Doing More with Less — Improving Staff Utilization

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Improved staff utilization is a more critical element of successful practices now than ever before. Practices that want to become more profitable can no longer just count on fee increases to achieve this goal. Improved profitability and patient care must come from improved business practices. In addition, employees who are allowed to learn and grow and use more skills are generally happier in their jobs and more likely to stay with the practice than those who are only allowed to do less interesting tasks. Effective leveraging of employees is also critical to the productivity of the veterinarians and the practice as a whole. Veterinarians who delegate duties to appropriate staff members are able to see more clients and generate more gross revenue and profits. This increased profitability is essential to providing good quality medicine and surgery and to continual investment in team members in the form of increased salaries and benefits and increased continuing education.

In order to achieve optimal staff utilization, the practice must, first of all, have an owner or practice manager with a strong set of financial, managerial and HR skills—the title isn’t enough. Financially successful practices are, almost by definition, well-managed practices. It used to be possible to have a successful practice without a great deal of business skills, but this is no longer true. Clients have higher expectations in both the medical and clients service arenas, veterinarians face increased competition, and the complexity of business regulation has increased.

Most people aren’t born with a full set of good management skills. Just as it took training and practice to learn to perform an ovariohysterectomy, it takes similar dedication to become a skilled manager. One difficulty in veterinary medicine is that most veterinarians do not graduate from veterinary school with a solid grounding in business skills. Veterinary school curriculums are already strained by the burgeoning amount of veterinary knowledge that needs to be passed on to students and most students didn’t take business courses in their undergraduate years. Another difficulty is that many
Veterinarians aren’t inherently interested in business management. They went to veterinary school to learn to practice medicine, not to be a business manager. Many practices have hired practice managers to take on the business side of the practice. However, not all managers have been given the training and resources they need to do their jobs well. Fortunately, these are correctable problems.

Management duties are handled differently in different practices depending on the size of the practice, the interests of the owner veterinarian and the money available to hire managerial help. In some practices, the owner veterinarians do all of the management work either out of necessity or because they enjoy it. In other practices, the owners have hired a full-time, experienced practice manager with the result that the veterinarians primarily practice medicine. The owners make the high-level decisions, but leave day-to-day management to those paid and trained to do it. In other practices, management duties are divided between the owners and other individuals, including support staff, practice managers or associate veterinarians. As practices get bigger and as management duties become more complex, it becomes more necessary to have highly skilled, professional managers in place. Veterinarians will contribute more to the profitability of the clinic through the practice of medicine and surgery than by being managers.

While owners certainly don’t have to be involved in the day-to-day management activities of a practice, it is critical that they provide vision and leadership to the business. In addition, they need to set the framework for the decisions to be made, direct and approve the overall activities, and support the management personnel in their responsibilities.

The practice must also:

- Have a detailed understanding of the skills staff members must have to provide outstanding patient care and client service
- Hire effectively—find and keep the employees with the right skills and attitudes necessary to achieve the practice’s goals
- Provide high quality, effective and ongoing training programs to both new team members as well as those who have been in the practice for a while
- Have high levels of employee retention—revolving door employees aren’t around long enough to be efficient and effective
- Design and implement efficient policies, procedures and systems for getting things done
- Schedule staff, appointments, and surgeries effectively and in sync with each other
- Delegate effectively—tasks should be done by the lowest level person who can do the job properly
- Monitor staff activities frequently—in most practices staff are always busy doing something—what they are doing, however, is the key point—is it the most important activity that should be done?
- Regularly review staff utilization metrics
Analyzing the number of support staff in comparison to the number of veterinarians is useful in determining how efficiently your practice is being run. A greater number of support staff will generally result not only in improved client service, but also in better leveraging of doctor time and skills.

Because the number of hours worked by veterinarians and staff members varies widely amongst practices, they are compared on a full-time-equivalent (FTE) basis. A full-time-equivalent veterinarian is assumed to be one that works 45 hours/week during an entire year. This figure is calculated for each practice by taking the total annual hours worked by veterinarians in the practice divided by 45 hours per week and then dividing that result by 52 weeks. For example, a three-veterinarian practice with an annual total of 6,240 hours worked by veterinarians, the FTE number of veterinarians would be 2.66 (6240 divided by 45 with the result then divided by 52).

A full-time-equivalent support staff member is assumed to be one that works 40 hours/week during an entire year. This figure is calculated for each practice by taking the total annual hours worked by staff members in the practice divided by 40 and then dividing that result by 52 weeks.

The “right” number of staff people per veterinarian will vary in financially successful practices and must be analyzed closely in conjunction with profitability. It is very easy to increase the number of staff per doctor to a level which allows for an easier work environment but seriously erodes profitability.

Another more specific measure of staff and veterinarian productivity and efficiency is the average number of staff and doctor hours per transaction. Average staff hours per transaction are calculated by dividing the total number of hours worked by all support staff members during a certain time period by the number of transactions incurred in that same time period. Average doctor hours per transaction are calculated by dividing the total number of hours worked by all doctors during the same period by the number of transactions incurred in that period. Average total hours per transaction are calculated by adding staff hours per transaction to doctor hours per transaction. As the name of the metric states, these results are averages for all transactions from the simplest sale of a bag of dog food to a long and complicated surgery. However, comparing these figures from period to period in your practice and to other practices can be very useful in determining areas for improvement.

Visit the NCVEI website for more information, including tools for comparing your staffing metrics to other practices, about staff utilization. The National Commission on Veterinary Economic Issues was founded in January 2000 with a mission of raising the economic base of veterinary medicine. A wide-ranging group of benchmarking, pricing and communications tools are available, free of charge, at www.NCVEI.org.