

## **Be The Best You Can Be**

### **Operations**

In a society where the population of practicing veterinarians is growing faster than the pet population, the need for efficient and effective operational systems is paramount to the success of a veterinary hospital. Operational systems are the life blood of the hospital. Without a defined infrastructure a business is doomed to mediocrity or failure. The Brakke Behavior Study done a few years ago demonstrated that an alarming number of veterinarians could not accurately define five common financial terms. If veterinarians want to improve their incomes and create value in their practices they will need to develop and implement better operational systems.

Veterinary practices are usually small, closely held entities which serve the needs and wants of pet owning consumers. Veterinarians are the “other family doctor”. In a 2000 Gallup Poll, they ranked number three in the list of professionals consumers trust. Nurses and pharmacists ranked number one and two respectively. Physicians were fourth on the list. What does that tell you? People trust the decisions veterinarians make. Combine trust with proven operational systems and you have a recipe for success.

### **Vision/Mission**

In any business you need to know who you are and where you want to go. You need direction and purpose to aid you in your journey. These thought processes evolve into your vision for the practice and your mission statement and, in turn, become the basis for making decisions. What are these items called? They are the vision and mission of the business. These statements become the basis for decisions. They give you a clearly defined reason for existence. They are the soul of the business.

It is wonderful to be a thinker and dreamer, but before starting on the road to success, you need to ask questions regarding who you are and where you are going. There is a much greater chance of achieving a goal when you have a written plan that you refer to and review on a regular basis, rather than just having a dream or vision. A vision/mission is the beginning step in creating core values or the values that will guide you in decision making. With a vision/mission statement the objectives and goals are clearly defined and will be developed. These first steps are the foundation of everything you do in practice.

What is the vision of the business? The vision answers the questions, “where are we going and what will we look like in the future”? A vision usually will not change unless there is a fundamental change in the business. It is a belief system that enables the staff to stay the course. It is a dialogue between leadership and team members that generates the momentum to keep the practice moving toward its goal. Everything that a practice does needs to be tested against your vision. If it does not meet that test there is no reason to pursue it.

The Book of Proverbs says, “When there is no vision, a people perish.” An organizational crisis can be a violation of the vision. This can mean that leadership is falling short of their goals. Stakeholders may feel that leadership is clueless as to where

it is going. Effective visions will be well communicated, with a direction and a destination, and accepted by all the stakeholders.

To be a true vision the team and not merely a reflection of the leader must share it. The vision/mission provides the staff with the essential ingredients to guide them and enable them to make informed decisions.

### **The Role of the Practice Manager**

In every veterinary hospital there is, directly or indirectly, some type of a manager. Who is it and what are his/her duties? For the sake of discussion there are usually one or more of these positions in a veterinary practice: (1) office manager, (2) practice manager, and (3) hospital administrator.

An office manager is usually someone from within the practice who takes on some minor level of management responsibilities. It may be the receptionist who becomes very proficient at Accounts Receivable, Inventory Control, or some other minor role in practice management. This person usually does not perform full time duties in practice management.

The practice manager is someone who takes on more responsibility for practice management. His/her duties may involve everything from Human Resources to Inventory Control. In some practices this individual may be working in conjunction with a Hospital Administrator. A practice manager may implement projects for the owner.

The Hospital Administrator handles all aspects of practice management. This person is not directly involved in medicine and surgery, but plays an important role in setting patient care standards and client satisfaction. The Hospital Administrator oversees the hospital to ensure that it is financially, economically, and legally responsible for providing the quality performance expected by the stakeholders.

### **Benefits of Inventory Control**

Inventory is an asset, not an investment. An investment appreciates in value with time. In the case of inventory it is not going to earn you any more today than it will thirty days from now. In fact in thirty days it has cost you money. Inventory is a means to make a profit when you use it in the hospital or dispense it. It will not make you money sitting on the shelf.

One of the reasons that companies like Dell Computer, Gateway Computer, and Honda are so successful each year is the use of "just-in-time" (JIT) inventory. JIT allows these companies to control inventories by only having what they need on hand for the day. In other words, they turn the inventory an incredibly high number of times each year. Do these companies spend less on inventory? No. The real savings is in being able to reduce storage and labor and to allow their money to work for them by investing it instead of tying it up in inventory.

As an example, when you deposit money in the bank, the bank will charge a fee for the deposit and, in some cases, an item charge for each check in the deposit. The bank refers to this as the price of doing business with them and invests your money for their gain. By not controlling your inventory you are tying up money or cash flow that could be invested in a simple Money Market account and earn interest monies for the hospital. Does it make sense that veterinary hospitals continually tie up cash in inventory and

then allow it to sit on the shelves for extended periods of time? The answer is no. Why do veterinary hospitals continue to overstock their shelves with inventory? The answer is simple. It is the fear of possibly running out of a product, but the underlying reason is the lack of internal controls and the fear of change. Is your practice isolated so that you would be unable to receive an order within forty-eight hours or less? Probably not, so why fear this scenario?

What are the two main concerns in creating an effective and efficient inventory management system?

- Making sure we have adequate supplies on hand.
- Improving the profitability of the practice through inventory control.

Wouldn't these two concerns be reasonable objectives for a practice? If your vision is to improve the lives of pets through quality care provided by individuals with advanced training, wouldn't these two objectives align with the vision of the practice?

The goal is to make sure adequate quantities of supplies are on hand, while minimizing the costs of ordering and handling inventory. To accomplish this task it will take an inventory manager to run a well controlled purchasing department. By creating, monitoring, and establishing goals to measure your success, inventory management can be efficient and effective for the practice.