Realize Your Vision

Key Performance Indicators: The Vital Signs of Your Practice
Key Performance Indicators

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Session Objectives

- Define Key Performance Indicators (KPIs)
- Identify KPIs for your practice
- How to capture and measure KPIs
- Determine reporting frequency
You can only manage what you measure!
Key Performance Indicators

Definition:

A measurement of critical performance activity in a given period of time
Measuring Up: Sources for Industry Benchmarks

- American Animal Hospital Association (AAHA)
- American Veterinary Medical Association (AVMA)
- Veterinary Hospital Manager’s Association (VHMA)
- National Commission of Veterinary Economic Issues (NCVEI)
- *Veterinary Economics®*
- The Well-Managed Practice® Study
- IDEXX Cornerstone ® Dashboard
- Your peers here and YOURSELF!
Using Industry Benchmarks

• Yourself
  • Compare month to month
  • Compare year to year

Use comparable factors when looking at industry benchmarks:

• Practice type (small animal, general, specialty)
• Location (geography and type—urban, rural)
• Practice size (<2 FTE DVMs, >6 FTE DVMs)
Key Performance Indicators

Financial

- Revenue
- Invoices
- Average client transaction
- Accounts receivable
- Service/Inventory ratio
- Fee variances and discounts
- Inventory margins
Key Performance Indicators

Financial

Revenue

• Total revenue
• Per classification and/or Revenue Center
• Per doctor
  • 5x annual salary
Key Performance Indicators

Financial

Invoices

• Total number of invoices
  • 250-500 per month per FTE DVM
  • 400-700 per month for hospital
• Per doctor
  • 250–500 per month based on practice type
• Per client
• Per species
Key Performance Indicators

Financial

Average client transaction (ACT)

• Summary ACT
• Per doctor

Invoices and ACT

• Always measured together!
Key Performance Indicators

Financial

Accounts receivable (A/R)

- Overall A/R
  - 1% of annual revenues
- Age of A/R
  - Current, 30-day, 60-day, 90-day balances
- Per doctor
Key Performance Indicators

Financial

Service/Inventory Ratios

• Hospital
  • 70/30 (dependent on practice type)
• Per doctor
  • 80/20 (dependent on practice type)
Key Performance Indicators

Financial

Fee variances and discounts

- Hospital
  - <1–2% of total revenues
- Per doctor
- Per client

- Per discount type
- Per item
  - Frequency
  - Specific items
  - Amounts
Key Performance Indicators

Financial

Inventory Margins

- Minimum 40% to cover all ordering and holding costs
- Market commodity vs. exclusives
  - Example: Flea medication vs. holistic remedy
- Doctor production considerations
Key Performance Indicators

Compliance

- Reminder compliance rates
- Services per species group
- Services per age group
- Diet/Diagnosis compliance
- Chronic medication compliance
Key Performance Indicators

Compliance

• Reminder compliance rates
  • 87% average\(^1\)
• Use multiple modalities to increase reminder compliance

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Key Performance Indicators

Compliance

• Services per species/age group
  • Practice determined
  • Dentistry, Preventative Care (Wellness) testing commonly tracked
  • Preventative Care Plans
Key Performance Indicators

Compliance

- Diet/Diagnosis compliance
  - 18–19% average\(^1\)
- Chronic medication compliance
  - Monitoring compliance increases overall compliance
  - 55% when not monitored\(^1\)
  - 78% when monitored regularly\(^1\)
Key Performance Indicators

Efficiency

• Total appointment times
• Appointment fill/show rate
• Inventory turn rates
• ABC inventory analysis
Key Performance Indicators

**Efficiency**

- Total Appointment times
- By doctor, reason for visit, day of the week
Key Performance Indicators

Efficiency

• Appointment fill/show rate
  • Appointments per doctor
  • Appointments per day
  • Appointments per reason for visit
  • No show, cancelled appointments
Key Performance Indicators

Efficiency

• Inventory turn rates
  • 8–12 turns annually on top 20% of items
  • 80/20 rule

• ABC Inventory Analysis
  A = highest volume in sales/cost
    • Count monthly
  B = medium volume in sales/cost
    • Count quarterly
  C = low volume items in sales/cost
    • Count twice a year
Key Performance Indicators

Other KPIs

• New clients
• New patients
• Client retention rates
• Client referrals
• Patient visits
• Client visits
Key Performance Indicators

Other KPIs

• New clients
  • 20–30 new clients per FTE doctor
  • Based on geography and practice type
Key Performance Indicators

Other KPIs

• New patients
  • Similar to or greater than new client numbers

• Client retention rates
  • % of active clients seen
  • % of active patients seen
Key Performance Indicators

Other KPIs

• Client referrals
  • Tracked for every new client!
  • Should always be 100%
  • Use to guide your marketing decisions

• Patient visits
  • Minimum 2 visits per year

• Client visits
  • 3.9–4.3 (median and average-AAHA$^1$)
Capturing and Measuring

- End of period reports
- Snapshot
- Performance tracker
- Inventory reports

- Appointment Scheduler
- Compliance Assessment Tool
- Client/Patient report builder
- Microsoft® Excel

- IDEXX Cornerstone ® Dashboard
Key Performance Indicators

End-of-period reports

- Accounts Receivable (EOM)
- Cost of Goods Sold (EOM)
- Service and Inventory Sales (EOD, EOM, EOY)
- New Client Report (EOD, EOM, EOY)
- Summary reports (Daily, Monthly, Yearly)
- Discount reports (EOD, EOM)
- Staff Commission
Key Performance Indicators

End of Period Reports
- Standard Fee Exception (EOD)
- Statistics by species (EOD, EOM, EOY)
- Statistics by staff (EOD, EOM, EOY)
- Payment by Type (EOD)
Key Performance Indicators

**Snapshot**

- Based on EOM closing periods
- Per month or multiple-month period options
- Graphing options
- Reports by practice, staff and species
Key Performance Indicators

Performance Tracker

- Based on EOM closing periods for tracking
- Reports by doctor, client, patient and reminders
- Gross, net and average values
- Doctor statistics including service/inventory items sold
- Client and patient statistics
- Future, overdue and missing reminders
Key Performance Indicators

Inventory Reports

• Inventory audit report for ‘sales’ of linked items
• Inventory turnover
• Inventory cost
• Inventory profit analysis
Key Performance Indicators

Appointment Scheduler

- Appointment summary
- Appointment Tickler Report
- Census report (patient report)
Key Performance Indicators

Compliance Assessment Tool

- Health-care protocols
- Missing services
- Protocol alerts
- Medication monitoring compliance
- Compliance Reporting
Key Performance Indicators

Client/Patient Report Builder

• Customizable reports
• ‘New Client’ report
• Missing services
• Medication monitoring compliance
Key Performance Indicators

Microsoft® Excel

• Save Cornerstone® reports to Excel
• Additional data fields available
• Create additional filter and ordering options
• Pivot tables
• Graphing capabilities
IDEXX Cornerstone® Dashboard

- FREE Monthly report
- Compares your practice to your region
- Based on practices of a similar size
**Key Performance Indicators**

**IDEXX Cornerstone® Dashboard: Features**

- Total revenue with service/inventory ratio
- Number of clients/patients seen
- Average per client/patient
- Number of invoices, average invoice
- Revenue per species, day of the week, postal code
- Top five service and inventory items sold
- Workstation analysis
Enabling the IDEXX Cornerstone® Dashboard

- Tools menu
- Data Service Agreement
  - Select Yes, Please
  - Accept terms and conditions
- Verify email address to receive your FREE monthly report at 1-888-557-6517.
Key Performance Indicators

Reporting Frequency

- **Daily**—Daily summary, fee exception, deposits, payments
- **Weekly**—appointments, new clients/patients, referrals
- **Monthly**—statistics by staff, discounts/fee variances, revenues, commission, A/R, S/I ratios, compliance, inventory
- **Quarterly**—revenue, discounts, inventory, compliance
- **Annually**—client retention, patient/client visits, revenue, inventory, client sales
Questions?

- Thank you!
- Please fill out the survey and turn it in
- Next sessions
  - Driving Consistent & Profitable Medicine Using Defaults and Smart Group Codes
  - Best Practices in Inventory Management
  - Instructor-Led Lab: Enhanced Medical Notes Setup for Paper Chart Practices
Measuring Up: Sources for Industry Benchmarks

• American Animal Hospital Association (AAHA)
  • Veterinary Fee Reference
  • Financial and Productivity Pulsepoints
  • aahanet.org

• American Veterinary Medical Association (AVMA)
  • Report on Veterinary Practice Business Measures
  • avma.org
Measuring Up – Sources for Industry Benchmarks

• Veterinary Hospital Manager Association (VHMA)
  • Practice Diagnostic Report
  • vhma.org

• National Commission on Veterinary Economic Issues (NCVEI)
  • Online benchmarking tools and reports
  • ncvei.org
Measuring Up – Sources for Industry Benchmarks

• Veterinary Economics
  • veterinarybusiness.dvm360.com

• Well-Managed Practice Study
  • wellmp.com
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