

Let Me Go Over This Estimate With You & Managing Workflow When You're Not An Octopus

Bash Halow, CVPM, LVT

Introduction

In this lecture, we'll explore how we go over estimates with clients and learn how to convey our sympathy and concern in the context of service and price.

Many team members struggle with discussions about money because they do not believe there is parity between the service and its cost; they do not understand how the price of the service was derived; or they project their own financial situation on the client assuming that if the team member can't pay for the service, neither can the client. Some team members have been yelled at by clients who were upset about price; some have read online reviews in which the practice was called out for being 'all about money'; team member may have witnessed pet owners choosing euthanasia because they can't afford care; or watched clients leave the practice because they could not afford to return. All of this contributes to our anxiety when discussing price.

In our interest to demonstrate that we care, that we are fair, and that we are transparent, we have concocted elaborate ways of talking about money, but in so doing, we ironically end up appearing that we are *only* concerned about money. Here are some ways you can alert clients to how much something will cost without distracting from your practice's genuine concern for the patient and his or her owner.

Understand Your Practice's Pricing Strategy

Markup is not profit; margin is. If you work at a practice where the cost of a lab test has been tripled in order to determine the client price, you may be thinking that you are taking unfair advantage of a client. Not so. Here's an example. Let's say that a test costs us 3 dollars and we multiply it by 3 in order to come up with a client price of 9 dollars. Contrary to what you may be thinking, the profit margin on this test is not 200%. Profit *margin* is determined by the equation $\text{price} - \text{cost} / \text{price} = \text{margin}$. The formula for markup is $\text{price} - \text{cost} / \text{cost} = \text{markup}$. Using the above example, you can see that the markup for the lab test is $(9 - 3) / 3 = 2$ or 200%, but the *margin*, the real profit of the test, is $9 - 3 / 9 = 0.66$ or 66%. While markup makes it appear that we are earning multiples of profit on our cost, margin demonstrates that only a fraction of our revenue is profit.

'Wait', you protest, 'if your margin formula is correct, we're still making 66 cents of profit for every dollar that we earn.'

No, we're not, because out of those 66 cents, we must pay for salaries (typically 40 cents out of every dollar earned goes to staff salaries), and fixed costs (things like rent, utilities, cleaning supplies cost 20 cents for every dollar that we earn). Can you now see that of the 66 cents you earned as a business, you only get to keep 6 cents? That's hardly the formula for a practice that's ripping off its clients.

Understanding why you charge what you charge will help you enter pricing conversations with more confidence. You won't appear so uncomfortable during the discussion, and the client will more likely believe that you are being honest.

Believe In Your Value

Many practices make the mistake of enumerating every line item of the procedure as a way of showing transparency. What you ultimately end up doing is telegraphing that you are out to capture every possible client charge.

Rather than focusing on the things that you are selling, talk about the care you are providing. Discuss the cost of a catheter, not as a small, 1 ½ inch plastic tube, but as part of a collection of products and services that you are using to ensure patient safety. As one pricing expert explains, "It's easy to argue that the cost of a small plastic tube; it's more difficult to argue that tube's cost when it's part of a package that saves lives."

As a team, practice talking about estimates in terms of the service that you are providing, not the product you are selling. Don't charge an office visit; rather, sell a comprehensive physical exam because the former sounds like the price of admission, while the latter describes the true value of what it is you are doing.

Demonstrate Confidence

Don't review estimates that you don't understand. Don't sell services in which you have no faith. Selling services that you don't understand is an insult to the practice owner and leaves the practice open to error and oversight. If you question the price or the value of what you do, talk about it with your leadership team. No one at your hospital wants to be a part of something dishonest. If you have a question of value, bring it up. It will be an opportunity for you to learn or to improve a part of the practice heretofore not addressed.

When talking to owners, make eye contact, listen, keep an open body posture and take your time. The owner may be concerned about money, but they are definitely concerned about their pet. Make sure that you demonstrate a regard for each.

Watch a Pro

Every practice has one or two team members that are excellent at talking about money. Watch them in action and listen. You'll pick up some great pointers.

Prepare the Client For the Expense of Owning A Pet

The end stages of life of a pet can be mentally and physically exhausting and expensive. Nearly every pet owner will navigate these emotionally tough times. Prepare them by discussing pet insurance. Offer information on the topic on your website. Reach out to third party payment plan companies and consider allowing these companies to manage your clients' debt. In my experience, these companies do a great job at collecting money from clients and absolve you of

the time, expense, and emotional drag of collecting funds. Alert clients to future, upcoming expenses. “Mr. Halow, Rye is nearly 8 years of age. Next year, we’ll do a senior wellness panel for her to ensure she’s healthy. Here’s a handout on the topic so can learn more.”

You and your clients may both be squirming when it comes to a discussion about money, so it’s in everybody’s interest that you face this problem head on. Share your success stories during meetings so that you can learn from one another and improve. As a practice, you are eager to be as accessible and as affordable as you can be. Find ways to share that truth with your clients and remind one another of the value of what you do.

Managing Workflow When You’re Not An Octopus

Several factors contribute to your inability to stay on top of your workload. The first is your job description that I’ve come to believe is nearly impossible to do. Asking employees (especially managers) to fix things when they break; fill in here and there when employees callout; and start, stop, and then start again side projects as the chaotic business of veterinary medicine pulls them in every direction is not just unkind, it’s sort of impossible.

We have a tradition of celebrating multitasking in our practices and most team members boast that multitasking is a skill of theirs, yet research clearly shows that we make more mistakes when multitasking than we do when we are able to focus and complete one job at a time. I have this theory that the reason we celebrate multitaskers is that they make our broken workflow and business model functional. Multitaskers are the ones that continually run around our practices helping to gloss over the fact that our team isn’t fully trained, our hospital not fully staffed, and part of our business model has never been figured out. If we’re strapped for time, is it because we’re rushing around keeping our broken business operational?

No Plan

With no clear direction or big goals, you have no way of assigning relevancy and importance to your tasks. Sit down as a team and listen to an audiobook on strategic planning and then work out a six-month list of goals for your practice. Taking a day to discuss the ‘big rocks’ you need to address in order to be profitable, happy, and productive is one of the most uplifting and cost effective things you can do as a member of your team. Everyone will emerge with renewed energy and focus.

Office? Really?

Who else do you know that goes to an office where a cat walks across their computer keyboard and erases their last hour of work? Who else shares an office space with a washer and drier and five 10 pound bags of food that are waiting to be returned to Royal Canin? Maybe we’re not the best managers of our time, but part of the problem is that our office set up isn’t necessarily primed for quiet reflection.

A Minefield of Distractions

You want to know where your time goes? I'll tell you. Two hours every day goes out the window chitchatting with coworkers, and another 30 minutes gets poured into the takeout menu as it circulates through the office. Now, top that 30 minutes with another 30 while everyone tries to figure out why Dr. John didn't get his miso soup. At least 45 minutes of your day goes up in smoke when a 5 minute meeting with the owner digresses into whether you should or should not repaint the lobby; and then kiss another hour goodbye when you walk out front to get the mail, but discover that your favorite client is waiting in a lobby chair. Lastly, before you know it, it's Judy's birthday. Again. That was fast. Now you can say adios to another afternoon of your life as you step into your car and drive to the ShopRite for a cake, candles and card. You don't have a working day; you have a day filled with time-wasting detours with your real job crammed in between.

Are You Depressed?

Happy people like to live; they like to work; and they like to move forward. Unhappy people find it harder to start tasks, harder to complete them, and get dragged down by their joylessness. Look at your office. Is it full of clutter? Is it dirty? Are there piles of unfinished work lying around? These are signs of a team stretched too thin and ultimately of unhappiness. Though you may not be a manager of your practice, you can still instigate a discussion on how to improve. Take the challenge. Be an inspiration of change.