

# Today's Veterinary **Business**

**BUSINESS PROTECT & DEFEND**



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## Calculated risks

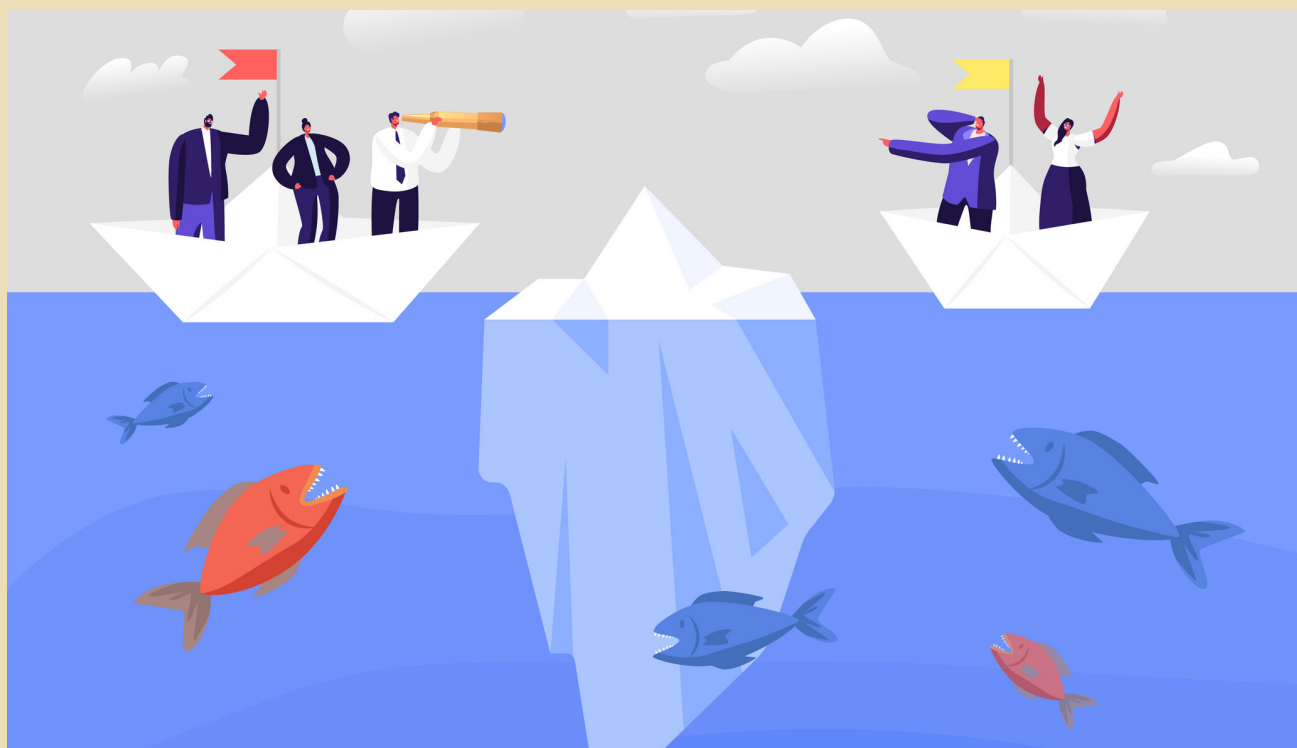
Practice owners should take a six-step approach when evaluating threats to people, property and animals and implementing solutions.

**Risk is omnipresent in every business, so having a strong risk-management plan is of utmost importance for veterinary practice owners.** Make sure to take the time to review all types of potential risks and strategize ways to mitigate their potential harm to your clinic's financial stability. Having the full support of the management and health care teams is imperative because any plan, no matter how well thought out, is just a plan if it's not implemented appropriately.

Regardless of your animal health care delivery system, every veterinary business is subject to internal expo-

sure, some unique to the industry and some not. Common examples include employee burnout, absenteeism and litigation, illness and injury, theft, and fraud. Other internal risks deserving of consideration include computer and HVAC system breakdowns and cyberattacks.

Likewise, veterinary businesses are susceptible to external threats, such as COVID-19, wildfires, tornados, hurricanes and supply chain disruptions. What happens to your employees and business if your clinic is damaged or destroyed, or when basic pharmaceutical and medical supplies are in short supply?





Managing risk requires the investment of time and money, but the process need not be overtly onerous to be effective. I recommend a six-step approach.

### 1 Identify Internal and External Risks

Risks can be broken down into four major categories:

- **Hazards:** Examples include weather, fire, water leaks and animal-related injuries.
- **Operational:** COVID-19 is the perfect example. The added complexity and inefficiency of curbside services, along with a reduction in staffing, created previously unimagined challenges for the veterinary community.
- **Financial:** Examples include an economic recession or the inability to provide historical services due to business interruption. COVID is an example again. Many practices temporarily closed, reduced hours or were less efficient, negatively impacting revenue.
- **Strategic:** Think additional competitors, new modes of delivering medical services and maintenance of the practice's reputation. The veterinary profession is seeing many new alternative health care delivery systems. Examples include online pharmacies, big-box pharmacies and wellness clinics, mobile care and hospice services, virtual medicine, specialty practices and practice consolidation, just to mention a few.

### 2 Determine the Potential Frequency and Severity

What is the likelihood of a risk occurring, and how would it affect the business? Most of the focus should be on the most likely risks posing the greatest harm.

### 3 Identify Potential Solutions

A practice owner has four main options when developing a risk strategy.

- **Avoid the risk:** Some might be so potentially serious that a business owner decides not to engage in a service or activity. Examples include not allowing employees to drive on company business and referring clients to emergency hospitals rather than keeping ill patients in your clinic during non-business hours with minimal or no staffing. The downside of avoidance is that high-risk activities might be very profitable and provide indirect benefits to the business. In most instances, this strategy should be a last resort after you tried other solutions and determined that the risk-to-benefit ratio was simply too great.
- **Reduce the risk:** If you do not want to eliminate a component of your practice, find a way to cut the likelihood of a negative event. This strategy could include using muzzles or sedation on fractious animals to mitigate the risk of injuries and client or patient aversion to certain medical services.
- **Transfer the risk:** Shift the consequences of a known risk to another party. The

contractual transfer of risk through lease agreements and insurance policies are the most common methods in the veterinary profession.

- **Accept risk:** All risk comes with a price. Some associated costs are much greater than others. Recognize that some risks are inherent to the delivery of veterinary services and accept them as a cost of doing business. The benefit of accepting a risk is that it carries no upfront monetary expense and frees human and financial resources to focus on more serious exposures.

### 4 Select and Implement

Choose the most viable solution — one that best balances effectiveness and affordability. The solution for each identified risk might include procuring appropriate staffing and money, ensuring team buy-in and training, and setting a target date for implementation.

### 5 Monitor the Results

The risk-management process is not a singular activity with a defined beginning and end. It is an ongoing process designed to protect patients, clients, team members and the practice's financial viability. Each strategy must be evaluated routinely to determine its effectiveness.

### 6 Make Adjustments

As your business and the veterinary industry evolve, so must your overall risk-management plan. Flexibility is critical. **TVB**