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Recommended Citation
Available at: https://lib.dr.iastate.edu/iowastate_veterinarian/vol53/iss2/16

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The Bottom Line Of Veterinary Practice

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Veterinary medicine can be a confusing profession. Depending on who you talk to about practice, you may come away with differing impressions of the profession. I know of practices that are owned by talented veterinarians who are very intelligent and skilled and yet they can barely make a living. These veterinarians complain about the sorry state of the profession and are pessimistic about the future of veterinary medicine. I also know of other veterinarians with only average skills and talent who are making a very respectable living. These veterinarians feel good about their profession and are optimistic about the opportunities of the future. How can veterinarians have such divergent viewpoints of where the profession is headed? What is lacking in some veterinary practices? I suggest that one should look at the “bottom line” of a veterinary practice to be able to have a better understanding of the differences.

The practice of veterinary medicine requires years of professional education. The successful diagnosis and treatment of a myriad of medical and surgical conditions in a number of species is not something that veterinarians intuitively know and understand. Rather, this is something that is learned through classwork and practical experience as veterinary students. They learn to identify the needs of their patients through physical exams and medical testing. They learn to satisfy the identified needs of their patients through proper medical and surgical treatments. Through-out veterinary school they learn that the bottom line of veterinary medicine is the health of the patient.

Veterinarians provide the needed services to maintain and restore the health of their patients. In a perfect world, this would be all we would have to worry about; instead of the additional concerns of such mundane things as paying bills and maintaining a standard of living. A veterinary practice must charge for the services that are provided to the patient. The patients cannot, however, pay the bills. Our clients provide the money to pay for veterinary services for their animals. We have to worry about satisfying our clients in addition to meeting the health needs of our patients. It is naive to think that just by accomplishing the latter we will always be able to maintain satisfied clients. The two factors are often unrelated in the client’s mind. The veterinarian has to be concerned about the additional bottom line of satisfying their clients’ needs.

Once a veterinarian has satisfied the needs of the patient and the client, it logically follows that money will then be paid based on the type of service rendered. The transaction of veterinary services for money is a business. Businesses need money to cover expenses and to provide a profit for the owner. The subject of profit for a business owner is directly connected to the issue of business survival. Most business owners become discouraged when there is a consistent lack of expected profits and the resulting lowered quality of life. A business cannot exist for any length of time without a profit. The bottom line for a business is profit.

Veterinarians are confronted with three bottom lines to account for in a practice: satisfying patient needs, satisfying client needs and producing a profit. These three priorities are intertwined to such an extent that a veterinarian cannot merely concentrate on one while totally ignoring the other two. These three bottom lines can complement one another and can be thought of as the three parts of the bottom line of a well-managed practice. Veterinarians need to reconcile the practice of veterinary medicine and the business of veterinary practice through practice management. Effective practice management seeks to provide a balanced approach to the practice of veterinary medicine so that the highest quality of patient care is provided, client needs are fulfilled, and the profitability of the practice is assured.

As effective practitioners we are
concerned with identifying and satisfying the health needs of our patients. As effective practice managers we should be concerned with identifying and satisfying the needs of our clients. Our clients expect personal service by competent veterinarians and support staff. Veterinarians must be adept at communicating with clients in order to more fully understand their individual needs. Efficient communications will also facilitate the transfer of information to the client on such matters as available services, alternative treatments, patient prognosis, fees, possible complications and various other concerns about the patient and its care. Excellent client relations go a long way towards building a successful practice that is based on the repeat business of satisfied clients.

The profitability of a practice can be enhanced by attending to the needs of the practice. A practice owner is faced with making many business decisions which will affect the health of the practice. Intuition and "gut feelings" have no place in making effective business decisions. These decisions require the use of objective information and modern business management techniques. Effective practice management requires the veterinarian to view a practice as a system consisting of several components. These components must all contribute to the common goal of the system or the practice will never realize its full potential. Patient care and client relations are two practice components previously discussed. Additionally, all practices include the basic areas of business administration of finance, accounting, organizational management, and marketing. A veterinarian must recognize the various components of a practice and assess the importance of each component as it relates to the bottom line of the practice. The form, functionality, and complexity of each of these business areas will vary from practice to practice. Practitioners cannot stop with merely identifying the components. They need to understand the basic concepts of properly managing each individual component as well as the interactions that occur between components.

A simplified example of the systemic approach to practice management would be the veterinarian who wants to buy an ultrasonic teeth scaler in order to provide teeth cleaning for pets. Superficially this appears to be a simple decision. A deeper analysis reveals that several components of the practice become involved. The veterinarian must be sure that the clients view this new service as fulfilling an unmet need of their pets. Determining clients' perceptions of teeth scaling may require some simple market research. The purchase of the scaler may require a loan. Decisions need to be made on the terms of the financing. The banker may need to be convinced that this is a sound business decision and may request a business plan and a projected financial statement. The fixed and variable costs of operating the scaler will need to be accounted for in order to know how much to charge for the services. The logistics of scheduling will need to be considered in terms of the physical location of the scaler and available personnel. Organizational changes may be required. The operation of the scaler may require the hiring of an additional employee or the reassignment of an existing employee. Personnel decisions will be made. Marketing will be necessary to make clients aware of the availability and the benefits of the new service. This illustration demonstrates that several components of the practice become involved in the purchase decision, the practice organization, and the success of providing a new service. Veterinarians do not have to be experts in business administration, but they should have a fundamental understanding of the concepts that are required in veterinary practice.

Effective practice management serves the needs of the patients and the practice. How well can a veterinarian take care of patients if the practice must close due to poor management and lack of profit? The converse must also be considered: How well will patients be taken care of if profit is the only motivating factor? Veterinarians have the training and education to be excellent caregivers to their patients but more than this is required for prosperity in practice. Practice owners should assume the responsibility for the future success of their practices and the profession. They need to understand and apply the basic concepts of client relations, organizational management, finance, accounting, and marketing as they relate to veterinary practice. Veterinarians must remember that there are three parts to the bottom line of veterinary practice: patients, clients, and profit.