

## **Patient Lifetime Value—Keeping Clients for LIFE!!**

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### **BACKGROUND**

In baseball, it's Earned Run Average or Home Runs or Runs Batted In.

In basketball, it's points per game or assists per game or rebounds per game.

In hockey, it's goals, saves or penalty minutes.

In football, yards passing, yards rushing, sacks.

What are they? They are numbers that people talk about over a beer or a pizza or in the men's room.

Veterinarians are a very competitive group. They had to be competitive to get into veterinary school. They have to be competitive to get the best jobs. And they have to be competitive to succeed in the dog eat dog world of small business. So, what started out as grade point averages and morphed into resumes is now a series of other competitive statistics. Self-performance indicators such as ACT (average client transaction); annual gross income; and number of transactions, are among some of the 'mine's bigger than yours' statistics talked about over beer, wine and whine.

However, I would like to put another statistic on the table that measures success in medicine, client service, compliance, marketing, communication, average transaction, number of transactions, and overall management. The statistic I am talking about is P.L. V.

### **PATIENT LIFETIME VALUE**

PLV is measured in the following fashion:

Average patient transaction X Average number of patient visits per year X Number of years the patient is a patient;

For example, if you have an APT of \$150 and your patients visit your practice on average 4 times per year with a life expectancy of 15 years, you have a PLV of:

$$\$150 \times 4 \times 15 = \$9000$$

Think about it. That patient over its life expectancy with your practice will contribute \$9000 to your practice. Let's look at each of the variables independently:

### **AVERAGE PATIENT TRANSACTION**

This measures your clinical acumen; wellness needs and fee schedule. Your ability to provide clinical care and to accurately and efficiently diagnose conditions will impact your APT. I like to think of APT as a measure of your practice's clinical focus. If your APT is too high, you may have some patients that only visit once because the pet owner feels gouged or feels they can't afford your level of care. If your APT is too low, your patients may be missing out on needed

wellness parameters, your workups or physical examinations aren't thorough enough, or your fees are too low. An appropriate APT reflects providing each and every pet with what they really and truly NEED to have the best chance of living a full and comfortable and protected life.

### **PATIENT VISITS PER YEAR**

This is your measure of compliance, communication, engagement, patient focus, and client service. The number of times a patient visits you per year reflects a direct correlation between your marketing, perceived value, education, management and trust. IF you are only seeing patients one time per year, then you are probably not marketing enough to them; there is no value perceived for the services you provide; your client service sucks; your average patient visit is too high and offers little value; or the client doesn't trust you. On the other hand when patients are coming in frequently, your client is indicating a trust in you and your practice. Additionally, you are communicating sufficiently to educate your clients about their pet's needs. Marketing and service will draw clients back into the practice more often allowing you to make sure the pet gets what is in the pet's best interest.

Remember it is the client that determines whether a patient visits you or not. What are you doing to communicate to a client what their pet really, truly, and honestly needs on an annual basis? How often are you communicating those needs? Do you just send out reminder cards for vaccinations or are you in constant touch with clients via e-mail, snail mail, Facebook, or text.

Two other thoughts on patient visits—what has greater value, one visit per year that costs the client \$400 or four visits per year that each average \$150? What is more affordable to the average client? What is immediately less painful for the client's wallet? I know, I know, they are already at the practice, there is no guarantee that they'll come back for the needed services, so I have to catch them now. Once they are gone, they are gone. If that is what you believe....OK. On the other hand, if you have developed trust, respect and clear communication with the client and they are engaged with you and your team, they will come back for as many times as you tell them to.

And finally—A couple of times per year, do the following using practice management software. Search for clients that were in OVER a year ago and whose FIRST visit is also their LAST visit. These are clients that never engaged with you. In fact, they really aren't clients. They are customers. If first visit equals last visit and it's been more than a year. They are for all intents and purposes LOST to your practice. These single visit patients really drag down your PLV. If you have a lot of single visit clients, there are a lot of unanswered questions.

### **LIFE EXPECTANCY.**

This variable measures both clinical and management acumen. Your ability as a clinician to keep pets alive will increase their life expectancy. Your management team's ability to engage the client will enhance their willingness to continue to come in from womb to tomb.

Seeing a pet from puppyhood or kittenhood all the way to end of life is very rewarding clinically and psychologically. Clinically, if that pet lives its full expected time, you have done everything

you can to assist the client and the patient to have a full life. Psychologically, knowing that you have engaged this client for 15 years and helped them through the good times and tough times has its rewards. In all likelihood, this client is a 'Raving Fan' for your practice and has also been a great source of referrals.

If you can maximize the life expectancy variable, you will truly maximize your PLV. In the discussion of First Visit equals Last Visit, your life expectancy variable is ONE. This is not good for your PLV. On the other hand, if your life expectancy variable is 15 years, look at what that does for your PLV.

### **ACTION ITEM IDEAS TO INCREASE PLV**

#### **Average Patient Visit**

Each time a patient is in the exam room, make sure you do a complete and thorough physical exam. Everything you find on the examination needs to be discussed with the client- dental disease, weight problems, skin conditions, etc. and documented in the medical record for follow up.

Additionally, there are a number of basic wellness needs that every pet has, flea and tick control, heartworm, vaccinations, fecals, dewormings, etc. How is your compliance and follow up on these?

Are you doing a full exam? Are you ensuring all wellness needs are being addressed?

For healthy pets, create a checklist for discussion for each visit. This list can be handled by both the DVM and the staff. And don't forget to discuss expectations of the next visit – when it will be and what needs to be done

#### **Number of visits per year**

Every pet has a basic set of needs for every 12-month period. What are they? Start communicating what all of these needs are to the client. For example, your client needs an oil change every 5000 miles, when should a pet have a check up? Take all of the annual services that are needed and break them up into multiple visits and into bite size pieces. I think we force feed an elephant to clients too often when we can get them to eat the elephant however, we just have to break it up into bite size pieces.

And don't forget to schedule rechecks. And perform call backs. And send reminders!!

From a management standpoint, the number of visits per year is also affected by marketing, outreach, and communication. If a client doesn't know you care, they won't care to come in. Increase the frequency and quality of your communications to improve the knowledge of your clients. Teach them what their pet needs and why. Let them know you care by communicating with them and sharing your knowledge with them. Make it so they want to come in.

#### **Life expectancy**

Obviously, your clinical skills will have a huge impact here. This is both on the wellness side and the illness side. Preventative care is part of increasing life expectancy but more importantly is early diagnosis and treatment. Early diagnosis gives you a better chance of increasing life expectancy in many clinical cases.

On the management side it is all about SERVICE and VALUE. One question—what can you do to keep a client so happy with your practice that they would never, ever, consider going anywhere else? If you can answer that, you will maximize life expectancy.

By the way, in my opinion, the answer is world class client service.

PLV, more than any other standard, measures your success as a quality medical practice AND a Well Managed Practice.

So, next time you are on line for the restroom at WVC or your local meetings, instead of starting up a conversation on ACT or gross, ask the person next to you about his PLV. And hope that they don't get the wrong impression.