

The Tech Role in Clinical Profitability

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College of Veterinary Medicine

Who am I:



AU Teaching, Service, and Outreach

Dairy Anesthesia Practice Management
Pharmacy Surgery Business Strategy
Equine Science




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Presentation Outline


- Profitability Vs. Profit
- Business Theory
- Domain of Business Performance
- Veterinary Financial Statements
- Tech as a Resource
- Elevating your Knowledge
- Tech Role in Profitability
- What's in it for me



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Profitability

- What is profitability?
 - Profitability is a measurement of efficiency.
 - A metric to determine a company's profit in relation to the business size and ultimately success or failure.
- Profitability is expressed as a ratio.
 - Gross profit margin
 - Net profit margin
 - Operating margin
 - EBITDA



Profitability Ratios
[ˈprɒ-fa-tə-bəl-ɪ-tē ˈrɪo-shē-ō]

A class of financial metrics that are used to assess a business's ability to generate earnings relative to its revenue, operating costs, balance sheet assets, or shareholders' equity over time, using data from a specific point in time.



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Profit and Profitability Drivers

- What is profit?
 - Profit is an absolute amount, meaning the total amount of revenue earned minus costs.
- What drives profits and profitability?
 - Profitability describes a business's ability to produce a return on an investment.
 - Profitability is based on the company's resources.
 - A company's profitability analysis is necessary to understand if it is efficiently utilizing its **resources**.
- **Resources Drive Profits and Profitability**
 - Client Experience, Patient Care, Operational Efficiency, & Revenue Generation



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Business Theory

Resource Base View of the Firm (Barney, 2001; Penrose & Penrose, 2009; Wernerfelt, 1984)

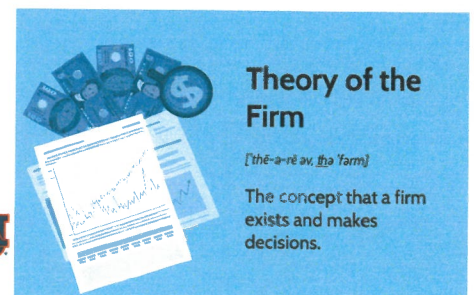
- Resources are keys to performance, providing a competitive advantage
- Valuable, Rare, Inimitable, and Organized

Knowledge Base View of the Firm (Conner & Prahalad, 1996; Peteraf, 1993; Wernerfelt, 1984)

- Considers knowledge the most strategically significant resource

Slack Resource Theory (Rahrovani and Pinsonneault 2012, 2018, 2020)

- Diverted or redeployed resources
 - Behavioral Theory of the Firm (Cyert & March 1963; March 1994)
 - Resource Constraint Literature (Baker & Nelson 2005, Mosakowski 2002)



Circumscribing the Domain of Business Performance

(Venkatraman & Ramanujam 1986)

Financial Performance Domain

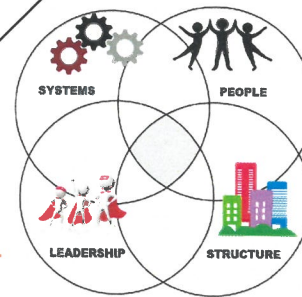
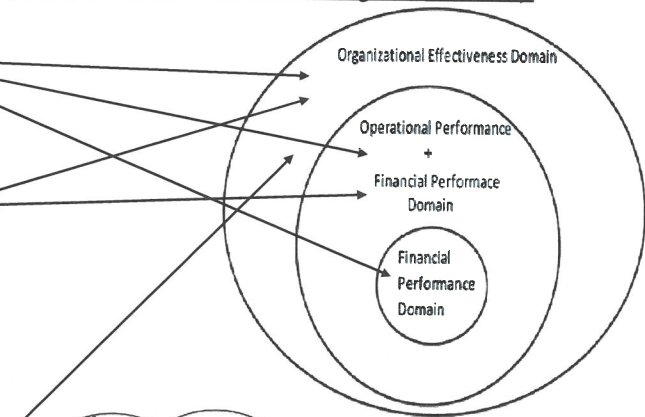
- Earning / Profits

Operational Performance Domain

- Employees (labor cost)
- Planning
- Processes (Inventory control)
- Measurement (COGS, Operational Expenses)

Organizational Effectiveness Domain

- Leadership
- Systems
- People
- Structure






The 4 Pillars of
Veterinary Practice

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Veterinary Financial Statements

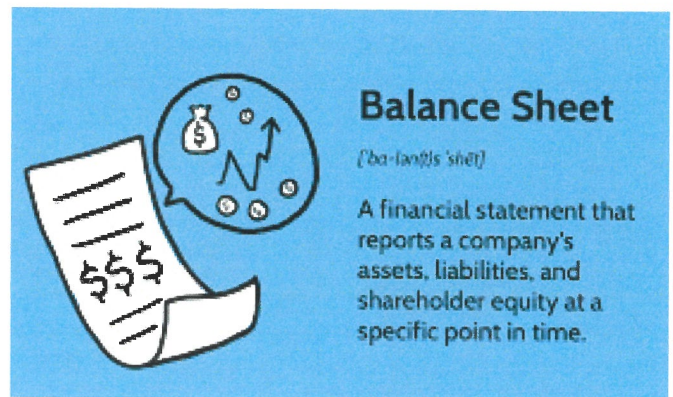
- Three primary statements used in a Veterinary Practice
 - Balance Sheet
 - Profit and Loss
 - Cash Flow

 <p>Balance Sheet <i>[ba-lān's 'sheet]</i></p> <p>A financial statement that reports a company's assets, liabilities, and shareholder equity at a specific point in time.</p>	 <p>Profit and Loss (P&L) Statement <i>[prə-fāt ən(d) 'lōs 'stāt-mēt]</i></p> <p>A financial statement that outlines a company's revenue, costs, and expenses over a specified period of time.</p>	 <p>Cash Flow <i>['kəʃ 'fləʊ]</i></p> <p>The net amount of cash and cash equivalents being transferred in and out of a company.</p>
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Balance Sheet

The Balance Sheet is so named because it reflects the accounting equation

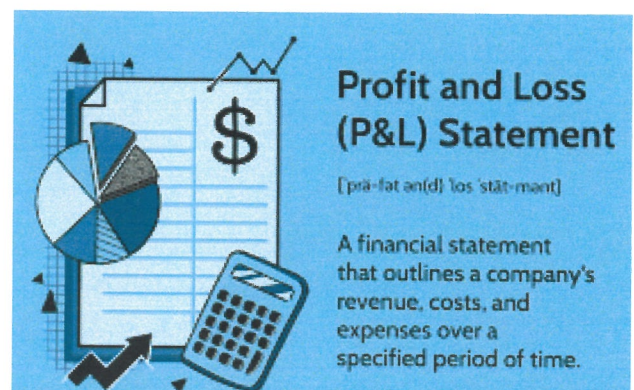
$$\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$$



Profit and Loss

Measures the performance of the business or practice by comparing the revenue generated with the related expenses incurred for a particular period.

- Day, Month, Quarterly, Semi-annually, Annually

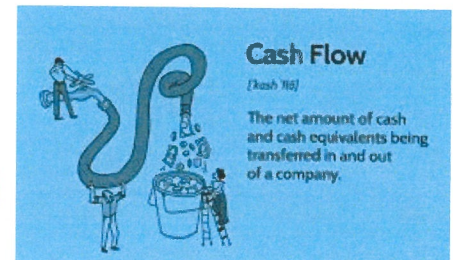


Cash Flow

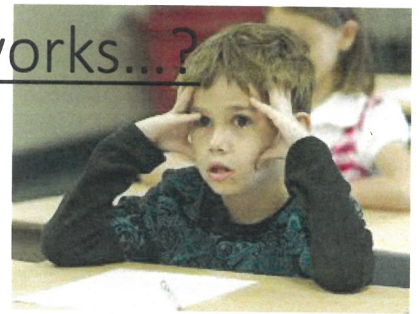
- Summates inflows and outflows of cash between two points in time, depending on sources of cash.
- Differs from income statement because not all cash inflows result from revenue collected and not all cash outflows are used for paying operating expenses.

- 3 Main cash sources:

- Cash from operating activities
- Cash from investing activities
- Cash from financing activities



Why do I need to know how all this works...? How do you fit in?

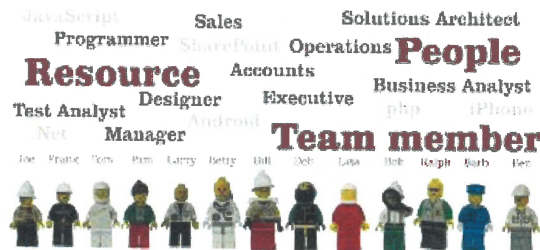
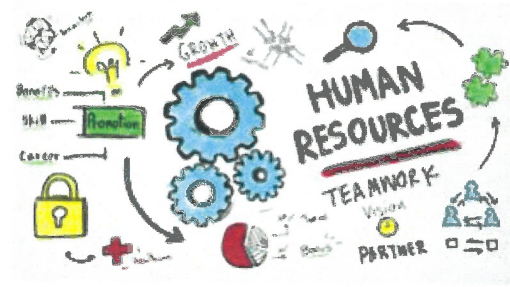


- Enhancing Operational Efficiency
- Resource Management
- Maximizing Veterinarian Productivity
- Revenue Generation and Cost Control
- Promoting Preventive Care
- Offering Additional Services
- Managing Inventory Costs
- Contributing to Profitability
- Improving Client Relationships and Retention
- Compliance and Legal Understanding
- Career Development and Professional Growth
- Team Cohesion and Contribution
- Balancing Quality Care with Profitability



YOU are an important Resource

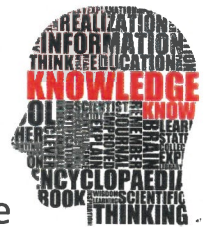
- Patient Care
- Client Communication
- Operational Efficiency
- Revenue Generation
- Cost-Effective Staffing



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YOUR Knowledge is an important Resource

- Animal Anatomy and Physiology
- Medical and Surgical Procedures
- Diagnostic Testing and Lab Work
- Pharmacology
- Animal Behavior and Handling
- Infection Control and Sterilization
- Client Education and Communication
- Emergency and Critical Care
- Animal Nutrition
- Veterinary Software and Medical Records
- Legal and Ethical Guidelines
- Preventive Care
- Practice Management



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How do you elevate your knowledge & skills?

- **Pursue Advanced Certifications**
 - Emergency and Critical Care (ECC)
 - Anesthesia and Analgesia
 - Dentistry
 - Behavior
 - Internal Medicine or Oncology
 - Certified Veterinary Practice Manager (CVPM)
- **Stay Current with Technology**
- **Broaden Knowledge and Skills**
 - Continuing Education (CE)
 - Cross-Training
 - Emergency and Critical Care Training
- **Knowledge of Veterinary Business**
 - Practice Management Courses
 - Understanding Financial Metrics
 - Inventory Management
- **Leadership and Teamwork Skills**
 - Mentoring Junior Staff
 - Leadership Training
 - Time Management
- **Client Communication and Education**



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What happens when you elevate knowledge & skills? YOU, as a Resource, increase profitability

- **Enhancing Operational Efficiency**
 - Resource Management
 - Maximizing Veterinarian Productivity
- **Compliance and Legal Understanding**
 - Billing and Insurance Knowledge
 - Regulatory Compliance
- **Revenue Generation and Cost Control**
 - Promoting Preventive Care
 - Offering Additional Services
 - Managing Inventory Costs
- **Career Development and Growth**
- **Contributing to Profitability**
 - Understanding Pricing Strategies
 - Efficient Use of Time
- **Team Cohesion and Contribution**
- **Balancing Quality Care with Profitability**



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What! Wait! What's in it for me???

- **Job Security and Stability**
 - Financial Health of the Clinic
 - Sustained Employment Opportunities
- **Higher Compensation and Career Growth**
 - Salary Increases and Bonuses
 - Career Advancement
 - Funding for Continuing Education
- **Improved Clinic Resources and Equipment**
 - Access to Advanced Technology
 - Improved Working Conditions
 - Expanded Services
- **Enhanced Job Satisfaction and Professional Fulfillment**
 - Improved Work Environment
 - Better Patient Outcomes
 - Increased Client Satisfaction
- **Access to New Roles and Specializations**
- **Personal and Professional Development**
- **Support for Work-Life Balance**
 - Flexible Scheduling:
 - Reduced Stress
- **Opportunities for Leadership and Ownership**



So What's
in it
for me?



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Questions



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