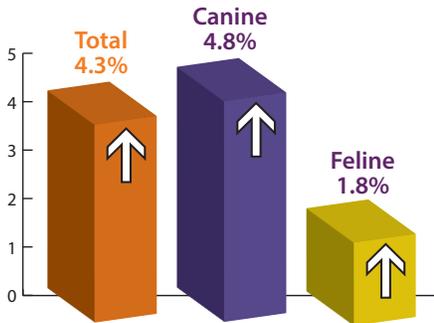


The Insider's Insight Benchmark Report is a publication provided by the Veterinary Hospital Managers Association (VHMA). The report tracks key economic indicators to determine how VHMA member practices are performing, as well as results from VHMA surveys on issues impacting the profession. There are approximately 600 VHMA member practices who contribute to the data for the key economic indicators. Data is representative of companion animal practices only.

April, 2018 vs. April, 2017

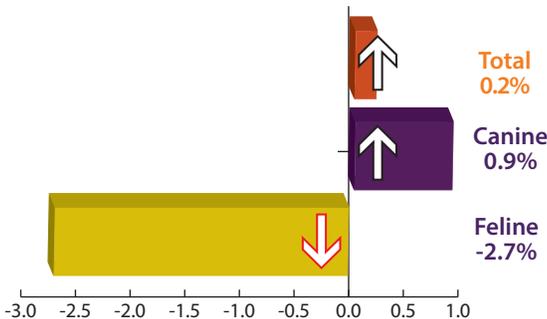
Revenue Growth
 April, 2018 compared to April, 2017



Revenue Growth

Companion animal practice revenue for the 611 VHMA practices included in this month's study showed stronger growth in April than in the previous month. Total revenue growth was 4.3% from April, 2017 to April, 2018; both months had the same number of work days in them so that wasn't an influence. Canine revenue growth was 4.8% and feline revenue growth was 1.8%. Year to date growth for 2018 is 3.8%; this is lower than 2017 growth of 5.1%.

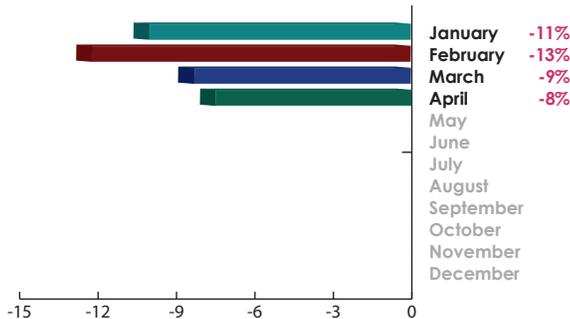
Patient Visits
 April, 2018 compared to April, 2017



Patient Visits

There has been little growth in total unique patient visits in the first quarter of 2018 and April was no different. Total visits for April, 2018 compared to April, 2017 barely increased by 0.2%. Canine visits increased by 0.9% and feline visits declined by a disappointing 2.7%. Year to date growth for 2018 is 0.0% compared to total 2017 growth of 1.3%. (Note that the term "visits" is defined as unique purchases of either products or services for an individual pet.)

New Client Growth
 April, 2018 compared to April, 2017



New Client Growth

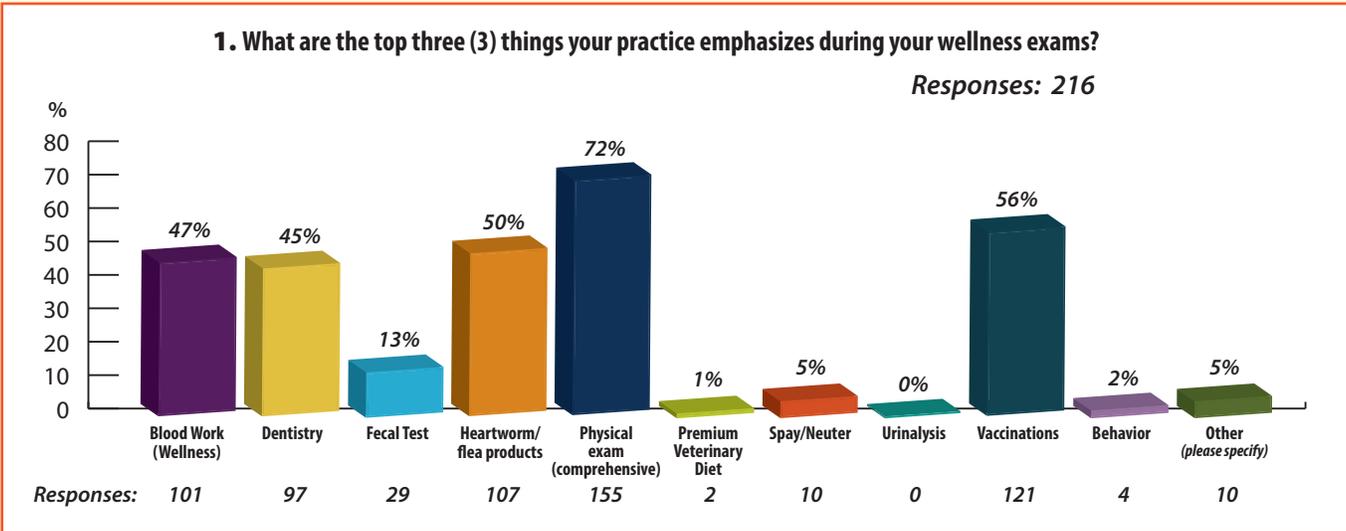
New client numbers in April, 2018 compared to April, 2017 declined by 8%. This continues to be a discouraging trend as these numbers have declined almost every month of the last three years.

Remember that the above figures represent averages across all the practices in the study; in order to understand what is going on in YOUR practice, you need to look not only at what your revenue growth was during these months (and going forward) but also at the drivers of growth in YOUR practice such as changes in invoices, visits, ATC, fee increases, new clients and client retention. This will give you the information to make intelligent decisions about where to focus your time and efforts to increase growth.

Preventive Care Services

This month's Management Survey questions explore the services offered to pet owners during wellness exams. Several of these questions were previously asked in early 2015 and the comparison between the answers then and now will also be discussed.

The first question was: **What are the top three things your practice emphasizes during your wellness exams?** Respondents were allowed to select up to three answers.



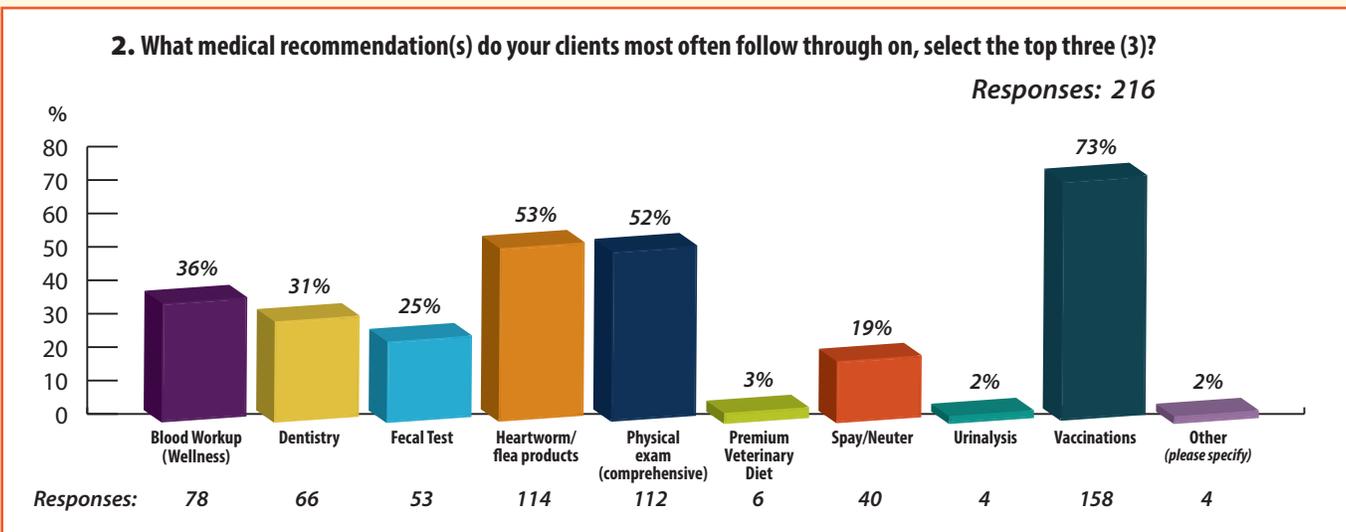
The most common service selected was the physical exam with 72% of the respondents including it in their top three picks. The second most common service selected was vaccinations with 56% of the respondents choosing it as a "top three." No other service broke the 50% mark although dentistry, wellness bloodwork and heartworm/flea products came close with 45-50% of the respondents including these in their top three. These results were very similar to 2015 with two exceptions:

- The percentage of respondents selecting the physical exam as one of their top-three services dropped from 84% in 2015 to 72% in 2018

- The percentage of respondents selecting heartworm/flea products as one of their top-three choices jumped from 34% in 2015 to almost 50% in 2018

A few other items were listed in the "other" category such as nutrition, exercise and body weight. The most interesting answer was not a particular service but an approach: using the pet's life style to determine what services would be most appropriate.

The next question asked: **What medical recommendation(s) do your clients most often follow through on?** Respondents were asked to select the top three.



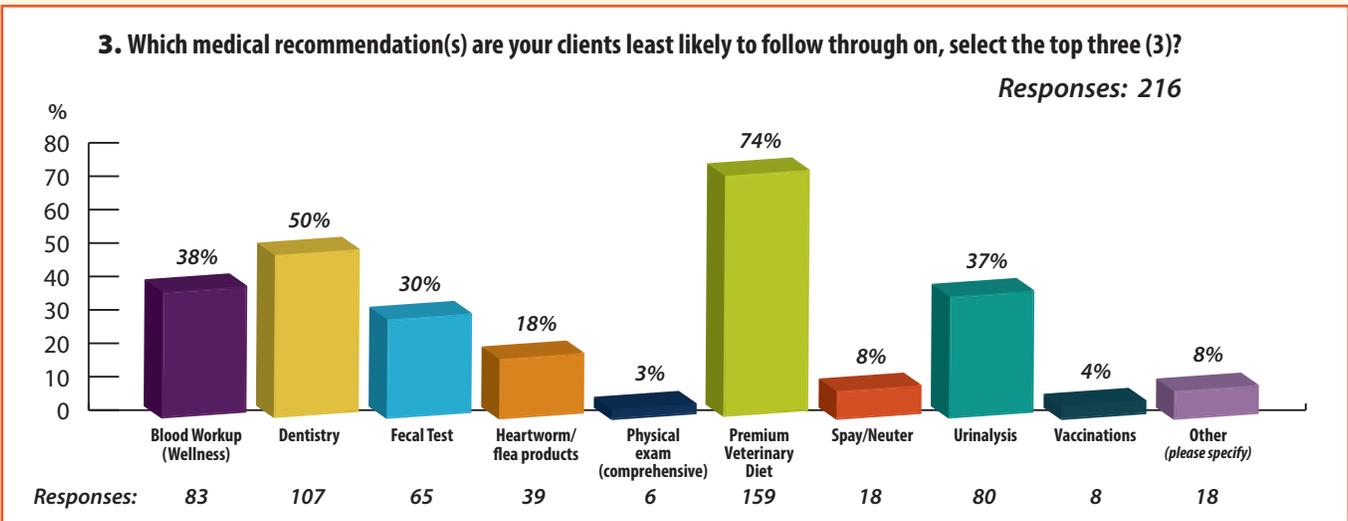
Vaccinations were most commonly selected with 73% of the respondents including this in their top three choices followed by heartworm/flea products (53%) and physical exam (52%.) Although wellness bloodwork and dentistry were highly emphasized by practices, clients were less likely to follow through with these—36% of respondents included wellness bloodwork in their top three and 31% included dentistry. Again, these results were fairly similar to 2015 with two exceptions:

- The percentage of respondents selecting the physical exam as one of their top-three recommendations

followed through on by clients dropped from 63% in 2015 to 52% in 2018

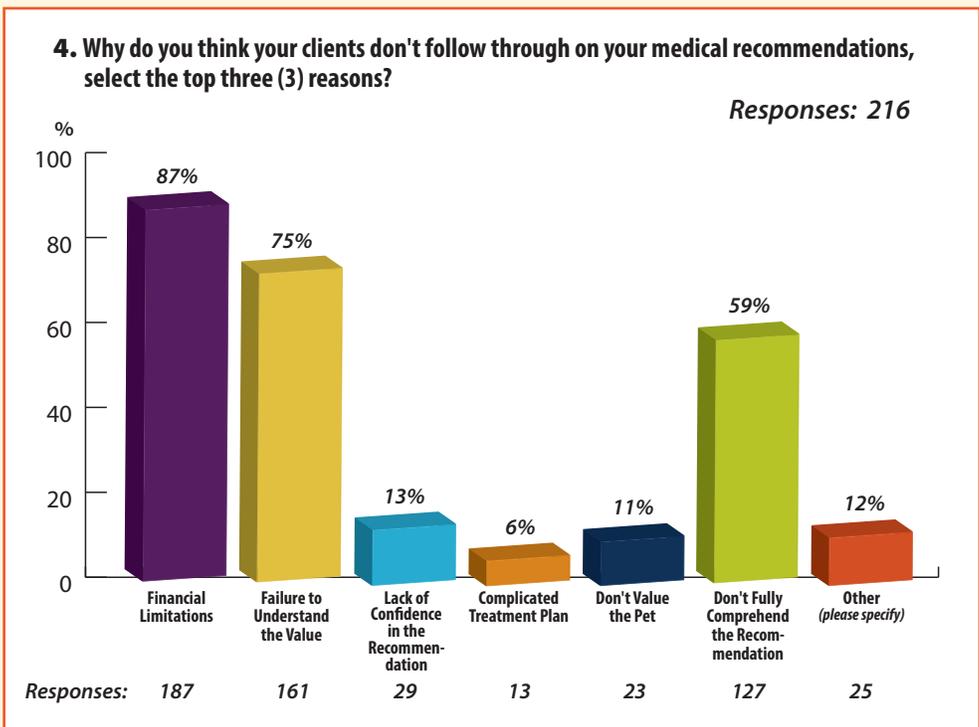
- The percentage of respondents selecting dentistry as one of their top-three recommendations followed through on by clients increased from 20% in 2015 to 31% in 2018

The third question asked: **Which medical recommendation(s) are your clients least likely to follow through on?** Again, respondents were asked to select the top three.



The recommendation respondents said clients were least likely to follow through on was the premium veterinary diet with 74% of respondents including it in their top three. 50% of the respondents included dentistry in the top three followed closely by wellness bloodwork (38%) and urinalysis (37%.) These responses were essentially the same as those in 2015.

The next question asked: **Why do you think your clients don't follow through on your medical recommendations?** Respondents were again asked to select the top three reasons.



Financial limitations topped the list as the primary reason clients didn't accept veterinary team recommendations (87%) with failure to understand the value a close second (75%). The third most selected item was failure of the client to fully comprehend the recommendation with 59% of the respondents including it in their top three. Financial limitations and failure to understand the value of the recommendation were the top two choices in 2015 with very similar %s of respondents selecting these two. Failure of the client to fully comprehend the recommendation wasn't included as a choice in 2015.

Time constraints and lack of communication/follow-up by the practice were the most common "other" comments.

Respondents were then asked: ***"In addition to exam room conversations between doctors and pet owners about preventive care services, what do you do to***

educate clients about these services and promote their acceptance?"

The most common selections were: client handouts for specific preventive care services, reminder cards and Facebook messages. Less commonly selected but still used by many practices were: telephone on-hold messages, assigning technicians specific topics to discuss, improved communication techniques (clear recommendations, open-ended questions) and information posted on the practice website.

The last question asked: ***"What is the most interesting or successful thing you've done to promote patient preventive care?"*** These ideas are incorporated below in the discussion about what changes practices can make to better promote preventive care.

Improving Pet Owner Acceptance Of Preventive Care Recommendations

As noted above, the primary reasons clients didn't accept the veterinary team recommendations were:

- Financial limitations
- Failure to understand the value of the recommendation
- Failure of the client to fully comprehend the recommendation

These are all areas practices can focus on in order to increase the acceptance of preventive care by pet owners.

Pet owner decision making process

One of the most important first steps is to understand the pet owner purchase decision process. "Protection motivation theory" research has shown that consumers of all kinds go through two stages of information appraisal when making a purchasing decision:



The first information appraisal process a pet owner goes through has to do with the severity of the threat being discussed and the vulnerability of his or her own pet to that threat. The kinds of questions pet owners are thinking about include: How many mosquitoes are really out there? Does it matter if my pet gets bitten? How likely is my pet to actually get heartworms? Practices usually do a pretty good job in this area.

The second information appraisal process deals with the pet owner's ability to cope with the challenges of protecting his or her pet. Questions pet owners may ask include: Will the recommended treatment work? Will I be able to give this to my pet? Can I afford it? The research shows that addressing these issues with pet owners is actually more important than just demonstrating the threat although both are important. The findings in this protection motivation research clearly correlate with the survey respondents' thoughts about why pet owners don't accept preventive care services.

Involving the team

The veterinary team needs to have the information and communication training necessary to be able to effectively provide information to pet owners and answer all their questions. Without a strong and committed team approach, it is going to be hard to motivate pet owners to provide the appropriate care. Some of the things practices in this survey do to better involve their team include:

- Veterinary team Continuing Education—one practice mentioned lunch and learns with and without vendors to focus not just on why something was important but on how to make confident recommendations
- Empowerment of staff
- Staff contests to encourage better communication and promotion of care to pet owners—one practice doubled the number of fecals they had been doing and everyone got a Kindle!
- Got creative with training—games, prizes, etc.

Give clients a reason to do what you ask

Helping clients understand there is a real risk to their pets from various kinds of parasites is easier when good quality local data is available. The Companion Animal Parasite Council's website, capcvet.org, has many resources, including Prevalence Maps which provide data from the U.S. and Canada at the national, state/province and U.S. county level regarding the incidence of heartworms, intestinal parasites and the tick-borne conditions of Lyme disease, ehrlichiosis, and anaplasmosis. Using the maps during exam room discussions can help emphasize the need for parasite prevention by showing real statistics from the county where you and your clients live and work. How and when the team talks with clients about this information is important too.

There have also been a number of studies done in the last few years that provide some insights into what clients want; perhaps one of the most intriguing was released several years ago by Banfield. In the past few years Banfield has harnessed the power of their incredibly large data base and published several reports documenting a decline in pet health. In 2015, they did something a little different; they focused on what pet owners are saying about their pets and their related needs. But instead of doing this via a traditional survey of pet owners, they took to the internet and spent over a year reviewing two million plus online conversations posted to blogs, forums and other social communities with the idea that in this kind of environment, pet owners would be more likely to talk about what they really think about their relationship with their veterinarian and their needs related to pet care.

One of the things that came out of this study is that pet owners want care recommendations that are personalized to their situation. They don't just have "a" dog as a companion; they have "this" dog that lives "this" lifestyle and they want their conversation with the veterinary team to recognize that. While many of the recommendations the practice team makes may be the same for most dogs or cats, there are some that should be different based on breed and pet lifestyle considerations. And even if the recommendations aren't different, the pet owner still wants to know that you have thought through what is best for this particular pet. Actions you can take to personalize the discussion:

- Collect information about the pet's lifestyle via questionnaire before meeting with the pet and pet owner

Pet owners want care recommendations that are personalized to their situation.

- Reference the pet's breed and age when discussing your recommendations
- Discuss potential problems a pet of this breed or this age may encounter
- Provide breed and age related information on your website and in handouts
- Use breed and age related guidelines to customize your recommendations and standards in the practice
- Ask the client what questions and concerns they have and give them a chance to think and respond

Some of things practices in the VHMA survey do to personalize their recommendations include:

- Team members talk about their own pets and how they care for them
- Where appropriate, team members talk about impact of pet care on their own kids (example, preventing ticks on dogs means kids less likely to get them)
- Taking pictures of the pet's teeth during boarding and sending home with the client with a dental quote after discussing the needed care when the pet is discharged from boarding

- Senior care packages aimed at older dogs/cats

Improving communication with pet owners

Not everyone is gifted with outstanding communication skills from birth, but these are very learnable skills. Some of the areas to focus on are listed below.

In an article in the February 15, 2012, edition of JAVMA ("Effect of veterinarian-client-patient interactions on client adherence to dentistry and surgery recommendations in companion-animal practice"), it was clearly shown that the odds for adherence with a surgery or dentistry recommendation made by the veterinary team were seven times higher when the pet owner was given a clear recommendation. Adherence in this study was measured by reviewing the medical records for six months after the pet owner received the recommendation to see if there was documentation of the procedure being performed. Here is an example of a wishy-washy recommendation:

"We **don't usually diagnose** a lot of intestinal parasites like hookworms or roundworms, but **if** Fluffy has been spending much time in the company of other dogs, **it wouldn't hurt to consider** having her tested in the near future."

Very few pet owners are going to follow through with a recommendation like this! An example of a clear recommendation is:

“Fluffy regularly spends time with other dogs, both at the dog park and when you go hiking; the best way to make sure she hasn’t been infected with intestinal parasites is to do a simple test on her feces. Let’s also talk about using a preventive going forward.”

There are many ways to make a clear recommendation; the exact words can vary, but it must be obvious to the pet owner what the veterinary team thinks should be done.

It has also become clear that if pet owners don’t get the information they need and want from your veterinary practice team, they will go elsewhere. What is one thing everyone can do to make sure pet owners get their questions answered? ASK! The exact words can vary; any of those below will work. Asking, both when clients check in and when they leave, is what is important:

- Is there anything else going on with Fluffy that you have questions about?
- Did you have any questions about what we have discussed?
- Do you have any other concerns?
- Are there any other questions you have?
- Can I do anything else for you?

In addition to talking to clients, remember that they need information in other formats as well. People also absorb information differently (by hearing, reading or seeing), so the practice should develop and provide client-friendly communication materials in multiple types of media or formats, such as brochures, posters, pictures, practice website, podcasts, newsletters and reminders.

Some of things practices in the VHMA survey do to communicate in ways beyond talking to clients include:

- Exam room videos of heartworm surgery
- Before dental and after dental pictures of teeth
- Stages of dental disease posters in exam room
- Dental radiograph posters showing common tooth problems
- Case of the week posts on social media

- Cat client educational meet and greet with light snacks
- Open house with behind the scenes clinic tours

Cost of veterinary care

This is a very big topic and can encompass general strategies for setting fees to targeted discounts and promotions to better educating pet owners about payment alternatives. The March, 2018 VHMA *Insiders’ Insights* report was devoted to the topic of setting fees so that won’t be discussed again here.

Discounts have generally been considered a “bad” thing in veterinary medicine. However, used judiciously, they can be helpful in allowing clients to provide better care for their pets and in increasing practice revenue and profits.

The power in programs like these discussed here is that they offer clients an incentive to visit the practice. The reduced price alone, however, won’t necessarily keep pet owners visiting regularly; the clients have to have a good experience and find value in the

care they get once they get to your practice. In addition to marketing the program effectively, the use of the discount must be tracked over time to see if it actually increases revenue, visits and the amount of care provided to patients.

Some of things practices in the VHMA survey do from a promotional incentive standpoint include:

- Dental discounts of various kinds—“Tartar Tuesday” or if scheduled within a certain time of when dental recommendation was made
- New client \$5.00 Nose to Tail exam
- Pay-by-the-month preventive care plans—these can either have a discount included or not but either way spread the payments for care out over 12 months
- Affordably priced bloodwork
- CATober—flat fee for all wellness services needed for the cat
- Bundled preventives at competitive price—compliance doubled!
- Free heartworm test with purchase of heartworm preventive
- Free doses of preventives
- Promote vendor coupons

Clients have to have a good experience and find value in the care they get once they get to your practice.

The last thing to remember about cost is that even clients who are fully committed to providing quality care are looking for payment alternatives. Clients are dealing with the increasing costs of veterinary care resulting from the availability of more sophisticated medical options, the extended life span of pets which results in more routine care spending as well as an increased likelihood of the pet developing a serious and/or chronic disease and fee increases well above the rate of inflation. Almost all practices accept cash, credit cards and checks; other payment options include pet insurance, third party payment plans, wellness plans and in-clinic billing options and yet many clients aren't using them.

The first step is to educate clients about the need for payment alternatives. There is no point in talking to clients about these choices if they can't see why it's important. Interesting clients in payment alternatives means talking to them about the need for future veterinary care—both preventive care and care when the pet becomes ill or injured. Talking to clients about money can be awkward, particularly when we seem to be saying “save some money to spend it with us!” And yet, we are doing clients a disservice if we don't help them understand how they can best plan to take care of their furry family members. The Partners for Healthy Pets (www.partnersforhealthypets.org) has a great video entitled “Preparing the Client for Future Health Care Costs” that demonstrates how to have these kinds of conversations with clients—this can be used as a script template and in staff training. PHP has many other useful practice training tools as well and all are available at no cost to the practice.

For years, many practices used in-house delayed billing plans to help clients who couldn't come up with the cash necessary for their pet's care at the time of service. These generally took the form of held checks or statements sent post treatment with the idea that clients would pay when they received the statement, either in full or in installments. Practices had varying degrees of success in actually collecting these amounts and the trend has been away from in-house options and towards third party payment plans, pet insurance and wellness plans.

While practice owners don't want either themselves or their staff to function as insurance sales people or credit card vendors, those who work in practices already regularly recommend to clients products and services not carried in the practice. Examples include obedience training, pet day care centers, groomers, pet sitters and a wide variety of dietary and other products. Doctors and

staff take the time to understand those products enough to be comfortable with the recommendations and help clients understand the options because they think they are of value to the client in taking better care of their pets. Why is it any different with financial products that allow clients to provide more comprehensive care? Not only do pets benefit from the improved care; veterinary practices benefit because clients who have the financial ability to pay for better care help us practice the kind of veterinary medicine we want to practice and improve the profitability of the practice.

In order to effectively recommend payment options, veterinarians and their staff must first of all understand the products themselves.

In order to effectively recommend these payment options, veterinarians and their staff must first of all understand the products themselves. Recommendations to clients are most helpful when they include not only a general recommendation for a kind of product but a recommendation for a specific brand along with the reasons why the practice thinks this product is the best one and a company the practice has had a good experience with. This is no different from medical

products; clients don't just want to know that their pets should be on heartworm preventative; they want to know which brand your practice recommends and why.

Remember too, that words matter when talking to clients—comments such as the following aren't going to encourage clients to consider your advice!

- “Here are some brochures about pet insurance to read at home when you have a chance”
- “You might want to think about this new wellness program we have”
- “You probably don't want another credit card but here's some info on this veterinary one”

Other tips for successful communication include:

- Don't just hand out brochures—talk to clients about options and the things they need to consider in making the best choice
- Incorporate factual information and stories on website, in newsletters and social media
- Focus on one or two companies you are comfortable with and are can recommend to pet owners
- Practice this communication in your team training meetings—The Partners for Healthy Pets (www.partnersforhealthypets.org) has some excellent videos that can be used as part of this educational process

Make it fun!

Sometimes small, inexpensive gestures that are fun and touch people have more impact than other things we do of a more serious nature. One practice gives away toys to clients who purchase a 12 month supply of preventive; the clients love the toys! Another practice gives away raffle tickets to those who buy a year's worth of preventive.

There are many things practices can do to improve acceptance of preventive care recommendations. Pick the one or two that appeal to you and try them. Focus on those changes until they become second nature and then add a couple more. Measure client acceptance as you go so you can tell what is working.