



Becoming More Confident about Money: Veterinary Receptionist Essentials Mini Series

Session 1: Reviewing the Revenue Journey

Alison Lambert BVSc MMRS MRCVS



This webinar is the first of three in the series 'Becoming More Confident about Money: Veterinary Receptionist Essentials.'

1. Reviewing the Revenue Journey
2. Talking about Money and Fees
3. Increasing your Confidence in Money Matters

1. Reviewing the Revenue Journey

It might seem like stating the obvious, but it's important to remind ourselves that veterinary practice is a business. There are significant costs involved in staffing and equipping a practice and therefore if insufficient funds come in, the business can become unviable surprisingly quickly.

As a receptionist your main involvement with money is right at the end of the revenue journey, collecting or chasing payment from clients. And yet there are so many other stages where you can positively influence the amount of money coming in, reduce the amount going out and help ensure that the practice runs efficiently. This session explores the bigger picture in order for you to fully understand the impact of your role within it.

We'll split the revenue journey into four sections:

1. Revenue - money you don't have yet (and may never get!) even though time and effort has been spent on patients
2. Cost of goods
3. Cost of people
4. Running costs

Revenue

Bad debt write off represents a significant problem for many practices, therefore it is crucial to identify any clients who are repeat offenders and ensure that you ask for payment up front for any future work.

Insurance claims are another area where it's very easy to lose income - always check the excess for each claim and ask clients to bring in their policy documents so that you can discuss with them what will be covered and what won't. Most difficulties over money arise when the client is not expecting a bill or is surprised by its size - discussing everything upfront will help reduce the likelihood of any problems further down the line.

If your practice offers a claim handling service, make sure the owner is aware of your fee and understands that this cannot be claimed back from the insurer.

Incorrect charging can lose a practice significant amounts of money over the course of a year so don't waive fees and give freebies to favourite clients! Be especially careful not to let owners see the vet or nurse for 'free' as a one-off - giving time away without charge only undermines what professional veterinary advice is 'worth' and can cause problems in the long term when owners may expect the same treatment again.

Cost of goods

Every practice requires a whole host of items to keep things running smoothly, but which cannot be charged specifically to the client: washing up liquid, mop heads, toilet roll, printer paper and so on. Therefore it's important to keep waste to a minimum and re-use items where at all possible. Check the correct dilution level of cleaning fluids, as it's easy to use too much.

Keep an eye on the sell-by dates on food, treats and medication displayed at the reception desk or in the waiting area - someone's job description should have specific responsibility for this to ensure that it is not overlooked. Stock cannot be sold once it gets too old, so rotate your stock when tidying shelves and displays to make sure that the newest products are put at the back. If a batch is getting close to its sell-by date, hold a promotion to shift supplies (but make sure that everyone on the team knows what price you're selling at to avoid confusing and annoying clients who may be charged differently by different members of the team).

Lab fees (especially external labs) can often seem very expensive to clients, but you must never apologise as this undermines their importance and implies that there is some level of control over their scale. Most owners understand that the expertise and speed required incur costs, and by clarifying these costs upfront you can avoid any issues when it comes to payment.

Cost of people

40% of practice turnover goes on wages on average, with roughly half spent on vets and half on nurses and support staff. Continuing Professional Development (CPD) is another significant cost to any practice - CPD for the clinical team is expected and required by the RCVS. However, historically the budget for CPD for the customer care team has been almost zero in many practices, fortunately this is changing and many now understand that great customer care is essential in attracting, and keeping, new clients. A realistic target figure for CPD spend at the 'average' practice would be £1,000 for each full time vet each year, plus the same amount again for the customer care and nursing teams combined.

There is an obvious cost in covering holidays and gaps in headcount with locum staff, whose daily rates are usually higher than permanent staff once agency fees and insurance are taken into account. However, in addition to the obvious locum fee, there is also a loss of revenue due to new people not knowing the practice's system and processes and therefore charging incorrectly and taking longer.

Recruiting people takes time and money and so it's essential to get right, especially as bringing in someone who does not gel with the existing team can cause productivity and morale to plummet. Personality and character are just as important as qualifications when forming effective teams.

Running costs

Most practices will own their premises with a mortgage, and therefore just like your family home, there are regular payments to be made to the bank and insurer. Repairs will inevitably be required at the least convenient time, and may relate to equipment, vehicles or premises.

These must always be undertaken promptly and properly in order to avoid safety issues (and any related legal action) for the practice team, the pets and horses that you care for, as well as for the public.

Then there are other essential outgoings such as professional fees, council rates, accountancy costs and so on; not to mention the 'optional' areas such as practice marketing. When other expenditure is so high it can be tempting to cut the marketing budget right down, but this is very short sighted - without attracting healthy numbers of new clients, before too long there won't be a business! Successful practices spend around 5% of their revenue on marketing.

Next time we'll move on from the bigger picture and look at the role *you* play in handling finances effectively at your practice.