

Adding anew service

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Abstract

Adding a new service can be intimidating when considering the cost of doing business and the training that may be involved in learning a new skill. However, in order to prevent our practices from becoming stagnant, we must be willing to expand the services we offer our clients. The objective of this paper is to guide practice owners in the decision-making process of adding new services including practical tips for the everyday practitioner.

Key words: partial budget, key performance indicators, cash flow

Introduction

While most of our practices offer regulatory work for our farmers and ranchers, there is an immense amount of diversity among our bovine-centered practices related to the non-regulatory services provided. There is an ever-increasing need to expand the services we offer to stand out as a practice, compete with laypeople encroaching on veterinary medicine, keep up with market demands, and exceed the needs of our clients. It may seem unnecessary to add another service when we're already doing so much, but there are many benefits to adding a service. Consider, first and foremost, the prospect of increasing revenue. If done correctly, adding a new service will drive revenue up. Similarly, adding new services enhances revenue diversity. Economic fluctuations impact what some clients view as superfluous services. Having a diverse profile of services allows revenue streams to flow no matter what the markets are doing. Adding new services also creates the opportunity to reach a broader client base. Growth in practice is good and can be a sign of a healthy business. Growth also means the potential for adding associates, assistants, or technicians; or at the

very least, retaining the ones you have. Consider what service diversity will attract an associate(s) to the practice. Having a wide breadth of services may entice someone to come work at your practice. Associate attraction and retention are inseparable. Many veterinarians are eager to refine their skill sets, learn new skills, and offer these skills as services to clients. It's imperative with the veterinarian shortage present today, we do what we can to make sure associates have the opportunity to grow and thrive in your practice. Lastly, consider what services you could offer that would set you apart from other practices nearby or your closest competitors. Don't be afraid to be unique!

Deciding what to offer

When deciding on what service to add to your practice, it's imperative to uphold the mission of your practice. New services should serve your practice mission and the vision of your practice into the future. Consider also the goals of the producers you serve and keep in mind what services would benefit them. Next, think about your interests and the interests of your associates, if applicable. If you are a solo practitioner, it can feel as if you don't have the time to learn something new. It's imperative you have a good mentor or network of like-minded veterinarians that you can lean on for resources. For example, AABP has a mentorship program that you can partake in as a member. Asking clients directly is a great option and can be completed by sending out a client survey. It doesn't hurt to ask what your clients wish you were offering. This can be accomplished in several different ways. Sending a survey inviting an open response can encourage clients to answer candidly about their desires. Answers, however, may need to be taken with a grain-of-salt. Surveys can also be sent with options for clients to consider, answering with a "yes" or "no" to whether or not they would use that service. Be cautious with this option. If a client doesn't understand what you are offering or how they could benefit from it, your results will be negatively skewed. Informal client surveys are also a great way to gather this information. Chute-side conversations are another way to gain insight into client interests. Have a notebook or tally sheet in your truck ready to record the outcome of these conversations. Client

facilities are a crucial consideration for mobile practitioners. If the facilities are less than optimal, determine what is necessary to provide that service for your safety, the animals' safety, and the safety of your help. For those of you practicing solo, know what type of help may be needed to provide your new service. Think through whether you will need a technician/assistant to provide the new service.

Creating a partial budget

Once you've decided what service you're adding, it's time to put some numbers down and create your partial budget. This will serve as a foundation for determining approximately how long it will take before your new service generates cashflow. Begin with the expenses associated with adding the service. This should include equipment costs, interest (if applicable), materials expenses, and other miscellaneous costs. Next, set a price for your service. Do not be tempted to charge less or give services away for free while learning a new skill. As veterinarians, we have foundational skills that we often undervalue. Charge appropriately for your service from day one. Figure 1. is an example of a worksheet you use to create your partial budget however, there are also many resources available online. The important things to remember are to be realistic about your numbers and do your research regarding equipment prices and service fees. Once you know your cost for expenses, approximate how much income you'll have each month from your new service. With this information, you can approximate the number of months it will take until that service is generating cash flow (break-even point). The formula is as follows: $N = TFC / (P - VC)$ where N is your breakeven point, TFC is the total fixed costs, P is the revenue generated per unit and VC are the variable costs per unit. Remember, a partial budget does not consider risk and is not a guarantee of results.¹ While it's imperative to work through the process of creating a partial budget, don't let analysis paralysis stop you from implementation. Work out a worst-case scenario and a best-case scenario then move on.

Assessment

Create a timeline for your practice to implement the new service so you know exactly what needs to be

accomplished before you start offering the service. Equipment should obviously be purchased but also make sure you and your associates have had ample time to become familiar with the equipment before use. If a continuing education class is desired to update/learn new skills, consider when and where the CE event takes place. Meet with your employees so everyone is aware of what service is being added, how to schedule clients, and what the anticipated need is from technicians or assistants. It's also important to track the performance of the service using Key Performance Indicators (KPIs). These should be set ahead of time and can be anything your practice wants to track for performance goals. Some examples include tracking the number of transactions per month, the number of new clients (specific to the new service), or revenue generated per month. KPIs should help you determine if you are reaching the goals you set with your partial budget and can also indicate if your service is gaining traction. Once you have implemented the new service, be prepared to make adjustments. Even the best planning can't always account for what you will experience in the field. Be flexible and ready to make adjustments as needed. While including associates and other employees in providing feedback is essential, don't forget to ask for client feedback as well. Without clients, we cannot provide our services so it's worth asking for their feedback and taking it seriously.

Conclusion

Adding new services boosts practice productivity by enhancing revenues, encouraging employee retention and diversifying our client base. Planning ahead and tracking performance can mitigate the risks associated with purchasing equipment or learning a new skill set. Successful practices rely on the professional delivery of quality services to our clientele. Knowing your clients and your practice is essential for successful integration of a new service. Having a mission statement for your practice will allow you to add services that align with that mission. Be intentional about what services you add and what value that will add to the practice over the long term.

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