage.
United States Department of Agriculture: Government agency that regulates animal vaccines and biologics under the Federal Virus, Serum, and Toxin Act.
United States Pharmacopeia (USP): Established in 1820, the USP is a nongovernmental organization that sets quality standards for medicines, food ingredients, and dietary supplements for the United States and other countries.
Universal Serial Bus: A connect standard for attaching peripheral devices to a computer, allowing fast data exchange.
Universal waste: A subcategory of hazardous waste that includes, but is not limited to, pesticides, mercury-containing equipment, fluorescent bulbs, and batteries. Most veterinary hospitals fall under the federal designation for small-quantity handlers of this material.
Unprofessional conduct: The finding of a state veterinary license board where the behavior of a veterinarian is below the standards of behavior set for a licensee. This behavioral violation may be related to actions within the practice scope or related purely to personal life situations, including but not limited to alcohol and/or drug-related behavior. Most every complaint before license boards, if not dismissed, has a finding of unprofessional conduct.
Up time: A metric that represents the percentage of time a system is operational and available to users.
Use by right: Zoning term meaning no review process is required to proceed with the submittal of construction drawings.
Vaccination: Inoculation with a killed or attenuated microbe with the purpose of preventing disease caused by that microbe.
Valuation: The determination of the economic value of an asset or liability.
Valuation approach: An overall theoretical way of approaching the valuation of a business – the three general ways used to determine value for a going concern are the asset-based, earnings-based, and market-based approaches.
Valuation date: The specific point in time on which the business value is determined; frequently a calendar or fiscal year end.
Valuation discounts: Generally, property is taxed for federal gift and estate tax purposes at its fair market value. The degree of control enjoyed by the interest being valued (minority discount), and the degree of its marketability (market discount), can significantly affect what an informed buyer will pay for that interest. Utilizing valuation discounts enables family limited partnership interests to be transferred at lower tax cost by using gift tax annual exclusions to shelter gifts or using reduced applicable credit amounts. Valuation discounts are typically highly scrutinized by the Inland Revenue Service in large-format gifting programs.
Valuation method: Specific techniques or methodologies within the three general valuation approaches to determine value. For example, the excess earnings method is usually considered an asset-based approach, whereas the single-period capitalization method is an income approach.
Value: Determined by what is important, desirable, and useful to clients.
Value disciplines: Three ways businesses deliver superior value to their customers: operational excellence, customer intimacy, and product leadership.
Value proposition: Description of the value that a product, service, or process will provide to the pet owner, hospital, and staff.
Value added: The increase in real or perceived value of a product or service is the value to the client after intervention less the value before the intervention. For example, "value added" might reflect the difference between when an animal is ill versus its value when it has returned to health.
Value-added tax: An indirect tax on consumption of goods and services in which the tax is incrementally added at each stage where value is added to the supply chain, from production to sale.
Variable costs: Costs that fluctuate directly with revenue. For example, variable costs in a veterinary practice would include anesthesia, drugs, and supplies. If no patients are seen, none of these items are used and there is no procedure-associated cost (other than the original cost of the existing supplies).
Variable expense: An expense that increases as the amount of work the practice performs increases. For example, the busier a practice becomes, the more drugs and supplies it uses.
Variable-rate loan: Borrowed funds in which the principal is subject to periodic adjustments in the lending rate (adjustable interest rate) usually based on an index, such as a bank's prime lending rate.
Variance: Variance is the difference between the projected value and the actual value for each line item in the budget. For example, if the practice's projected value for the current year was $1,100 and the actual value generated is $1,150, the variance is $50.
Vertical analysis: Comparison of a specific account in a financial reporting period to the total within that period. For example, the ratio of cash compared with all assets as of a specific date, or the percentage ratio of support staff wages to total practice revenues during a specified period of time.
Veterinarian–client–patient relationship (VCPR): A legal relationship between veterinarian and animal owner in which the veterinarian has assumed responsibility for making clinical judgements and the client has agreed to follow the veterinarian's instructions, the veterinarian has sufficient knowledge of the patient to make such judgements, continuing care is provided or available, the veterinarian provides oversight of treatment, compliance, and outcome, and patient records are maintained.
Veterinary assistant: A title sometimes used for individuals who have received training less than that required for identification as a credentialed veterinary technician, technologist, or nurse. There is no American Veterinary Medical Association-approved credentialing process for veterinary assistants at this time.
Veterinary Feed Directive (VFD) drug: A drug intended for use in or on animal feed which is limited by an approved application to use under the supervision of a licensed veterinarian. Use of animal feed bearing or containing a VFD drug must be authorized by a lawful VFD order.
Veterinary Feed Directive (VFD) order: A written (nonverbal) statement issued by a licensed veterinarian in the course of the veterinarian's practice that orders the use of a VFD drug or

combination VFD drug in or on an animal feed. This written statement authorizes the client (owner or caretaker) to obtain and use animal feed bearing or containing a VFD drug or combination VFD drug to treat the client's animal(s) only in in accordance with the conditions for use approved by the Food and Drug Administration.

Veterinary medical error: Unintentional harm that was induced by inappropriate veterinary medical care. For example, the accidental administration of one medication instead of another due to the similarity of their trade names or their packaging constitutes a veterinary medical error.

Veterinary Medicine Mobility Act: Allows ambulatory veterinarians with a Drug Enforcement Administration registration to transport controlled substances used to treat patients in the field.

Veterinary reference laboratory: A laboratory that performs comprehensive diagnostic testing for veterinary medicine.

Veterinary technician/technologist/nurse: A veterinary aide, often equated to a nurse, and referred to as a veterinary nurse in some countries. Typically, in the United States, technicians receive an associate's or bachelor's degree from an American Veterinary Medical Association-accredited program and are recognized in most state practice acts. However, in some areas there is no legal definition of technician/nurse, nor is there mandatory registration, and any veterinary aide may use the term.

Veterinary time equivalent: Method of assigning labor expenses on the basis of veterinary staffing expense. This allows a practice to calculate approximate labor expenses for procedures using veterinary expense as a standard.

Veterinary-specific lender: Any of a number of banks or mortgage brokers/lenders that specialize in servicing the veterinary industry. Many large banks operate specific divisions that cater to veterinarians. Just like dentists and other professionals, veterinary practices operate in a known risk range that is often desirable to minimize a bank's exposure to bad debt.

VetPartners: A US-based professional association for those involved in veterinary practice management (www.vetpartners.org).

Vicarious trauma: A set of cognitive, emotional, physical, and spiritual disturbances that result from helping trauma survivors; a painful set of symptoms that result from utilizing controlled empathy while listening to or seeing traumatic narrative content.

Virtual training: A medium of instruction where the trainer interacts with participants using web-based tools that mimic classroom experiences. These tools often include displaying slides, presenting video demonstrations, web conferencing, two-way chats, e-mail, and building a community of practice using social networking.

Virus (computer virus): A computer program that can replicate itself and spread from one computer to another. The term "virus" is also commonly, but erroneously, used to refer to other types of malware, including, but not limited to, adware and spyware programs that do not have a reproductive ability.

Vision statement: Statement that identifies where the organization intends to be in the future or where it should be to best meet the needs of its stakeholders.

Vulnerability: A population or resource threatened by a hazard.

W-2: Inland Revenue Service form called "Wage and Tax Statement" that reports income paid and taxes withheld by an employer for a particular employee during a calendar year.

W-3: Inland Revenue Service (IRS) form called "Transmittal of Wage and Tax Statements." This form summarizes the information on the W-2s and is filed with the IRS each year along with copies of the W-2s.

W-4: Inland Revenue Service form called "Employee's Withholding Allowance Certificate," used to determine the amount of federal taxes in the United States that the employer will withhold from a person's paycheck each pay period.

Waiver: A client may sign a form explaining that they have declined to accept (or have waived) the doctor's recommendations or advice.

Want: Have a desire to possess or do (something); wish for.

Ward: A person, usually a minor or incompetent, who cannot properly take care of themselves.

Waste anesthetic gas: Inhalation anesthetic gas that is not metabolized by the patient and subsequently exhausted from the machine or from the animal, preferably into a scavenging system.

Wayfinding: People's ability to find their way through a facility and to their selected destination.

Web-based application: An application that is accessed by users over a network such as the Internet. The term may also mean a computer software application that is coded in a browser-supported programming language (such as JavaScript, combined with a browser-rendered markup language like HTML) and reliant on a common web browser to render the application executable.

Weekly payroll: The most common length of pay period in veterinary medicine. Typically, paychecks are issued 52 times a year, or 13 times each quarter.

Weighted hourly wage: To simplify the budgeting process, many practices use a weighted hourly wage, calculated by averaging an employee's anticipated wage over the course of a year. For example, if it is anticipated that a staff member earning $10.00/hour in January is going to get a raise to $11.00/hour in July, the staff member's weighted hourly wage average throughout the year would be $10.50/hour (six months at $10.00 and six months at $11.00).

Wide area network (WAN): A computer network that spans a wider area than a local area network (LAN), usually connecting several LANs together. The Internet could be described as the largest WAN in the world. Smaller, private WANs that span large geographical areas operated by governments, universities, and large corporations serve as other examples of WANs.

Wi-Fi: An abbreviation for wireless fidelity, meaning you can access or connect to an Internet network without needing to use wires.

Will: Also known as a testament, the legal declaration by which a person names one or more persons to manage aspects of the estate after the testator's death.

Windows Mobile: Family of mobile operating systems developed by Microsoft for smartphones and pocket personal computers.

Wired equivalent privacy: An encryption protocol defined in IEEE 802.11, which is used to provide security of data transmissions over a wireless network.

Word-of-mouth marketing: Recommendation of an organization by a satisfied customer to a prospective customer.

Workday: Individual states may define a workday differently. Some may refer to it as a 24-hour period that includes a specific block of time away from the workplace, whereas others may refer to it as a single contiguous work shift.

Workers' compensation: A system for payment of benefits to injured workers and their families, primarily for lost wages and medical expenses incurred as a result of work-related injuries, sickness, disability, and death, usually without regard to negligence or fault.

Workflow: The consistent series of steps by which processes are completed within the organization.

Workflow dynamics: How the flow of work is organized to occur at the business place/hospital. This may or may not be the most efficient; the status quo is often evaluated to come up with a process that might lead to better efficiencies or better customer service.

Working capital: Current assets minus current liabilities.

Workplace violence: Physical harm or intimidation of a person or people by another person with or without the use of a weapon.

Work-related injury: Generally, any injury or illness arising from an event or exposure in the work environment that either caused or contributed to the resulting condition (or significantly aggravated a preexisting injury or illness) in the course of employment. Courts

have the ultimate decision-making authority as to what constitutes "work related" and can vary depending on the jurisdiction.

Workstation: A high-end microcomputer designed for technical or scientific applications. Intended primarily to be used by one person at a time, they are commonly connected to a local area network and run multiuser operating systems.

Workweek: Any period of seven consecutive 24-hour periods, as determined by employer. Once the workweek has been defined, it cannot be changed without notice.

Zoonosis: Disease that is transmissible between animals and humans.

Zoonotic disease: A disease that is common to both animals and humans. In the context of veterinary hospital safety, the greatest concern is for those diseases easily transmittable from animals to humans.

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