

When the Gravy Train De-Rails

Hindsight being what it is, many practice owners and managers today are looking back over the last five to ten years and feeling a little bit like the grasshopper did when winter rolled around; the hard working ant had enough food stored to last till spring but the grasshopper was left with nothing more than an empty stomach and fond memories of the glut of food that had been available all summer. If only he had listened to that smart-mouthed ant and put some away for a snowy day! Well, the snowy days have hit the US economy once again and many businesses, having grown accustomed to covering today's payables with tomorrow's receivables, are scrambling about looking for any loose scraps of food they can find to carry them through to the eventual economic equivalent of a spring thaw.

We see it everyday on the news and in our neighborhoods; banks are failing, the automakers are bankrupting, unemployment is skyrocketing and the costs of groceries are way up. The only prices that are falling are stocks and bonds. Every last one of your clients is feeling the crunch in one way or another and many of them are being forced to make tough decisions about where to spend their hard-earned cash. Practice owners I have spoken to admit that they are feeling the drop in consumer spending at their hospitals. It's an axiomatic fact that Decreased Cash begets Decreased Compliance and it represents a perfectly natural and predictable human response; as buying power shrinks, consumers hold on more tightly to the money they still have. Many of us are only a few bank failures away from withdrawing our life savings and hiding it in a tube sock under the mattress. Niche marketers such as jewelers, vacation brokers and collectables dealers are suffering the largest losses in this environment as the phrase "disposable income" becomes a thing of the past. Fortunately for those of us in the veterinary industry, animal health care is neither a luxury item nor a niche market. It is acknowledged as a necessary expense by most American consumers and therefore Veterinary Hospitals do not need to suffer to the same extent as most other businesses. If we manage our practices correctly, that is.

Veterinary Hospitals serve a vital and critical role in the health of our communities and as members of the animal health industry it is our **duty** to make our clients understand that the importance of good animal health does not directly correlate to the strength of the economy.

The vast majority of your own clients have two things in common;

- 1) They would never deliberately cut animal health care from their household budgets.
- 2) If given the opportunity, they will happily let it fall off their radar without a second thought.

Very few of your clients could accept the guilt of choosing to forgo health care for their precious Smoochykins, but if your practice fails to keep that reminder in front of them and to maintain the urgency of the message, well, let's just say that Smoochykins may be taking a trip over the rainbow bridge sooner than she needs to. As veterinary professionals, we understand how important our services are and we realize that their importance is not relative to the client's ability to pay. If a patient is in need of a stage three dental cleaning, the light and airy quality of the owner's wallet does not change that need by one iota.

It was easy to get compliance on the gravy train, but with today's economic fears those first, second and even third reminders will hit the trash can as likely as not. *"We don't really have the money for that right now...maybe next payday,"* and it goes in the recycling bin. They aren't going to hang it up on the fridge any more; why would they? So they can be reminded of their incredible shrinking check book balance every time they get a snack? RMCards.com provides a customized reminder system that places the reminder on the rear of a 4x6 or larger color photo of the patient. A reminder from RMCards with a picture of Smoochykins on the front will make it up onto the fridge when the generic cards can't. Who could throw away such a sweet picture of such a sweet girl? Thus, the RMCards makes it up on the fridge; meanwhile the client will do everything in their power to forget what's printed on the other side.

Our impulse as owners and managers of veterinary practices is similar to our clients'; we want to slow spending in all areas and try to maximize our cash flow. That's a strong, healthy decision with one exception; advertising. Cut advertising in a tight



economy and you are cutting your cash flow, plain and simple. **Sales Fixes Everything.** Remember, your clients are now far more resistant to your reminders and recommendations than they ever were in the past. The owner or manager of a successful practice will not decrease, but rather will greatly increase the quantity of reminders and recommendations to offset this new roadblock to compliance.

At Veterinary Management Services, we recommend a 5+ Tiered Reminder System. Imagine the reminder process as similar to growing a garden:

<u>Stage</u>	<u>Timing</u>	<u>Method</u>
Plant the Seed:	The first reminder is sent out when the service is 2 weeks due.	RMCARD
Water the Seed:	The 2 nd reminder is sent out the week that the service is due.	RMCARD
Manuring:	The 3 rd reminder is sent out when the service is 1 week overdue.	RMCARD
Weeding:	The 4 th reminder is sent out when the service is 2 weeks overdue.	Tri-fold Letter
Re-Potting/TLC:	The 5 th + reminders are sent out when the service is 3+ weeks overdue.	Phone Calls

As you can see, we are putting out one form of reminder every single week, and two are sent before the service is even due. We are doing that to compensate for the client's newly strengthened impulse to postpone necessary procedures. With this system, it is necessary to suspend reminders as soon as the appointment is scheduled and not wait until after the service has been performed. After three or four runs of postcards, (you can never use too much manure) we switch to a tri-fold letter that has less chance of being ignored and can better stress the urgency of the message. Lastly, we begin calling clients and we keep doing so until they schedule an appointment or make the deliberate choice to refuse the procedure. This will be an extremely small segment of your client base.

You may be wondering how this quantity of reminders could really be worth while. I wondered that as well, so we set up a tracking system in a clinic located in a low-income section of town where compliance has always been a struggle, even on the gravy train. We studied the sales information there and found that they averaged roughly \$73 per wellness visit. We began the 5+ Tiered Reminder System and kept close tabs on compliance. Here is what we found:

- 1st Reminder – 100 Sent – 32% Compliance
- 2nd Reminder – 68 sent – 21% Compliance
- 3rd Reminder – 54 sent – 12% Compliance
- 4th Reminder – 47 Sent – 7% Compliance
- 5th Reminder – 44 calls – 10% Compliance

Total Compliance: 60%

Hopefully, most of you reading this experience compliance greater than 60% currently, but this low-end example helps to demonstrate a worst case scenario. Full color reminders from RMCards cost 49.9¢ each and each wellness visit scheduled generates roughly \$73 in income, therefore the total investment and return to this clinic was:

- 1st Reminder – cost; \$50 – return; \$2,336
- 2nd Reminder – cost; \$34 – return; \$1,022
- 3rd Reminder – cost; \$27 – return; \$511
- 4th Reminder – cost; \$23 – return; \$219
- 5th Reminder – cost; \$var – return; \$292

Total Cost; \$134 + Labor. Total Return; \$4,380



Before you decide to cut off those last three reminders, bear in mind that the costs involved equate to around \$50 plus labor and they alone generated over \$1,000 in revenue. That's a return no one is getting on Wall Street today. With the low cost of RMCards, this clinic could still break even on its reminder card investment if only a single client complied on a mailing of 146 reminders!

Regardless of whether you spent the last few years of economic prosperity as an Ant or as a Grasshopper, there is plenty of room to grow your practice even in this economic winter. Boost your reminders up to a level that generates the compliance required to satisfy the needs of your practice and remember your duty to your patients and your community and don't take no-response for an answer!