

Benchmarking: A Tool to Improve Profitability for All Equine Practices

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Benchmarking and trend analysis are important tools to use to insure the success of the practice. This presentation will provide examples and resources for everyone to start the process. Despite the large amount of content, each participant will leave with the knowledge to begin benchmarking those segments specific to his or her business. Author's address: 39151 Delafield Road, Oconomowoc, Wisconsin 53066; e-mail: ultraeq@aol.com. © 2010 AAEP.

1. Introduction

According to Wikipedia, "Benchmarking is the process of comparing one's business processes and performance metrics to industry bests and/or best practices from other industries. Dimensions typically measured are quality, time, and cost. Improvements from learning mean doing things better, faster, and cheaper."

Little is known and nothing has been published about best practices for operating a successful and sustainable equine veterinary business. Veterinarians are trained to focus on the medical aspect of patient care and rightly so. Subsequently, less attention is paid to tracking the performance of their practice. Both aspects of the profession are extremely important if sustainability is the goal. By researching the benchmarking practices used in industries outside the equine veterinary world, the most effective and relevant processes of benchmarking can be adapted to our business environment. Developing and understanding these benchmarking tools as they relate to the equine veterinary industry will improve profitability and practice operations. During this presentation, I will provide those tools

to help AAEP members reassess their business performance using benchmarking and trend analysis.

2. Presentation of Topic

This topic will be presented using real-life examples, processes, and metrics (numerical measurements) to clarify and break down the key features of benchmarking and its significance in daily operations. Participants will be shown how benchmarking tools work. They will learn how to use their own facts and figures to create useful measurements in assessing their business compared to other equine practices.

The focus of this presentation will be on providing key ideas and effective resources geared toward a diverse audience from the solo practitioner to the large referral practice. In essence, simple tools for use on a small scale and more advanced and complicated ideas for the bigger practice.

Once again, the presentation is focused on discovering and using every possible resource for audience members, so they will take opportunities to successfully implement new management tools for their business.

NOTES

The core of benchmarking data is divided into five main categories:

- Financial metrics: a look at some key indicators from the income statement
- Productivity metrics: a combination of financial and production measures that can be analyzed
- Ratio analysis: how common financial ratios used by other industries can benefit us.
- Activity-based costing: analysis of common equine veterinary procedures used by practitioners, both in the field and in the hospital setting, to determine the profitability and help in management decisions
- Standards of care: a look at how improving standards of care can increase profitability and improve the level of care to the equine patient