

## WHAT IS THE MOST EFFICIENT WAY FOR VETERINARIANS TO MANAGE THEIR PRACTICE?

By Neal Wasserman

Data collected by the National Commission of Veterinary Economic Issues (NCVEI) has shown that veterinarians are more efficient, and earn significantly more money when they hire practice managers. In so doing, practitioners are able to focus more on medicine, and therefore generate more income. We know that practice owners, especially sole practitioners, often think they can't afford to hire an extra staff member, however, NCVEI data shows that they can't afford not to.

The NCVEI created the benchmark tool, "Who's Managing My Office," to help veterinarians determine the most successful way to allocate their time between managerial and medical activities. Practice owners who use this tool are asked to input 1) the total number of hours worked by each staff member during the previous fiscal year and 2) the percentage of time their employees spent on medical vs. managerial operations. After entering this data, users are shown a graph, which visualizes how their staff compares to those from other US clinics. In addition, a recommended treatment is offered.

### **Do practice managers increase revenue?**

Using data collected from the 1,200 practitioners who entered their data into the "Who's Managing My Office" tool, the NCVEI explored whether practices with a more active administrative staff have higher revenues. The results show a very strong positive correlation (*see graph a*). With a slope of 119, this graph suggests that, on average, clinics see an additional \$119 for every hour a practice manager works. Using this figure, a full-time practice manager will add \$247,500 to their annual gross revenue. An AHAA study in 2003 found that full-time veterinary practice administrators earn an average salary of \$38,582 with a median of \$40,000<sup>1</sup>. Therefore, the potential influence that managerial staff have on the economic success of veterinary practices is dramatic.

### **Should practice owners spend more time on management activities?**

NCVEI further explored the financial impact on practice owners who devote more time with administrative tasks. Opposite the trend seen with managerial staff, our data demonstrate that the more time owners spend managing their own practice, the less revenue they make (*see graph b*). Given a slope of -122, veterinary owners essentially lose \$122 for every managerial hour less spent on medicine.

### **Are single veterinary practices an exception to this trend?**

The 308 sole practitioners who completed the "Who's Managing My Practice" tool spent 38% more time with administrative obligations than did veterinarians from two person practices (*see graph c*). This may indicate that inefficiency may be a large barrier preventing smaller practices from earning their maximum potential revenue. In fact, our data suggests that veterinarians from single veterinary practices lose \$168 per

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<sup>1</sup> Compensation and Benefits, 3<sup>rd</sup> Ed: Vital Statistics for Your Veterinary Practice, American Animal Hospital Association Press, 2004; p13

hour they spend on administrative work (*see graph d*). This is even greater than the \$122 average loss from each owner managerial hour.

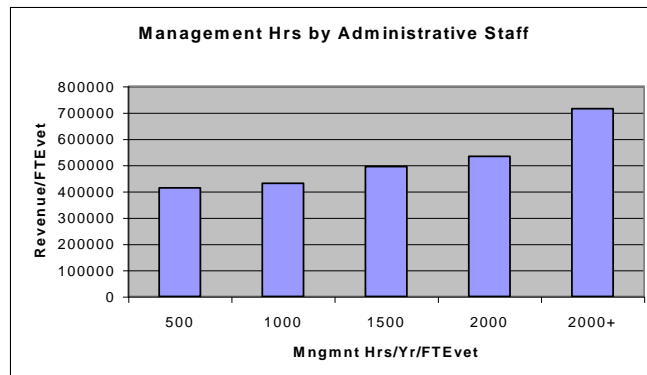
### What does all this mean?

No matter how big or how small the veterinary clinic, there is a large economic impact when owners devote too much time to management tasks. This article doesn't suggest that owners eliminate their administrative involvement. Practitioners must continue to provide vision, leadership and strategic planning to their business. Nonetheless, they should reduce the amount of time spent on managerial activities, delegating others to fulfill that role. Veterinarians can thereby focus more time on the medical aspect they love and do best, and will make significantly more money doing so.

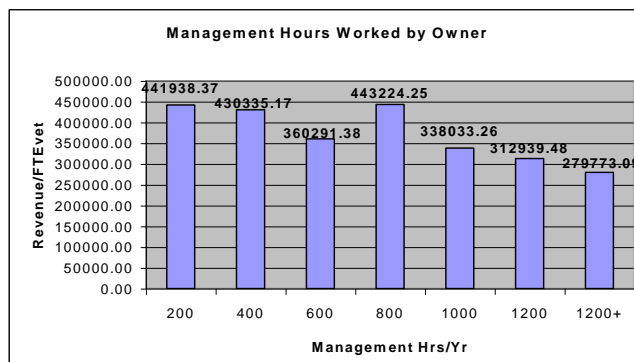
These results assume that freed veterinary time will be spent on billable activities. However, if patient load is such that additional time won't be used treating patients, practitioners can spend this time figuring out how to increase clientele or how to add additional services to provide better patient care. Either way, freed time should lead to increased revenue.

How do you and your staff compare to these results? Find out by using the free benchmarking tools at [www.ncvei.org](http://www.ncvei.org).

GRAPH A

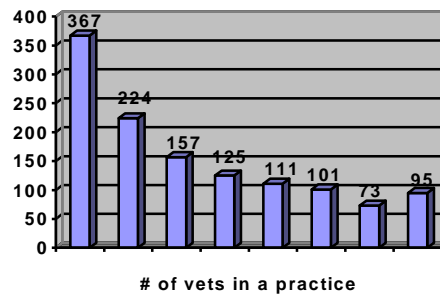


GRAPH B



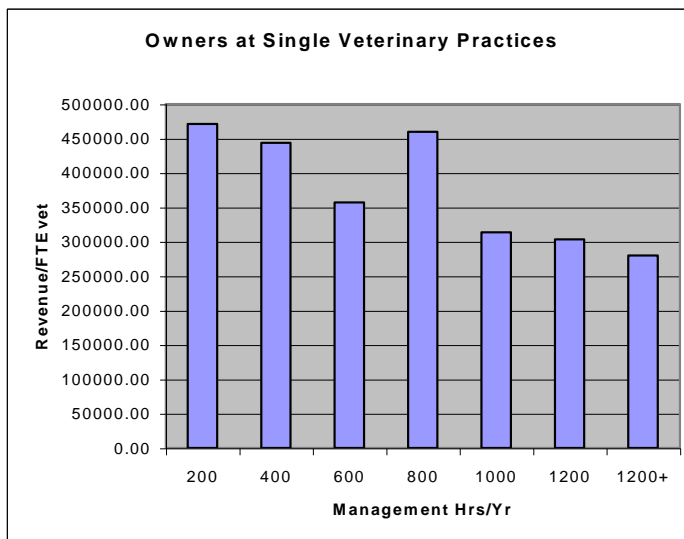
GRAPH C

Owner Mngment Hrs/FTEvet vs  
Pract Size



GRAPH D

Owners at Single Veterinary Practices



Neal Wasserman was a 3<sup>rd</sup> year veterinary student at Michigan State University when this article was written. At that time he was aspiring to specialize in ophthalmology. He graduated from the University of Rochester in 2002 with a BA in biology, and minor in psychology. After completing an externship with the NCVEI, Neal received his DVM from Michigan State University and is currently a 2<sup>nd</sup> year veterinary ophthalmology resident with Eye Care For Animals in Phoenix, AZ.