

Evaluation of the effectiveness of VetPlan software implementation in the facilitation of process change and productivity within the veterinary practice

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Objective – To test the effectiveness of the VetPlan™ knowledge management software tool for guiding the communication processes within the veterinary practice. This effort is designed to determine the effects of the VetPlan process change on client compliance, practice productivity and workflow change.

Procedure - VetPlan™ embodies a practice management process for improving the practice of veterinary medicine and elevating pet owner experiences with veterinary medicine. The VetPlan™ software is a tool for implementing and managing business practices. In this regard, the VetPlan software facilitates a novel approach to the collection, recording and communication of diagnostic and treatment information within the veterinary clinic.

Design – VetPlan was installed in 81 veterinary practices of variable size and demographics and implemented with variable amounts of team training

Results – VetPlan implementation resulted in immediate increases in average transaction value (21% increase) and overall practice profitability (from 15% to 20% gross profit). The gross sales increased by an average of 21% ranging from 47% to 8% within the first year. The number of visits slightly decreased within the first year of operation (4,170 to 4,140). VetPlan also increased the client compliance with recommended wellness items including heartworm/flea/tick medications (21% increase), healthy pet laboratory (28% increase) and pet food recommendations (15% increase). These results are averages and do not represent the exceptional growth experienced by some hospitals who fully embraced the concepts embodied in VetPlan.

Conclusions – VetPlan is an effective tool for increasing client communication resulting in increased sales, increased compliance and increased health care team utilization. VetPlan coupled with work-flow and scheduling changes and proper training results in maximal effect.

VetPlan Process

The VetPlan information system changes veterinary business processes in existing veterinary practices resulting in

dramatic increases in revenue production. This increase in revenue results from the following changes in the veterinary business process:

- VetPlan facilitates the doctor in *recording* examination findings and subsequent medical recommendations for *communication to the client*, thereby increasing client compliance with the doctor's recommendations resulting in increased revenues.
- VetPlan facilitates the recording of the veterinary medical record and automates the creation of custom client information literature describing the doctor's medical procedures, surgeries and treatments and home care instructions to the client.
- VetPlan enables the hospital to effectively market the *practice's standardized wellness recommendations* (immunizations, examinations, diagnostic tests, preventative medications, dietary recommendations etc.) to clients thereby increasing both revenues as well as number of subsequent visits per pet.
- VetPlan's creation of these customized client information reports greatly facilitates client communications by the non-veterinarian staff and supports a multi-tasking work-flow similar to what occurs in many dental offices thereby increasing the capacity to see clients.
- VetPlan facilitates the marketing of the veterinary practice through color, take-home reports displaying the practice's name, logo and contact information that has a long shelf life because of the pet's photo and custom information.

VetPlan Benefits *To the veterinary clinic:* annual revenue and operating profit increases for years 1-5 following purchase; resulting return on investment; non-monetary benefits, e.g. improved satisfaction from veterinarian time allocation and staff involvement in practice management *To the VetPlan clinic's customers:* better preventive care, improved treatment for injuries and disease, advanced comprehension of pet care needs and priorities.

Methods

VetPlan has been installed and functioning in veterinary practices over a period of time ranging from 4 months to 30 months. This implementation has involved training and support which has varied from an intensive consultative process to a single day of training. Adoption of VetPlan in these practices has also varied from wholehearted embracement to complete rejection. The initial 12 VetPlan installa-

tions occurred as a result of a more or less intensive consultative process. In this group 2 practices rejected the implementation all together and never used the processes or the software. Others used it to varying degrees and have in general received the best results from the VetPlan processes. The following 12 VetPlan installations averaged three days of training with some receiving follow up training at a later date. One of these practices failed to use the software at all. The next group of 60 practices received only one day of training and had minimal consultative relationships prior to implementation. Financial results have been solicited from all practices but have not been received from all practices. The following results represent the average of all practices whose results are known when normalized on a per doctor basis and include some practices who admit to not using the software or processes at all. VetPlan training involves three stages:

- **Buttonology** – This is instruction on how to use the keyboard to create clients, pets and visits.
- **HealthMap** - This is the primary compliance tool which is used to keep track of the lifelong wellness recommendations of the pet. The HealthMap is a powerful communication tool that enables health care team members to participate in the client education process.
- **Workflow** - Workflow training involves how to more efficiently schedule clients to work with the VetPlan process.

This training may be accomplished on one day or is best spread out over several weeks to anchor the processes and behavioral changes into the practice operations.

Practice Productivity Results

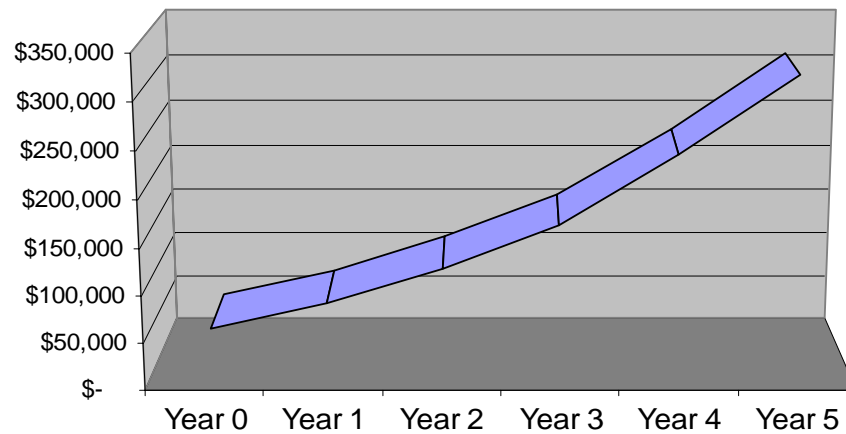
The following results demonstrate how VetPlan transforms the practice productivity over time in key areas resulting in higher operating profit margins:

- VetPlan is installed in 81 veterinary practices. The following table and graphs represent a statistically significant summary of these practices business results for the first year of VetPlan operation, followed by projected incomes approximating the ideal practice as represented by Safari Animal Care Centers where VetPlan was developed.
- This chart is normalized to represent the production and financial results for one veterinarian working in an average veterinary hospital.
- Other subjective results are listed in the discussion section of this paper.

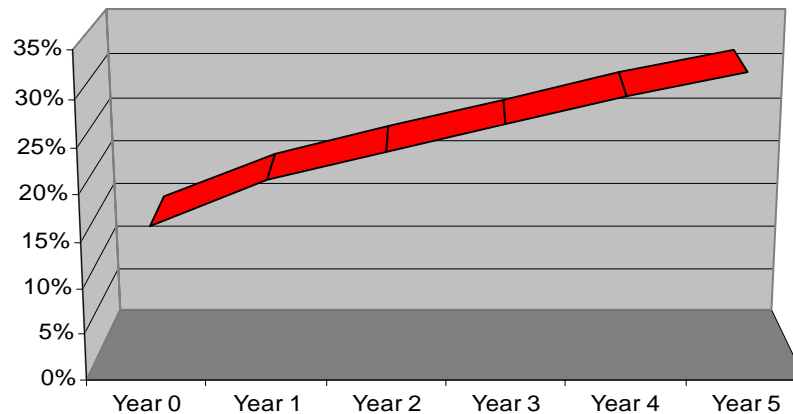
5 Year VetPlan Implementation - Practice Projections*							
Per Doctor							
Item	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	SAFARI
Visits Per Day	14	14	18	21	27	33	40
Visits Per Year	4,170	4,140	5,280	6,420	8,210	10,000	12,000
New Clients per Day	0.75	1	1.5	2	2.5	3	3
Average Client Transaction	\$74	\$90	\$93	\$95	\$98	\$100	\$100
Pet Food Sales	\$20,206	\$23,213	\$34,188	\$42,693	\$56,033	\$70,000	\$84,000
Flea/Tick/Heartworm	\$24,426	\$29,677	\$39,072	\$48,792	\$64,038	\$80,000	\$96,000
All Lab Work	\$23,778	\$30,510	\$43,956	\$54,891	\$72,043	\$90,000	\$108,000
Gross Income	\$308,463	\$373,505	\$488,400	\$609,900	\$800,475	\$1,000,000	\$1,200,000
Fixed Costs	\$74,116	\$74,701	\$83,028	\$85,386	\$88,052	\$89,000	\$84,000
Variable Costs	\$61,693	\$74,701	\$97,680	\$121,980	\$160,095	\$200,000	\$240,000
Doctor Salary	\$61,693	\$74,701	\$85,470	\$91,485	\$100,059	\$105,000	\$120,000
Staff Salaries	\$61,693	\$74,701	\$109,890	\$152,475	\$220,131	\$300,000	\$360,000
Operating Profit	\$49,268	\$74,701	\$112,332	\$158,574	\$232,138	\$304,000	\$396,000
* Year 1 Income based on Actual Results from VetPlan Installations.							

Table 1 This table indicates that the use of VetPlan significantly increases sales and operating profit within the veterinary practice during the first year of use. Projected increases in sales in follow-on years come primarily as a result of changes in numbers of clients scheduled per doctor.:

Operating Profit



Operating Profit as a Percent of Sales



Graphs 1 and 2 show the projected operating profit and projected operating profit as a percent of sales. These results anticipate increases in numbers of client transactions generated through referrals.

- First year sales result from increased communications/marketing to the current veterinary clients within the practice. Notice that the total number of visits decreases slightly while the per visit revenue increases from \$74 to \$90. This is the by product of each client transaction taking more time and resulting in more value without changes in the existing practice workflow.
- As client value and appreciation increase, referrals increase, resulting in increased yearly visits. The average clinic has 0.75 new clients per doctor per day which are projected to increase over time as more clients are exposed to the VetPlan value proposition culminating in up to 3 new clients per day.
- Previous studies show that each client owns an average of 2 pets which visit the clinic an average of 2 times per year resulting in 4 visits per client per year. As client numbers increase, transaction numbers increase and VetPlan is anticipated to support the change in workflow to involve more health care team members leveraging the effectiveness and production of the veterinarian.
- These efficiencies are projected to drive operating profit from an average of 16% to over 32% while increasing the salary to the producing veterinarian.
- Within the first year, sales increase without changing the business processes other than the use of VetPlan on existing clients.
- As client numbers start to rise it is projected that VetPlan supports the change from a single file workflow to a multitasking workflow to accommodate the increased volume. This workflow requires more staff members yet better utilizes the existing physical plant. Staff salaries are projected to grow as a percentage of sales from 20% to 30%. The doctor's salary as an absolute number grows from \$60K to \$120K but decreases as a percentage of sales from 20% to 10% offsetting the increase in non-veterinary staff.
- As sales increase, the percentage attributed to fixed costs reduces and drops to the bottom line.

- Operating profit therefore is projected to increase in two dimensions becoming a larger percent of rising revenues. Within five years the average single veterinarian increases the operating profit from \$46k to \$315K.
- VetPlan generates growth in market categories such as pet food, flea/tick/heartworm preventions and laboratory revenues.
- VetPlan also changes market share within these categories through standardization and individual brand recommendations resulting in the preferred VetPlan product reaching 80% share within the practice.

Discussion

VetPlan Communication Process Change

VetPlan facilitates dramatic changes in the business processes of the veterinary hospital enabling improved client communications, client workflow, and health care team empowerment resulting in a highly leveraged veterinary asset. VetPlan enables the health care team to participate along with the veterinarian in three stages of the client transaction centered on the veterinary exam.

Before the Exam – The VetPlan HealthMap™ report is generated and delivered to the client by the health care team member (receptionist or technician) detailing the following: The client is informed by the staff member that this HealthMap™ represents the doctor’s recommendations for keeping their pet healthy and happy in an effort to increase the quality and quantity of their pet’s life. The HealthMap™ recommendations are graphically divided into four quadrants representing the wellness health care of the pet as well as a majority of the services offered by the veterinary hospital. Typical recommendations are listed below.

- **Examinations and Immunizations**
 - Exam frequency increased to two times per year
 - Immunizations customized by risk factors and age of pet
- **Preventative Diagnostic Tests**
 - “Windows into the body determining things that cannot be determined by physical exam alone.”
 - Blood tests, urine tests, EKG, Glaucoma Screening
 - Based on breed and age risk factors
- **Preventative Therapeutics**
 - Standardized heartworm, flea, tick and worming recommendations
 - Dental disease recommendations
- **Quality and Quantity of Life**
 - Standardized Diet recommendations
 - Spay/Neuter recommendations
 - Behavior Issues
 - Planned care or Insurance Issues

These recommendations are designed to greatly increase the ability of the health care team to participate in consultative marketing with the veterinary client resulting in higher awareness and acceptance of the doctor’s recommendations generating higher per visit sales while freeing valuable doctor time.

During the Exam – The VetPlan Exam Report details and explains the veterinarian’s findings in “client friendly” scripts.

- The VetPlan exam is performed by the doctor verbalizing his/her findings while the health care team member records the findings on the VetPlan Exam Form.
- The process change involves the health care team member using the VetPlan software to record the doctor’s findings freeing the doctor from writing in the medical record.
 - The work-flow then involves printing a copy of the report for the client.
 - When the staff member enters the examination room with the report, the doctor then exits allowing the health care team member to go through the exam and doctor’s recommendations with the client.
 - The doctor can then enter another examination room effectively duplicating the effectiveness of the doctor.
 - The Exam Report is easy to create, requires minimal typing, and generates value to the client as well as the clinic.
 - Logic within the VetPlan Software links the doctor’s exam findings to medical recommendations, such as diet changes, diagnostic tests, dental cleanings and medications that may be indicated based on these findings.
 - The resultant Exam Report contains these recommendations enabling the health care team member to consult with the client on the doctor’s findings, resulting in increased exam value and increased follow-on sales.

After the Exam – The VetPlan Release Reports record, detail and explain in client friendly language the results of diagnostic procedures and tests, hospitalization and medical care. These reports are rapidly created using pre-designed logic that links disease presentations or laboratory results to exam findings, and therapeutic options.

- Surgery reports, home care instructions, laboratory interpretations are used to communicate the value of the veterinary visit to the client.
- The creation of these reports is easily performed with minimal typing and results in the creation of the veterinary medical record at the same time.
- These reports can be delivered by any health care team member at any time freeing the veterinarian to see more clients, perform more surgeries or have a better quality of practice life.

Veterinary Practice Capacity

Veterinary practice gross revenues are determined by two factors, the number of pets served per doctor per day and the revenue generated per pet visit. The capacity to schedule clients determines the individual doctor productivity more than any other single factor affecting the clinic. The revenue per visit is determined by the capacity of the veterinarian and health care team to communicate the health care recommendations to the client. VetPlan dramatically affects both factors.

- **Typical Doctor Visit** - The number of pet visits per doctor per day is the primary rate limiting factor to doctor productivity because the doctor performs most of the actions involved in serving a client.
 - The average practice schedules about 14 visits per doctor per day.
 - The current scheduling process is based on scheduling the doctor in a single file manner averaging 30 minutes per pet.
 - Little or nothing is communicated to the client prior to the doctor exam.
 - The doctor checks the medical records and determines the immunization and routine wellness care requirements of the pet.
 - The doctor performs most of the exam room activities with little assistance from the health care team members.
 - The doctor gives quotes (usually off the cuff), assigns charges to the visit and writes in the medical record before going to the next visit.
 - Clients leave with only verbal information; verbal exam findings, verbal quotes and verbal instructions.
 - The client is usually responsible for scheduling subsequent visits to follow up on the doctor's recommendations or remembering they are due for preventative medications before they leave the hospital.
 - Discussions about diet, preventative diagnostics and many other care issues are dependent on the doctor's time allocated to each visit.

Increased Visit Capacity - VetPlan increases capacity to schedule visits and increases capacity to build value for the visit.

- The VetPlan Process and reports enable the practice to create value in the eyes of the clients resulting in referrals of new clients that drive the need to increase the capacity to serve clients.
- VetPlan enables the receptionist to enroll the client in wellness recommendations prior to the exam using the wellness HealthMap™ through an education process.
- These discussions include all quadrants and all recommendations of the HealthMap™, every visit every time:
 - Preventative Recommendations for Heartworm, flea and tick preventative medications.

- Diagnostic Recommendations for blood tests, urine tests and other breed related or risk factor related tests.
- Diet recommendations
 - Dental Cleanings
 - Specific Doctor Recommendations for today's visit.
- With VetPlan, the doctor uses the health care team to record the examination findings saving valuable veterinary face time.
- The health care team member uses the VetPlan reports to educate and market to the client while the veterinarian is in another exam room.
- This education results in acceptance of more recommendations and scheduling of more follow-on visits.
- With VetPlan the veterinarian can simultaneously schedule three clients per 30 minute period effectively tripling the doctor's productivity.
- VetPlan creates written reports, written recommendations, written quotes and written instructions that enable the health care team to participate in the client education process while increasing the perceived value of the visits.

VetPlan Facilitated Practice Growth

The typical mature veterinary practice is growing in revenues at about 6% per year while the industry as a whole is growing at the rate of 11%. This low growth rate typifies the steady state created in most practices by the limited capacity to serve clients. Net numbers of client visits are also falling in most practices for the same reason. VetPlan has the potential to dramatically change these statistics.

- The visit transaction value will increase by an average of 21% in the VetPlan enabled practice driving the visit value from \$75.00 to over \$90.00.
- Most veterinarians see about 4,000 visits per year at \$75.00 per visit resulting in about \$300,000 in revenue production. With VetPlan the visit value increases to \$90.00 generating \$360,000 in revenue from the 4,000 visits. The information packed VetPlan reports have been shown to create exceptional client value that typically results in referrals and practice growth.
- The typical VetPlan enabled practice grows by one additional new client per doctor per day from these referrals.
- One new client owns an average of 2 pets, which will visit the clinic an average of 2 times per year resulting in 1,200 additional visits per year.
- These 1,200 visits will result in a yearly increase in per doctor sales of over \$120,000 having the projected cumulative effect of increasing doctor production from \$300,000 to \$1,000,000 in 5 years.

- The process change facilitated by VetPlan is represented by the reports (client handouts) that enable more team members to participate in the client education. This change facilitates a multi-tasking workflow enabling the scheduling of multiple clients simultaneously per doctor accommodating the growth in client numbers.

Implementation Barriers

VetPlan represents a process change that significantly affects the productivity of the veterinary practice; nevertheless, process change is the most difficult change to implement. The following are subjective findings with regard to VetPlan implementation.

- Successful veterinary practices that have been established for longer periods of time have more inertia and are therefore more difficult to implement permanent changes in process.
- Veterinary practices with more doctors and health care team members are more resistant to standardized process change than single doctor facilities.
- VetPlan implementation training is best completed in three stages spanning several weeks to months.
- Standardization of wellness recommendations among all doctors in the practice is a barrier to implementation.
- Wireless networks are inherently unstable and while they are not essential to VetPlan implementation, they can be a significant barrier to consistent use.
- VetPlan is modern software requiring considerable computer hardware resources and this investment can be a significant barrier to the implementation of the business processes represented by VetPlan.
- Optimal VetPlan use requires the utilization of the health care team and a certain level of leadership skills, team trust and mentoring is necessary to develop an optimal use environment.

Summary

VetPlan is a software system that manages the knowledge within the veterinary hospital. This system effectively enables this knowledge (normally confined to the on duty doctor) to be distributed to multiple health care team members through the VetPlan reports (client handouts). Because the doctor creates the knowledge about the case at hand and because there are certain standardized wellness recommendations authorized by the doctor within VetPlan; VetPlan can be used by the health care team to duplicate the effectiveness of the veterinarian.

This duplication of knowledge has the effect of changing the business and communication processes in the veterinary hospital. Now, valuable communications can, and will, occur before the veterinary examination between the health care team and the client increasing the client's understanding and compliance with the doctor's "healthy pet" recommendations.

Once the examination is completed a printed VetPlan report enables a technician to review the findings and recommendations with the client. This process increases compliance with the doctor's medical recommendations while enabling the doctor to see more clients or perform other valuable tasks for the practice.

In the care of sick pets, VetPlan creates detailed instructions that increase the value of the care received and create a consistent communication to the client for increased compliance with home care instructions.

This process change and the subsequent information communicated to the client, results in a much higher overall impression of the value of the visit resulting in increased visitation statistic as well as referral of additional clients to the practice. The referrals drive practice growth which is accommodated by the efficiencies of the multi-tasking workflow enabled by VetPlan team empowerment.

VetPlan increases the efficiencies of the existing physical plant, health care team and doctors resulting in growth in operational profit from 15% to a projected value of 32% over five years. Immediate results are achieved from increased client communications and marketing resulting in a 21% increase in gross sales within the first year.

VetPlan represents a process change which faces certain barriers to implementation including behavioral change, cost of implementation and training that are not insignificant and which have caused some clinics to abandon the effort. Nevertheless, VetPlan offers substantial gains in practice productivity that cannot easily be achieved in any other way in the veterinary profession.

The success of a veterinary practice depends on good medicine, quality client service, and sound business practices. Rarely does one instrument so positively impact all three. But such is the case with the processes invoked by the VetPlan knowledge management system.