CASE STUDY: INCREASING REVENUE THROUGH BETTER CHARGING COMPLIANCE AND FINANCIAL PROTOCOLS

Payment on the day increased from 60% to 90% and Annual revenue increased by 12%

Amy Rook
Strategic Business Consultant

SITUATION

- Well known and long established equine practice
- Experienced, motivated and loyal team of staff
- Well equipped practice with good facilities for inpatients
- Recognised name and reputation amongst the local horse-owning community
- Profit levels low despite these positive attributes

TASK

- Practice decided to work with a Zoetis business consultant to understand why profit levels were low and identify actions to improve the situation
- The business consultant conducted a full financial analysis of the practice and spent time observing internal processes to identify the issues behind the performance
- Revealed that revenue per vet was too low to meet staff costs
- Deeper analysis into processes showed that low internal charging compliance was a major factor in the revenue performance
- The business consultant and practice worked together to improve the revenue results by increasing charging compliance and provide a better understanding of practice performance to the staff to enable them to work towards the practice goals

ACTIONS

- Results of the financial analysis shared with the staff at a formal meeting to make them aware of revenue, costs and profit levels. This provided them with a greater business context and how their actions impact on practice performance.
- Action taken to address charging compliance in various areas:
  1. Pay-on-the-day for zone visits
  2. Charging and discounting protocols
  3. Invoicing protocols
  4. Debtor protocols
- Focus on key clinical areas to improve uptake of services through staff communication.
- Business consultant and vets worked together to identify the right key performance indicators to track to measure the success of the actions put in place

RESULTS

- Revenues increased by 12%
- Payment on the day increased from 60% to 90%
- Invoices sent every two weeks rather than monthly with non-payment actively chased
- Client debt lower and cash flow increased
- These KPIs are discussed at regular staff meetings
- Dentals increase by 10% compared to same period in previous year and worm egg counts increased by 9%
- Staff proactively discussing dental work when clients contact the practice to drive uptake of service.
- Discipline in charging achieved – staff aware that discounting must be recouped somewhere
This Equine Clinic is very well-known by both their clients and the broader local equine community. Long established and a recognised name, they have an experienced, motivated team and high level of staff loyalty.

However, in spite of this sterling reputation, profitability was not what it should be with high staff costs and revenue per vet only at an average level compared to benchmarks. Internal financial compliance was identified as a major factor in the practice's challenges and Zoetis business consultant, Amy Rook, was asked to address the issue.

The objective was to increase productivity by achieving better fiscal understanding throughout the practice and improved internal and external compliance.

The business consultant’s first step was to run a financial workshop for all staff to ensure a better understanding of the need for everyone to focus their attention on the practice’s financial performance and embrace the need for charging compliance across the board in order to drive the business forward. KPIs were established and necessary actions identified.

A client analysis exercise resulted in a revision of the practice’s pricing policy and a focus on increasing ‘pay on the day’ amongst clients. Protocols were introduced for everyday procedures such as what is included in a lameness workup and consistent pricing was implemented to reduce the previously random nature of the discounting scheme. A key account management scheme was also introduced.

The practice’s financial procedures have had a total overhaul as a result of staff understanding the realities of costs versus profit. Invoicing is now conducted on a fortnightly basis rather than monthly and payment is being proactively chased. Cash flow has improved and cross-selling of services – such as reminding clients about dental treatments when their horse’s vaccinations are due – has increased.

The immediate impact of this work has resulted in payment on the day increasing from 60% to 90%, uptake of dental procedures increasing by 10%, the number of faecal egg counts undertaken rising by 9% and the amount of debtors decreasing.

The success of the project has contributed to an increase in revenue for the practice, which grew by 12% for the year.