

## **SELECTING A CONSULTANT FOR PROFIT AND PRODUCTIVITY**

Thomas E. Catanzaro, DVM, MHA, LFACHE  
Dipomate, American College of Healthcare Executives  
CEO, Veterinary Consulting International  
[DrTomCat@aol.com](mailto:DrTomCat@aol.com); [www.drtomcat.com](http://www.drtomcat.com)

*Consultant: a specialist in any specific field of activity hired by an individual or organization to give professional or expert advice.*

With today's intensely populated veterinary medical marketplace, savvy practices look for consultants to solve all their problems and stresses (less than 25% of the USA practices have used an in-practice, veterinary-specific, consultant, and less than 15% of the Australian practices - New Zealand is less than 10%). Recent practice surveys showed an average client transaction (ACT) fee going up, but the net income brought into the practice going down; the true net (after clinical compensation, appropriate ROI on tangible asset investment, reasonable rent) is still 9-15 percent for most general companion animal practices.

Unfortunately, many "consultants" often lose sight of just how difficult start-up projects can be on already full schedules and tight budgets. Also, many of the consulting firms who enter the veterinary medical industry do not understand clients (versus customers), the patients, the 'calling' of the staff members, the veterinarian's oath, or the basic value systems of veterinarians. They are not veterinarians. Small Business Association (SBA) in the USA tells us that about 70 percent of all new small businesses close their doors within three years of attempting to start. The veterinary profession does not follow this rule! Last year, SBA reports that over 60,000 small businesses went bankrupt. But in the new millennium, less than ten percent of veterinary practices have closed their doors (mostly Gen-Y start-ups). Previous to 1990, veterinary practices "never" closed. The veterinarian would starve his family before closing the practice doors. It is not that way anymore.

Most of us have entered veterinary medicine as a profession and will sacrifice personal welfare for the good of the practice. The average MBA approach does not understand this quality care concept, rather, the view is that all action must be focused on the net income, or worse, the gross income. Incredible consumer demand has been sweeping the service sector in the 1990s and into the new millennium. The primary culprit causing failure is lack of "business" know how; according to Dun & Bradstreet, around 90 percent of all failures are due to poor management.

Even with years of experience behind them, some veterinary practice consultants overlook what it takes to be successful as an entrepreneur. Often, these type consultants had one successful practice and never did the research on the demographics and community dynamics which allowed their success; these guys seldom have earned any advanced degree management education, so they can speak with a personal 'authority' on what will work and are seldom confused, or even concerned, by the variables and facts surrounding each individual veterinary practice.

The average veterinarian is not ready to be the innovator in his/her part of the State/Province for external marketing, nor does she/he have the capability to greatly modify her/his style of healthcare delivery. The veterinary consultant must be ready with multiple alternatives to meet each challenge in the practice and must have the personal integrity to tailor the "best solutions" to meet the practice style of the healthcare delivery team and veterinarian(s). More important, a good consultant must realize that there are not "acceptable" solutions to every challenge in a specific practice. Just as it must be realized that no one person can be all-knowing in every facet of a practice's need. Peter Drucker, an American business philosopher and consultant, probably stated the reason best when he said:

*"My greatest strength as a consultant is to be ignorant and ask a few questions."*

#### WHAT'S AVAILABLE TODAY?

To address this apparent hurdle in consultant need and/or selection, there are four basic types of consultants (you can also review a non-refereed listing of self-identified veterinary consultants at [www.avpmca.org](http://www.avpmca.org)):

★ **Immediate fulfillment (gimmick guru - e.g., Open House consultant, selling low net OTC/food products, etc.) - those that give you a fish to gnaw on!**

Would recommend name tags with zone identification

Calls clients "customers", or "guests" - ignoring their stress

Would want to add another OTC resale item for clients

Would recommend business cards with zone identification

In Australia, prefers sausage sizzle open houses

**★★ Participative (sidekick smiles - make the owner feel good) - supporting you in doing it your way, or selling you on methods which worked in their own practice or in the literature - those that like to go fishing with you.**

Would support your desires not to change, offering ideas from other sources that may fit with the existing practice culture.

Would share some of the experiences as motivation to change some things effecting staff or clients (seldom the owner)

Would center on doing tasks needed right now!

**★★★ Subject-matter experts - supporting your practice in regulatory or administrative areas - those that give you the fishing regulations:**

Accountants (CPA), attorneys (JD), financial planners (CFP) - but ensure you have verified their credentials - have they passed the bar, passed the CPA exam, been approved by the SEC for CFP advice.

Occupational Health & Safety - some players are veterinary-specific and recognized by OSHA and/or AVMA, while others are self-proclaimed.

Architects, bankers, and other professionals who are sought after in special times of needs. Look for veterinary-specific experience.

**★★★★ Credentialed Consultants - Leaders in the new models - the few special consultants who take the hard high road (e.g., team-based healthcare delivery with wellness surveillance, zoned facilities operated by staff, etc.) - those who will teach you to fish, so you can do it yourself in the future.**

Have a proven yardstick of excellence (e.g., board certified), maybe have written a dozen texts, plus over two dozen monographs with diskettes, in the past 15+ years, so you know what they stand for . . . including the wellness healthcare surveillance systems of the AVMA initiative "Think Twice For Life" . . . to wit: centered patient advocacy to extend and enhance the quality and duration of an animal's life.

Would require the ownership to agree to personally change BEFORE coming on-site. Leadership is interwoven throughout the consulting plan to ensure the staff is nurtured rather than intimidated into a new culture of continuous quality improvement.

Believes in team-based healthcare delivery, so the doctor's time can be leveraged; believes if "it" is worth doing, it is worth doing right. They may offer a "quick fix" to address a specific disaster looking to happen, yet the transition plan is to teach every person on the practice team to fish for themselves!

Offer a diversified and specialized team to the veterinary industry; depth of the consulting team reflects alternatives in finding the right "chemistry" between consultant and practice staff member.

Some practices want a consultant so they may be guided by someone with a broader practice experience than the existing team, while others expect the consultant to change the liquidity without changing the cause of the problem (past leadership or management decisions). Often the consultant or consulting firm will be a payoff almost immediately, yet other practices report that the consultant was only a sunk cost with no long-term benefits. The question may be "*Why the great difference in results?*" or in some cases, "*Why do I need a consultant to change my habits?*" If you have not asked these questions, you should!

#### **AN AMAZING STORY**

I had a 'short-course' consult (two on-site facilitation days, with a subsequent 90-day e-mail and telephone follow-up ) in an Australian general companion animal practice recently where the owner had a dysfunctional staff, but told me I could not address by client-centered patient advocacy programs; it all had to be communication and team interaction.

The staff was savvy, but they were also all breeders, and we know breeders prefer to solve problems on the phone rather than bring clients into their sphere of influence (bring them into the practice for a consult).

We had short-term behavior success, but reversion occurred in 90 days; I had not been permitted to address any changes the owner could personally initiate nor the program expectations for team-based healthcare delivery.

Why practice owners think they should put restrictions on an experienced consultant I will never know, but what I do believe is it is often the fear of finding out they are a major part of the problem.

Often the answer to which is the best consultant lies in the commitment to empowerment of others (inversely, "control freaks need not apply"). Ken Blanchard, in the text *Empowerment Takes More Than A Minute*, states there are three keys to successful delegation/empowerment:

Share accurate information with everyone

Create autonomy through boundaries

Replace hierarchical thinking with self-managed teams

When all three are in dynamic interaction, look for magic to happen!

## CHANGE

Change is not easy. In the text, *Who Moved My Cheese?*, written by Spencer Johnson, M.D., you read about Hem, Haw, Sniff and Scurry, progressing through the maze looking for the best cheese; cheese is the metaphor for what you want to have in life. Change management does have a scientific approach to moving from what was to what should be. It can be expressed in this model:

$$C = D^2 \times M^2 \times P^2 < \text{Costs}$$

**C = Change.** Change only occurs when each of the other factors (**D**, **M**, and **P**) are present in equitable quantity. If any of these factors are absent or in small quantity, your change usually cannot occur. Also, interaction among **D**, **M**, and **P** needs to be positive enough that the benefits of any change will outweigh the costs of any change.

**D<sup>2</sup> = Dissatisfaction/Desire.** When conditions are uncomfortable, change most often occurs, but not usually because of positive desire. **D** represents the pressure to change through both internal factors (such as doctor or staff unhappiness) or through external forces (such as competition or government regulations). **D** is the energy required for change to occur and frequently can be the result of a crisis or of relevant, accurate, and supported data. The consultant's role is to make the "fur-lined rut" uncomfortable and then build an increased desire (**D**) to energize the organization's need for change.

**M<sup>2</sup> = Modern Model.** **M** is the leader's vision for new, positive methods to do things, new ways of thinking, feeling, and behaving; it is clear target on the horizon which motivates the hearts and minds of the team. To create a lot of **D** without **M** results in blame and finger pointing. People don't know what to do; about two-thirds of the population (and veterinary employees) prefer the **status quo**, so the future must be clearly described and shown to be step-by-baby-step achievable. Many managers can provide the picture of what "should be," but often cannot provide **P**, so frustration replaces unhappiness.

**P<sup>2</sup> = Participative Process.** **P** provides the means for individuals or teams affected by change to work through their resistance and reach a point of acceptance. The process includes communication, participation, and time; changes must be incremental and participative. Mistakes are usually made in top-down or bottom-up processing where the higher or lower levels of the organization try to influence each other. Wherever time allows, the best approach is a cyclical **P** where different levels in the organization lay out **M**, then look for reactions from others who are affected. Such involvement usually leads to acceptance.

If we look back to the original question, "*Why the great difference?*," we can now see some possible reasons why. It is in the "**participative** process" or in simpler terms, the people, not the program! If the practice leadership or staff are not willing to change for any of the above reasons or elements, the consultation engagement will not always be successful. Inversely, if the practice knows it is in bad shape and is willing to make changes immediately, most any management consultant can make some difference.

### THE CONSULTANT'S ROLE

The potential trauma of traveling alone through the practice jungle of State or Province requirements, national policies, regional practice habits, and complex business needs of veterinary medicine evokes the axiom of strength in numbers to any national consultant. Why? In this complex environment, it is virtually impossible to provide a wide range of consulting services as a sole proprietor consultant. Healthcare delivery is so complex that you need a critical mass of talent and people to function well in a consulting capacity.

#### AMAZING STORY #2

I had a Canadian practice who ignored the Province Fee Guide (published annually) . . . okay, first thought is the Fee Guide is a Province average and therefore no applicable to the top 50% . . . but that was not the case. This practice was using fees that had not been updated for three years and had become "episodal practice"; they were seeing 100+ new clients a month and keeping very few; they were low on diagnostics and high on empirical care. They needed a step-by-baby-step healthcare services upgrade with an incremental semi-annual fee increase over 18 months to achieve a balanced program without a systems shock to the owner.

During a typical strategic assessment during an engagement, a competent consultant will discuss case management, demographics, finance, medical/legal sufficiency, budgeting, personnel management, patient advocacy, client relations, and the group process. The strength in any

consultant program is the professional skills and interactions that can be brought to bear to develop innovative solutions. The consultant must be able to build a team to meet the specific needs of the veterinary practice that pays the engagement fee. There are caveats; consultants can be specialists or they can utilize referrals. While most aspiring consultants like to think "I can do this myself," they do a disservice to clients if they fail to mobilize the necessary expertise.

The challenge is three fold: 1) when to get a consultant, 2) what you'd like the consultant to achieve, and 3) how to ensure a personality match with a qualified consultant. It is important to note here that if the practice owner perceives the problem is in their staff, the real problem is lies in the person who hired them, set the behavior expectations (behavior is a term of employment), and trained them. Ergo, very practice has the staff they deserve. It is also important to note here that if the practice owner perceives the problem lies within their clients, they have the exact clients they have attracted and kept. Ergo, very practice has the clients they deserve. In my engagement letter, I clearly state, "*If you do not personally plan to change, please do not engage my services.*"

The process of selecting consultants starts with developing a pre-qualified "long list," sometimes using a Request for Qualifications (RFQ) process if you are seeking a 'credentialed' consultant. The [www.vetpartners.org](http://www.vetpartners.org) web site provides a long list of self-identified consultants with self-identified strengths, AVMA, AAHA, VHMA, and even State/Province associations may have consultant lists, often from some arbitrary and informal referral procedure; at this point in time, hearsay is about the only method being used to "validate" veterinary consultants.

The experienced veterinary manager may be helpful in creating a list of candidates who have relevant practice/project experience and in determining who on the list should receive the RFQ. The "long list" should be pared down to a "short list" of about three, the diversity depending upon the type of consultant being selected. Keep in mind that everyone is in a marketing mode during the RFQ process. It is important to remain objective, consistent, and true to the ground rules your practice has established. An Evaluation Matrix can help qualitatively and quantitatively assess RFQ responses (see Table).

<b>TABLE - SAMPLE CRITERIA FOR EVALUATING CONSULTANTS</b>									
Consultant I.D. #	1	2	3	4	5	6	7	8	9
Practice/Project-related experience									
Publications/References									
Proposed Support Plan (who and how)									
Process, approach, methodology									
Proposed schedule									
Contract, insurance, litigation									
Proposed compensation structure									
Interview chemistry & results									

**Scoring:** ++ = noteworthy, + = positive, o = neutral, - = negative, - - = default elimination

Include a list of needs which stipulates that the consultant candidates should note their exceptions. Waiting to disclose the practice's preferred outcome until a consultant or consulting firm is selected is NOT advised. The degree of importance of including the proposed list of needs up front will vary, based on the practice, project, special expertise, and type of consultant being selected. As with most endeavors, experience is weighted heavily when it comes to any consultant selection. There is NO substitute for having done a similar project, having first-hand knowledge of the critical success factors, and having the foresight to mitigate risks. The short list of candidates may have very similar credentials, experience and qualifications, so the final selection may come down to intangibles, such as team chemistry. All things being equal, people usually do business with people they respect.

### REALIZING EXPECTATIONS

Consulting is perceived as a glamorous profession, but it is three percent glamour and 97 percent perspiration. Any good consultant presentation will be backed by many hours of research, development and custom tailoring to the practice. Yet, consulting is more than effort and high energy.

Rendering technical know-how effectively and profitably is a challenge. Like diagnostic medicine, consulting is a science. But it is also an art, especially when it involves consulting to management. The consultant must be competent, understand the industry, maintain an independent position, protect confidentiality, and persuade the practitioner to face reality. If that sounds like a tall order, be assured that these tasks grow more complex as the consultant gains clients.

The experienced consultant will be able to tailor the recommendations into a set of alternatives that fit the tone of the practice and the style of medicine practiced. The consultation will be a hands-on, value-driven, action-oriented, problem-solving experience. Rather than just offer a series of written generic reports, the consultant assists the veterinarian with capitalizing on opportunities for growth.

#### **RUBBER TO THE ROAD**

There are many consulting techniques. Some consultants like to deal from a distance, reviewing financials and a few common KPIs. Others want you to come to them (beware of this format). Then there are the more successful, who come on-site and assess operations first hand. These come in two basic formats: single visit, and multiple visits. Some consultants write a long and laborious report, often boiler plated. Others, specifically my style, write a one- page transition plan for each month, in checklist format, with a DID IT check-off space, a Deferred space (with until when planning), and even a Waived space. In my case, I do a 3-4 month transition plan sequence and see how they fare, then return on-site to see first-hand what the speed bumps and hurdles have been.

I also develop an economic plan with the owner, then provide a practice-specific and tailored EXCEL spread sheet system of key KPIs and a budget tracking system for the coming 12 months. In most veterinary practices, this KPI to Budget tracking system is a new concept, and it takes a while to get comfortable.

As a matter of clarification, my full-year consults are an 8-day on-site commitment: 4-days to start and then two subsequent quarterly visits of 2-days each. That way, the practice leadership does not usually fall-off the change wagon; they know I will be back and hold them accountable as I extend the transition plan another few months.

The strategic planning so often publicized as a consulting benefit will rarely take place without strategic assessment and management implementation. The consultant will take on strategic tasks that are critical to practice productivity and performance. The bottom-line emphasis should integrate business goals with practice goals and link them to the human resource goals. All practices have virtually the same market opportunity and similar capital availability so the savvy consultant will utilize the people power of the practice to achieve the prime competitive edge.

#### **AFFECTING THE PROFIT LINE**

Using a qualified veterinary practice management consultant is only productive and profitable if the practice is willing to change. A consultant should not cost much more than two-and-a-half percent of the annual gross (or biennial if the efforts span two years). There are no secrets to the hard

work that leadership and vision require. While the elements of the change management formula can be easily written, they are much harder to embrace. In healthcare, the realization has been that quick fixes are not productive nor do they change the profit in the long run.

*The Bitterness of Poor Quality remains long after  
The Sweetness of Low Cost has disappeared.*

The changes must be continuous, and for most of the veterinary medical profession, quality based. The term "Continuous Quality Improvement" (CQI) has begun to be accepted as a three- to five-year healthcare program for innovation and change in the delivery systems. More accurately, the paradigms of the healthcare providers must be ready to embrace new technologies and new wellness surveillance methodologies. The concept that "quality is the outcome" to put "pride into the task at hand" is revolutionary for most American workers. This concept is taken for granted by most veterinarians and therefore never quantified or promoted within their healthcare delivery programs. Training is a critical element of this concept, and should require at least one percent of the practice gross each year.

The consultant who produces more available time for the veterinarian causes an increased profit only if the practitioner is willing to use the new available time for a habit change. The consultant who creates an environment of greater team harmony within the existing operations may help, but may also cause harm by removing the dissatisfaction required for change to occur. This factor is especially practice dependent and requires the consultant to physically spend multiple days within a practice to get the real feel of the daily operations and staff interaction. These things cannot be phoned in to a consultant by a practice from another State or Province.

The bottom-line, or more accurately the top-line, before a practice consultant is engaged for practice profit and productivity enhancement reasons, you must be able to answer the following questions with a "yes" reply:

1. Am I willing to submit to scrutiny by an outsider?
2. Can I tolerate peer review and dissatisfaction with past performance?
3. Do I know where I am, technically as well as in business?
4. Am I willing to go somewhere new with the practice philosophy?
5. Am I willing to give up some control while increasing staff/client feedback?
6. Will my practice philosophy allow us to commit the time to change?
7. Am I willing to change personally?

If there are any "no" replies from the above seven questions, and you are in the USA, consider using a free consultation from a SCORE consultant. SCORE is the Service Corp of Retired Executives, a volunteer-based, not-for-profit group of successful, but retired, business executives. Any Small Business Administration (SBA) office can direct you to the nearest Chapter (listed in the Government pages in the telephone book). The "SBA Answer Desk," at 1-800-U-ASK-SBA (1-800-827-5722 or [answerdesk@sba.gov](mailto:answerdesk@sba.gov)), will also provide the closest SCORE chapter. The free SCORE consultation may provide the veterinary practice leadership with enough small business resources to by-pass a consultant, or may provide a good set of parameters to use in selecting the right consultant for the practice. In the final assessment, a SCORE Chapter is the safest place to start looking for a consultant.

### **REALITY CHECK**

I have been in over 2000 veterinary practices around the world, and know only two things for sure:

- 1) I have not yet seen it all, nor do I know it all
- 2) I can learn something in every practice I visit

I believe in the human-animal bond, as well as team-based veterinary healthcare delivery. I also know that I have the skills and knowledge to help any practice willing to listen, learn and change some paradigms and/or procedure accountabilities.

I have 15 veterinary leadership/management reference texts published from 5 respected technical presses, and the last two have been placed in the VIN Library for FREE DOWNLOAD.

There are 31 Monographs (topic-specific, about 55 pages of text each) available from the VIN Bookstore, and each comes with a subject-specific electronic tool kit for easier implementation.