Sparkline Scorecard

Profit
Set your sights higher...
by Greg Robinson

A recent survey commissioned by the Society of Practicing Veterinary Surgeons (SPVS) highlights the issue of low profitability levels experienced in many vet practices across the UK. This is a subject that Sparkline Technologies' CEO and founder Greg Robinson addresses in this edition of Insight. He argues that delivering improved profits is within the grasp of all practices if they put steps in place to measure the performance of the key business processes. We also talk to practice owner and long-standing Vetsolutions' customer Simon Robinson about the benefits Sparkline has brought to his clinic. Here, he shares some fascinating insights to the different ways in which the software's data is helping to improve the profitability of his business.

Findings from the recent (and first) SPVS Profitability Survey certainly raised eyebrows across the industry, not least in the corridors of the British Veterinary Association. The BVA was quick to express its concern and there's little doubt that this was echoed in vet practices the length and breadth of the country. So, what's all the fuss about? What we're talking about here is below average profitability - a problem that refuses to disappear. The survey showed that over half of the respondents scored 'below average' or 'poor' on a net profit rating scale. More worryingly than that, 15% claimed to return a loss. Based on responses from around 100 practices, ranging in turnover from £10m to less than £100,000 per annum, this financial performance indicator is sufficiently conclusive to warrant further scrutiny. It also reinforces the view that not only are many practices underperforming when it comes to delivering profit, they remain unclear why this is happening and are unable to address the problem. This is a subject that Greg Robinson understands only too well.

Half of the respondents to the survey scored below average or poor on a net-profit rating scale.

"The results of this survey don't surprise me at all - it's the same all over the world. Most practice owners I talk to are candid enough to admit that they are losing revenue and I don't mean just from missed charges. However, ask them how much and this is usually met with a shrug. They don't know the scale of the problem and, more particularly, how to solve it. I'd be the first to agree that it's not easy running a busy vet practice and, yes, patient care is undoubtedly the number one priority. However, if the business is not operating to its full potential then ultimately this will have an adverse effect on the service provided to customers. You can't have one without the other."

In previous issues of Insight, Greg has identified missed charges as the Achilles' heel of many vet practices and the recent furore over low profits has thrown this into the spotlight once again.

"My initial dialogue with new clients always focuses on missed charges - it's the low hanging fruit. By documenting every fee associated with a specific treatment, with Sparkline we can identify where costs are not being charged. Setting up the practice management software correctly means that charging is transformed from a laborious, error-prone manual procedure to a one-step automated process and, in the context of profitability, practice owners can see the results immediately as both transaction values and overall practice revenue show notable increases and this directly impacts the bottom line - positively so."

Greg is quick to emphasise that missed charges represent the profit that exists within every practice. This, he argues, is easy to fix and can account for around 5% of lost revenue in a typical veterinary practice. From this, it is possible to see immediate results and climb up the profitability ladder rapidly. If one considers the various processes undertaken a typical vet clinic, factors in the number of individual treatments and fees associated with each one and then multiplies this by client numbers, then the true extent of revenue loss and gain attributed to missed charges is reflected.

It was the management guru Peter Drucker who famously said, 'What's measured improves' and that maxim is central to Sparkline in that it measures the effectiveness of the various processes that are undertaken every day in practices nationwide. By comparing results year-on-year, it allows owners and managers to see at a glance what's working and driving profits and where improvements need to be made. There's no guesswork involved, as Greg explains.

"The data analysis from Sparkline pinpoints strengths and weaknesses, allowing practice owners to focus on what needs their immediate attention. It also scrutinises results in various ways, for example on a vet-by-vet basis, and this is important when one considers the need to improve profitability. Let's say we have a small independent practice employing four vets and each one is responsible for their own patient care and invoicing this to the client. Being able to measure the consistency of that patient care gives practice owners valuable insight to further opportunities within their business.

"The table below shows the different clinical aspects of the Primary consultations alone, clearly broken down and displayed by each vet. You can see there are significant variances across the team and when you consider that the primary consultation is carried out in high volumes, the inconsistencies in standards of care can result in a serious loss of income."

Vet Hospital

Process	07/31/2015	07/31/2016	Comparison By Colleague			
			Charlie	Will	Fran	Yvonne
Primary Visits	5,825	6,106	1,453	1,202	1,643	1,506
Vaccinations	3,394	3,672	852	721	938	976
Avg Trans Value	54	56	56	55	58	48
Avg Trans Value vaccs visit	40	42	41	43	40	37
Cases per 100 Transactions	31.1	30.0	40.8	32.7	33.0	40.8
Revenue primary visits	313K	342K	81K	67K	95K	72K
% charged diagnostics	7.5	6.4	5.4	6.5	7.9	4.6
% charged laboratory	5.5	5.7	4.5	5.5	7.2	4.5
% charged parasite	24.8	27.6	28.1	24.6	29.5	26.8
% vaccs visit	58.3	60.1	58.6	60.0	57.1	64.8

The SPVS Survey reveals that the industry is facing serious economic challenges as many practices struggle to achieve acceptable levels of profitability. However, the picture is not universally bleak and some vet businesses regularly deliver net profits in excess of 30%. If one remembers that the Survey's assessment of anything over 18% to be 'excellent', it begs the question - how do they do it? Greg believes he has the answer.

"These high performing businesses have several things in common. Firstly, they have configured their software correctly, eliminated missed charges and are invoicing correctly. So, the basics are in place to deliver profit. However, these top achievers do much more than that. They send out reminders to existing customers regularly and are proactive in marketing the business to potential customers via their website and, increasingly, by email. They think ahead and have an intuitive grasp of what's going on in the practice.

By comparing results on a year-by-year basis, it allows owners to see what's working and driving profits and where improvements need to be made.

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"We have also found that the most profitable practices are those that recognise and utilise the skills and experience within the team and create an environment which encourages personal development. These practice owners are good managers and delegate responsibility, however they are the same people who ensure their team understands the economic realities of running a business, set financial targets and measure results against objectives."

While Sparkline's primary task is to measure a clinic's performance, it also helps to change attitudes to practice management, allowing owners to take control and focus on areas of their business that are losing them revenue. But as Greg points out, they must be prepared to accept their failings and put things right.

"Customers need to engage with Sparkline and respond to what it's telling them. We can halt lost revenue immediately by eliminating missed charges, but to further increase profits, owners must firstly identify where and how they can grow their business - this cannot be left to conjecture. Sparkline eliminates the guesswork, providing the data they need to prevent them losing money and drive profits in the areas that show the greatest potential for growth. I can give you examples of customers who have doubled their net profit overnight simply by fixing missed charges and then proceeded to see further increases as changes to process management - instigated by our data - improved financial performance. Believe me, low profits can be rectified. Why settle for 15% when 30% is achievable? Aim higher, I say."

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Sparkline transforms charging from a laborious, error-prone manual procedure to a one-step automated process.

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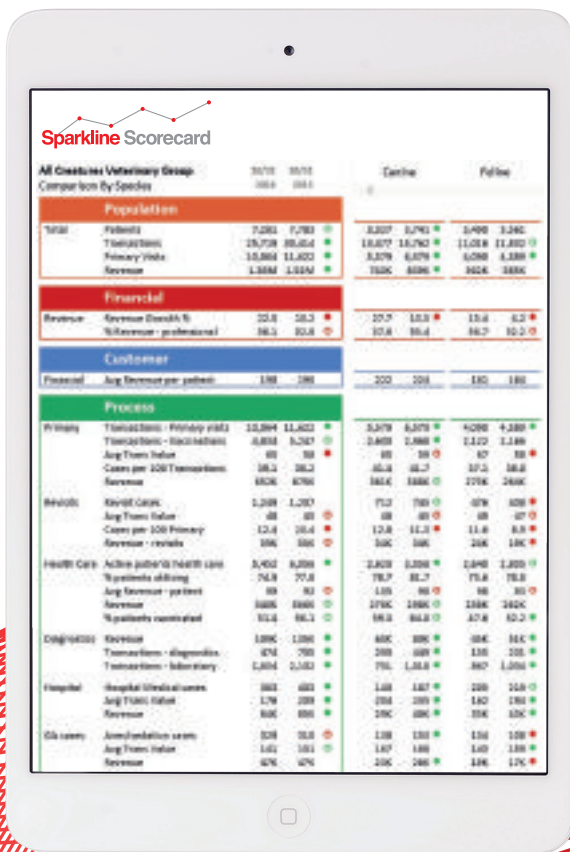
My light bulb moment

Simon Robinson is owner, principal vet and sole proprietor of Andover-based Strathmore Veterinary Clinic. Simon took over the running of this 60 year old independent clinic in 2010 and has been a Vetsolutions' customer for around 20 years. The clinic is a single site business, operated by Simon, three vets and six nurses and has an impressive 1,100 animals registered with its Pet Health Club. However, despite a busy appointments diary, the financial performance of the business failed to reflect the high levels of customer footfall - a common issue across the industry. As Simon notes, the clinic faced some serious challenges. For the last three years, turnover had remained static and, according to his accountant, profitability was lower than that of comparable independent vet businesses. So, there was much to ponder but no immediate solution to what had become an ongoing problem, until, that is, he attended the 2015 London Vet Show. Simon takes up the story…

"My introduction to Sparkline CEO Greg Robinson was memorably blunt, 'What are you doing about your missed charges, mate?' he asked. I stood my ground defiantly, protesting that our processes did not allow many costs to slip through the net, however that was before Greg showed me a demo of Sparkline and the costs missed in a typical clinic. It was then that the penny dropped. We were guilty as charged! Our processes were far from watertight and it became obvious there was a clear correlation between missed charges and our disappointing financial performance."

The financial performance of the practice failed to reflect the high levels of customer footfall.

Simon signed up to Sparkline immediately and the software was installed within 24 hours. Initially, all customers receive individual coaching on how to use Sparkline and access the valuable metrics it pulls from RoboVet's data. A simple traffic-light system indicates where performance is improving, standing still or worsening based on the previous year's results, and data can be analysed by process type, on a vet-by-vet basis and across individual practice sites. As Simon acknowledges, Sparkline allows him to see at a glance where there is the greatest potential to grow his business and also identify the areas that are holding him back.

"Sparkline has given us much greater control. Data is updated automatically and I can't wait until the 6th of each month to review the figures and see how we stand. Previously, it was a bit like walking through a dense forest with no clear sense of direction. Now, we know exactly where we are going and the steps we need to take to improve.

"We also benefit from the online one-to-one sessions with Steph (Sparkline consultant Stephanie Bryan) where we discuss practice performance over the quarter and agree our strategy for the following period. Steph's really got to know our business. It's great to have someone onside who understands the industry so well and helps us make the most of the data provided by Sparkline."

Sparkline excels in identifying missed charges and this had an immediate impact on Simon's revenue by confirming that the clinic had previously failed to charge for a range of fees including theatre, clinical waste, consumables and hospital waste. Hospital fees for day patients and inpatient consultation charges also fell off the radar. In addition, Steph was instrumental in helping Simon utilise a closely related RoboVet feature called POS Actions (Point of Sale Actions) essentially a string of charges triggered automatically when a single procedure is booked.

Simon also highlights Sparkline's ability to analyse the revenue generated from specific processes, citing dentistry as an example.

"We had been looking to push our dentistry work for some time. In fact, I had bought some new dental equipment at the London Vet Show and organised the necessary staff training, so had already committed time and money to taking us down this particular road. However, there was something in the back of my head doubting our capacity to recoup

the investment. Not only that, how could we know for sure if it had been successful? I needn't have worried. With Sparkline we were able to measure the results and they made good reading. Over six months we handled 44% more dental cases resulting in a 51% increase in income compared to the previous period. Not only has the data confirmed that we were right to prioritise dentistry, but this has had a galvanizing effect on staff morale - we are all delighted with the results."

Sparkline metrics also extend to analysing the performance of each vet based on the number of repeat consultations they have handled. As Simon notes wryly, the results from his practice made him sit up and take notice.

"This metric is called Cases Per 100 Primary and I understand that the average figure in single site, independent practices hovers around 50. You can imagine my reaction on being told that my vets scored between 23 and 72. That's an extensive range by any standards, so there's good and bad news: Some vets are performing exceptionally well, while others may require additional support to improve their conversion ratio. This is not about apportioning blame - I'm responsible for staff training and development so the buck stops with me. However, what cannot be ignored is the potential loss of income to the business this represents. Thanks to Sparkline, we can now address the problem."

As Sparkline founder and CEO Greg Robinson acknowledges, his software provides the metrics that allow practice owners to focus on areas of strength and weakness, but it's how they respond to the data that really counts. Ignoring a problem is no solution. For Simon Robinson and his colleagues at Strathmore Veterinary Clinic, Sparkline has initiated improvements across the business that have resulted in significant financial benefits as he explains.

"Sparkline was installed in our clinic in January 2016 and since then, we have seen a 14% increase in turnover without increasing staff numbers so that has had a direct impact on our bottom line. What's particularly pleasing

> Our average transaction fee has increased from £43 to £50 - a
15% increase.

> Net profit has leapt from 13% in 2015 to
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is that our average transaction fee has increased from £43 to £50 - a 15% increase and by tightening up on our appointments process, new client conversion and return consultations are showing an 8% improvement on last year. We have also generated over £20,000 more from dental treatments this year, fully justifying our decision to focus resources in this area of work."

My message to all those businesses hesitating is simple: get quick access to a partner like Sparkline. Doing so can only benefit you.

As for that all important net profit figure, well this has leapt from 13% in 2015 to 23% (for the 10 months of 2016) and there is scope for this to grow further in the remaining two months of the year. This vindicates fully Simon's decision to purchase Sparkline and, more importantly, to make the necessary changes to the management of his business.

"While our financial results are delighting the team and my accountant, there's more to Sparkline than that. I feel my management of the business has benefited from having access to data that makes decision-making so much easier and, of course, we can now measure our performance accurately on a regular basis. After many years, we are charging properly and, interestingly, there has been no adverse reaction to our costs from clients. In short, I believe our business is in a much better place thanks to Greg, Steph and Sparkline."