

Practice performance goals for better ROI

Keep your eye on the bottom line

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Whether your practice is purely aesthetic or a mix of medical and aesthetic, you're operating a business, and it serves you to understand key business principles to stay successful, say panelists at the VCS 2014 meeting.

"Medicine is a business ... you've got to make money," Lou Haggerty, general manager, [PUMC](#), told attendees during the practice management and marketing sessions. "If you're not (making money), you're not going to be in business. And this is a highly competitive business, so it is very important that you keep that in mind the whole time you're working."

Panelists repeatedly stressed the importance of having a mission statement and a business plan.

"If you don't have a plan, you can't have a budget and if you don't have a budget, you don't know if you're making money or not, because you have no way of tracking it," Ms. Haggerty said.

Jay Shorr, founder and managing partner of [The Best Medical Business Solutions](#), echoed this, stating that the business plan is your baseline. Similar to how a physician takes certain baseline measurements prior to a procedure, you need to know where you are in your business to know where you are going and if you are successful, he told attendees during his presentation on "Overhead and Operations."

[Next: The importance of tracking](#)

Tracking your progress

With a business plan in place, you have a guide — something to track your success against, they stressed. What do you track?

Ms. Haggerty offered background on the concept of return on investment (ROI) and how keeping your eye on key markers can help you drive your revenue. ROI is an important concept to understand, she said. Monitoring it will help you see what services and treatments are bringing in the most money.

When considering ROI, Ms. Haggerty and Mr. Shorr say you have to account for what you're investing in your marketing and promotions, what leads those efforts bring in, how many of those leads turn into paying patients as well as your other expenses such as operational costs.

Glenn Morley, a consultant with [Karen Zupko & Associates](#), addressed the importance of tracking in her presentation, "Untangling the Convolved Payment Food Chain." Through tracking you can see where you are losing money, missing money, as well as identify opportunities for making more money. She advised attendees to track:

- what you're giving away for free;
- no-show rates;

- revision rates.

Really understanding the metrics behind these areas will allow you to develop policies around them. For example, she noted that tracking the no-show rate is the beginning of understanding what you are not collecting.

“If you know what your average encounter value is, and you multiply that number by the number of no-shows, that’s real money that adds up to a substantial number in lost revenue,” she told attendees.

Other opportunity areas that Ms. Morley shared for managing revenue include:

- **charging fees for cosmetic consultations** — When a patient has a vested interest, he or she is less likely to become a no-show statistic and more likely to be happy with their outcomes.
- **charging fees for surgical date changes** — In considering your surgical block time, the staff that must be scheduled and the equipment use, there is potential for lost revenue when patients change dates. Educate your patients regarding these costs allows you to set the expectation for change fees.
- **pre-register patients** — This increases the odds of submitting clean claims that are reimbursed properly because the practice time of the staff isn’t utilized rushing through registration — where error becomes more likely.

[Next: Every staff member plays a role](#)

It’s a team effort

Each of the presenters emphasized the importance of staff training and staff involvement in the mission, goals and outcomes of your practice. Every member of your staff should be aware of your mission statement, they each advised.

Every member of your staff should know which promotions are going out, when they’re going out and they should all be trained in their roles for tracking the outcomes of those promotions, whether statistically or by simply asking a caller, “How did you hear about us?”

"Failure to plan is planning to fail," each of the speakers emphasized.

“Routinely review your marketing plan, so you know which promotions are successful and which are not," Ms. Haggerty advised. "This allows you to focus your efforts.”

As you develop your plan and begin tracking your progress, “continually look at your services, look at your marketing, and make sure that what you have invested in is working for you,” she added.

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