

PRACTICE MANAGEMENT ROTATION AND HOW YOUR CLINIC CAN BENEFIT

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AUBURN UNIVERSITY PRACTICE MANAGEMENT ROTATION



► Veterinary Practice Management encompasses the study, understanding and application of pertinent business disciplines guiding the decision-making responsibilities of practice owners, veterinarians, veterinary technicians and practice managers that seek to improve profitability and efficiency allowing for a competitive advantage and long term success.

GENERAL OVERVIEW

- Win-Win Opportunity for you, AUCVM and future veterinarians
- Practice Management Rotation
 - What I'm doing
 - How does it work
- Hospital Assessment
- How it benefits your clinic



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SECURITY & CONFIDENTIALITY



AUBURN UNIVERSITY PRACTICE MANAGEMENT ROTATION GOAL



► The goals of the Veterinary Practice Management rotation are to expose students to different business practices, disciplines and strategies which include accounting, economics, finance, hospital design, marketing, management, human resources or labor relations, law and taxation.

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HOW DOES THE ROTATION WORK

WEEK 2, DAY 1 - 5

▶ CVM Campus Work

- ▶ Hospital Assessment Report
 - ▶ Area observation
 - ▶ Case observation
 - ▶ Financial Analysis
 - ▶ Major Themes
 - ▶ Demographics
- ▶ Owner Debriefing
 - ▶ 2-3 hours
 - ▶ 100 page report



HOW DOES THE ROTATION WORK

WEEK 1, DAY 1 & 2

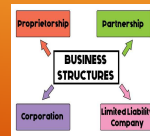
- ▶ Rotation
 - ▶ Elective
 - ▶ 2 weeks
 - ▶ 6 students
- ▶ Lecture
 - ▶ Importance of Practice Management
 - ▶ Clinical Design
 - ▶ Work Flow
 - ▶ Financials
 - ▶ Data collection
 - ▶ Financial software
 - ▶ P&L / Balance Sheets / Revenue analysis



HOW DOES THE ROTATION WORK

WEEK 2, DAY 1-5

- ▶ Other topics
 - ▶ Student Loans
 - ▶ Insurance
 - ▶ Business Structures
 - ▶ Personal Finance
 - ▶ Contracts
 - ▶ Negotiations



HOW DOES THE ROTATION WORK

WEEK 1, DAY 2 -5

Hospital visits

- ▶ Simple Visit
 - ▶ Face time
 - ▶ Showcase your clinic
 - ▶ Showcase your success
- ▶ Full Hospital Assessment
 - ▶ 3 day data collection event
 - ▶ Clinic tour / meet and greet
 - ▶ Owner Interview / lunch / visit
 - ▶ 3 Student teams
 - ▶ Reception / Exam Rooms
 - ▶ Treatment & Surgical Area
 - ▶ Other
 - ▶ Kennels
 - ▶ Area Observations
 - ▶ Financials



HOW YOUR CLINIC CAN BENEFIT

- ▶ Isn't that the Million Dollar question???



▶ Hospital Assessment & Owner Debriefing

- ▶ Workflow Analysis
- ▶ Fee Analysis / Comparison
- ▶ Communication
- ▶ Inventory Management
- ▶ Employee Utilization / Scheduling
- ▶ Face to Face Interactions



SECURITY & CONFIDENTIALITY

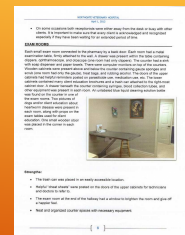
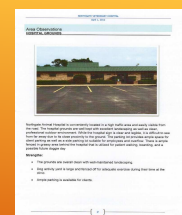


HOSPITAL ASSESSMENT – AREA OBSERVATION

- ▶ Hospital Grounds
- ▶ Lobby
- ▶ Reception
- ▶ Exam Rooms
- ▶ Pharmacy
- ▶ Lab
- ▶ Treatment Area
- ▶ Prep & Surgical Suite
- ▶ Imaging Room
- ▶ Boarding and Grooming Facility

HOSPITAL ASSESSMENT REPORT & OWNER DEBRIEFING

- ▶ Area Observation
- ▶ Case Observation
- ▶ Financial Analysis
- ▶ Major Themes
- ▶ Demographics



AREA OBSERVATION EXAMPLES

EVALUATION REPORT



An evaluation of the practice's work flow, services, and financial performance as it relates to the operation of the practice and areas that could be utilized to potentiate revenue growth.

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HOSPITAL ASSESSMENT – CASE OBSERVATION

- ▶ Students ask client
- ▶ Students follow patient
- ▶ Reception – Client interaction
- ▶ Veterinarian – Client interaction
- ▶ Technician – Client interaction
- ▶ Bill Collection
- ▶ 18-30 case/observations
 - ▶ 3-5 cases per student

CASE OBSERVATION EXAMPLES

CASE OBSERVATIONS

CASE #1: IMPROVING A HOSPITAL'S FINANCIAL PERFORMANCE

The hospital is a 100-bed, non-profit, community hospital located in a rural area. The hospital has been operating for over 50 years and has a long history of providing quality care to the community. The hospital's financial performance has been declining over the past several years, and the hospital is currently facing a significant financial challenge. The hospital's management is seeking to improve the hospital's financial performance by implementing a variety of cost-saving measures and increasing revenue. The hospital's management is also seeking to improve the hospital's operational efficiency and to enhance the quality of care provided to patients.

Key Findings:

- The hospital's revenue has declined over the past several years, primarily due to a decrease in patient volume and a decrease in the hospital's reimbursement rates.
- The hospital's operating expenses have increased over the past several years, primarily due to an increase in salaries and benefits, an increase in medical supplies, and an increase in the hospital's debt service.
- The hospital's operational efficiency has declined over the past several years, primarily due to an increase in the hospital's inventory levels, an increase in the hospital's waste, and an increase in the hospital's energy costs.

Recommendations:

- Implement a variety of cost-saving measures, such as reducing salaries and benefits, reducing medical supplies, and reducing the hospital's debt service.
- Implement measures to increase revenue, such as increasing patient volume and increasing the hospital's reimbursement rates.
- Implement measures to improve operational efficiency, such as reducing inventory levels, reducing waste, and reducing energy costs.

CASE #2: IMPROVING A HOSPITAL'S FINANCIAL PERFORMANCE

The hospital is a 100-bed, non-profit, community hospital located in a rural area. The hospital has been operating for over 50 years and has a long history of providing quality care to the community. The hospital's financial performance has been declining over the past several years, and the hospital is currently facing a significant financial challenge. The hospital's management is seeking to improve the hospital's financial performance by implementing a variety of cost-saving measures and increasing revenue. The hospital's management is also seeking to improve the hospital's operational efficiency and to enhance the quality of care provided to patients.

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PROFIT & LOSS EXAMPLES

Northgate Animal Hospital Trends (\$)

Year	Net Revenue	Cost of Goods Sold	Total Payroll w/o Owner	Other Operating Expenses	Net Profit & Owner Comp
2011	\$1,200,000	\$300,000	\$400,000	\$150,000	\$350,000
2012	\$1,300,000	\$320,000	\$420,000	\$160,000	\$400,000
2013	\$1,400,000	\$340,000	\$440,000	\$170,000	\$450,000
2014	\$1,500,000	\$360,000	\$460,000	\$180,000	\$500,000

Northgate A.H. Financials vs Benchmarks (%)

Category	Northgate A.H.	Benchmark
Revenue	100.0%	100.0%
Operating Expenses	95.0%	100.0%
Net Profit	105.0%	100.0%

HOSPITAL ASSESSMENT – FINANCIAL ANALYSIS

- Confidentiality
- Bookkeeping and Accounting processes
- Revenue Analysis
 - DVM production
 - Revenue by Category
- Profit & Loss
 - Gross Revenue – Total Expenses = Net Income or Profit
 - Gross Revenue (100%)
 - COGS (24%) – Payroll (33%) - Operating Expenses(17%)
 - = Net Income or Profit (26%)

PROFIT AND LOSS EXAMPLE

Category	2011	2012	2013	2014
Revenue	\$1,200,000	\$1,300,000	\$1,400,000	\$1,500,000
Operating Expenses	\$850,000	\$900,000	\$950,000	\$1,000,000
Net Income	\$350,000	\$400,000	\$450,000	\$500,000

REVENUE ANALYSIS EXAMPLES

Secondary Hospital Revenue vs. Primary Hospital Revenue

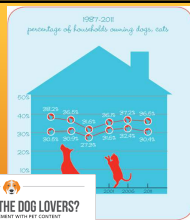
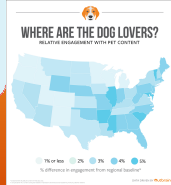
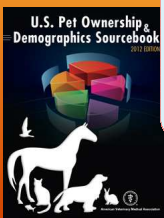
Revenue Analysis Table

Category	2011	2012	2013	2014
Medical Revenue	\$1,200,000	\$1,300,000	\$1,400,000	\$1,500,000
Administrative Revenue	\$100,000	\$120,000	\$140,000	\$160,000
Other Revenue	\$50,000	\$60,000	\$70,000	\$80,000
Total Revenue	\$1,350,000	\$1,480,000	\$1,610,000	\$1,740,000

HOSPITAL ASSESSMENT – MAJOR THEMES

- How can we help you ?
- Practice Pillars
- People or HR
- Communication
- Inventory or COGS
- Marketing
- Social Media
- Equipment
- Exit Strategy
- New Construction
- Expansion

HOSPITAL ASSESSMENT – AREA DEMOGRAPHICS



LET'S TALK ABOUT COST

- ▶ Each practice will receive over 350 dedicated hours from the Practice Management Rotation.
- ▶ Your Time and Effort
- ▶ Your bill for the Hospital Assessment
 - ▶ \$0.00
- ▶ Travel costs.....
 - ▶ Our travel, lodging (7 persons) and meals
 - ▶ Your travel cost & time
- ▶ Donating and provide feedback to the program



AUBURN
UNIVERSITY
COLLEGE OF VETERINARY MEDICINE
Practice Management Group

SECURITY & CONFIDENTIALITY



CLINIC SIZE AND LOCATION



WHAT'S NEEDED FROM YOU

- ▶ 3-5 years tax returns
- ▶ 3-5 years detailed profit and loss statements
- ▶ 3-5 years detailed balance sheets
- ▶ Last 3 years "end revenue reports" by category or service – Practice management program
- ▶ Past year end revenue by doctor by category or service (exams, treatments, surgeries, dentals, boarding)
- ▶ Inventory count
- ▶ Payroll reports and breakdown (individual gross, benefits, and taxes)
- ▶ Invoices of Major procedures – 5 each (wellness, spay/neuter, sick pet, dental, surgical)



IF INTERESTED CONTACT :



QUESTIONS ?????

