

Professional Business Solutions

To: DVM Practice Owners

Practice Tips and Ideas Fax Letter

February, 2007

FEES... WHAT TO OR NOT TO CHARGE FOR...

I had the *luxury* of buying a practice in the highest per capita income community of the nation and initially thought (and so did my colleagues) that fees will be no problem. I was very quickly awoken by the fact that this community, despite it's material wealth, in many cases watched where it spent each & every dollar. I had to develop a fee guide that would not scare price-shopping clients away but would keep me profitable at the same time. Some of my best clients, that paid 10's of thousands of dollars over the years, came in on a price shopping call. But remember this too: It's hard to make up in volume when you charge below cost!

Here's what works:

1. **Make a list of your most commonly price-shopped items** - vaccines, spays, neuters, Advantage etc... These are called your **Front-end Items**. (Do not include X-rays, lab work, major surgery etc... as client rarely shop for these). **Keep these prices low or a maximum of 10% above the pack** (neighboring colleagues) so you *don't block the entrance* to your practice. Also, don't go too low as clients then question your safety and value.
2. Make a list of your remaining **Back-end procedures** and break each of these higher ticket items into smaller priced items. Make sure there is a fee for *everything* you do. If it's not defined, you won't charge for it. Charge for these back-end fees at a higher price point ([profit]).
3. When making estimates and bills up, **bundle the back-end items together** to make a larger profitable bill. Most veterinary management software systems allow for creating these bundled items.
4. When going over the estimate with the client make sure you explain every line, one at a time, checking for understanding with the client. If the client looks confused - then back up. Don't go too fast. Get the clients agreement on every point.
5. Work out the payment *after* you have their agreement.

Questions? Give me a call.



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