

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

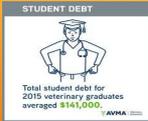
- ▶ Rotation
 - ▶ Elective
 - ▶ 2 weeks
 - ▶ 6 students
- ▶ Lecture
 - ▶ Importance of Practice Management
 - ▶ Clinical Design
 - ▶ Work Flow
 - ▶ Financials
 - ▶ Data collection
 - ▶ Financial software
 - ▶ P&L / Balance Sheets / Revenue analysis



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

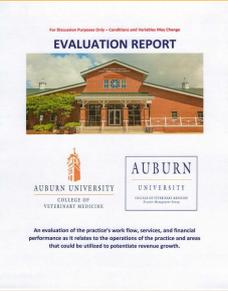
HOSPITAL ASSESSMENT REPORT & OWNER DEBRIEFING

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




AREA OBSERVATION EXAMPLES



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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 OBSERVATION

STATE OF MISSISSIPPI - STATE OF MISSISSIPPI - STATE OF MISSISSIPPI

Case Observations

STATE OF MISSISSIPPI - STATE OF MISSISSIPPI - STATE OF MISSISSIPPI

Observation 1: The hospital's revenue cycle management process is inefficient, leading to delayed payments and increased bad debt. The hospital should implement a robust revenue cycle management system to improve cash flow and reduce bad debt.

Observation 2: The hospital's patient access and registration process is cumbersome, leading to long wait times and patient dissatisfaction. The hospital should streamline the process and implement a patient portal to improve the patient experience.

Observation 3: The hospital's financial reporting is inconsistent and lacks transparency. The hospital should implement a robust financial reporting system to provide accurate and timely information to stakeholders.

CASE #1: REVENUE CYCLE MANAGEMENT - STATE OF MISSISSIPPI

Observation: The hospital's revenue cycle management process is inefficient, leading to delayed payments and increased bad debt. The hospital should implement a robust revenue cycle management system to improve cash flow and reduce bad debt.

Opportunities: The hospital should implement a robust revenue cycle management system to improve cash flow and reduce bad debt. This could include implementing a patient portal, streamlining the registration process, and improving the billing process.

PROFIT & LOSS EXAMPLES

Northgate Animal Hospital Trends (\$)

| Year | Net Revenue | Cost of Goods Sold | Total Payroll | Other Operating Expenses | Net Profit or Loss |
|------|-------------|--------------------|---------------|--------------------------|--------------------|
| 2011 | \$1,500,000 | \$750,000 | \$400,000 | \$250,000 | \$100,000 |
| 2012 | \$1,600,000 | \$800,000 | \$420,000 | \$260,000 | \$120,000 |
| 2013 | \$1,700,000 | \$850,000 | \$440,000 | \$270,000 | \$140,000 |

Northgate A.H. Financials vs Benchmarks (%)

| Category | Northgate A.H. | Benchmark 1 | Benchmark 2 | Benchmark 3 |
|-----------------------------|----------------|-------------|-------------|-------------|
| COGS | 56.67% | 50.00% | 55.00% | 58.00% |
| Total Payroll w/ Owner Comp | 24.00% | 20.00% | 22.00% | 25.00% |
| Other Operating Expenses | 15.33% | 15.00% | 16.00% | 17.00% |
| Net Profit + Owners Comp | 8.00% | 10.00% | 8.00% | 7.00% |

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 |
|--------------------------|-------------|-------------|-------------|
| Net Revenue | \$1,500,000 | \$1,600,000 | \$1,700,000 |
| Cost of Goods Sold | \$750,000 | \$800,000 | \$850,000 |
| Total Payroll | \$400,000 | \$420,000 | \$440,000 |
| Other Operating Expenses | \$250,000 | \$260,000 | \$270,000 |
| Net Profit or Loss | \$100,000 | \$120,000 | \$140,000 |

REVENUE ANALYSIS EXAMPLES

Revenue Detail by Category

| Category | 2011 | % Change | 2012 | % Change | 2013 | % Change | 2014 |
|------------------------|-------------|----------|-------------|----------|-------------|----------|-------------|
| Medical Revenue | \$1,200,000 | 5% | \$1,260,000 | 5% | \$1,323,000 | 5% | \$1,389,000 |
| Administrative Revenue | \$100,000 | 0% | \$100,000 | 0% | \$100,000 | 0% | \$100,000 |
| Other Revenue | \$200,000 | 0% | \$200,000 | 0% | \$200,000 | 0% | \$200,000 |
| Total Revenue | \$1,500,000 | 5% | \$1,560,000 | 5% | \$1,623,000 | 5% | \$1,689,000 |

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

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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 :

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QUESTIONS ?????

