

Safety Guide

Housekeeping **BEST** Practices — AND — checklist



1. Keep all marked aisles, passageways, areas around entry doors and stairways clear of tools, supplies, boxes, cords, cables, and air hoses at all times.
2. Close all file drawers and keep them closed when not in use.
3. Put all tools and equipment in the proper storage area when not in use.
4. Cover sharp edges of all cutting tools when not in use
5. Stack materials carefully to avoid possible tipping. NEVER stack anything in a marked walkway.
6. Clean all spills IMMEDIATELY. Wet floor signs are useless if people must walk in the area anyway.
7. Report any loose, worn, or broken areas on the floor of the workspace.
8. Do not keep food or beverages in the work area.
9. Place all trash, scrap, and debris in proper receptacles.
10. All combustible trash must be kept in a self-closing, metal receptacle.
11. Keep machinery free from build-up of dirt, grease, or scrap materials.
12. Smoke in marked smoking areas only.

13. Keep all flammables in original containers that are properly marked.
14. Never place tools or equipment on the leading edge of any shelf where passersby could knock them off.
15. Maintain cleaning tools like brooms or mops in good condition. Replace them when they are worn to the point that they do not work well.
16. Extension cords used in any work area must be placed and secured so they do not become trip hazards.
17. Report all unsafe conditions in your work area to your supervisor immediately
18. Never block access to fire extinguishers, electrical panels, exit doors, or fire sprinkler controls. Access to each of these areas must be free of any obstruction for a minimum of 36" in all directions.
19. Keep all cutting tools sharp
20. Use common sense in your approach to any task.



Floor conditions

- Is the shop floor maintained in a clean and orderly fashion?
- Are there any slick or wet areas on the floor that could cause a slip and fall injury?
- Are there any obstacles on the shop floor that could cause a trip injury?
- Are any openings present on the floor into which an employee might fall?

Aisles and walkways

- Are all aisles on the shop floor marked as walkways?
- Is the aisle striping in good condition?
- Are all aisles of sufficient width to allow unobstructed traffic?
- Does the condition of any marked aisle or passageway change during a work shift?
- Does the condition of any marked aisle change during inclement weather?
- Are trash receptacles located near marked aisles emptied regularly?



Access and Egress to Area

- Are entry doors properly marked with lighted "exit" signs?
- Is the area within three feet of an entry door maintained free of any obstruction?
- Are all entry doors equipped with self-closing devices?
- Are all entry ways around doors equipped with non-slip floor mats?
- Do entries used for forklifts or other traveling machines have proper traction?
- Are entry doors that are equipped with steps or stairs of standard run-to-rise ratio?
- Are trash receptacles near entry doors emptied regularly?

Stairs and Steps

- Are all stairs and steps maintained free of any obstruction that might cause a fall?
- Are handrails provided on both sides of steps or stairs?
- Are all steps and stairs equipped with non-slip treads? Are these in good condition?
- Are all steps and stairways properly lighted?
- Are the leading edges of all step and stair treads marked with high-visibility paint?



Individual Work Spaces

- Are all tools and supplies properly stored?
- Is the workspace floor free from any trip, slip or fall hazards?
- Is the workspace clean and neatly organized?
- Are trash receptacles in the workspace emptied regularly?
- Are scraps, re-work items, trash and other debris properly disposed of?
- Are all extension cords, air hoses, etc. kept off the floor?

Storage Areas

- Are all stacks of stored items maintained in good order to prevent tipping or falling?
- Are all items stacked so that at least 18" of free space exists between the stack and the ceiling?
- Are the aisles maintained so that no stored items protrude into the walkway?
- Is the storage area floor free of any obstruction that might cause a trip or fall?
- Are all liquids in the area properly marked as to contents and are all stored in original containers?



Fire Extinguishers

- Are all extinguishers fully charged and do they each bear an inspection label?
- Is access to each extinguisher unrestricted for a distance of at least 36" in all directions?
- Are all extinguisher locations marked with signs?
- Are all extinguishers mounted in approved brackets 42" from the floor?

Break and Lunch Areas

- Is the refrigerator cleaned on a regular basis?
- Are all food items in the fridge marked with the owner's name?
- Is the coffee pot unplugged when leaving the area for the day?
- Are tables and chairs cleaned regularly?
- Are trash receptacles in the lunch area emptied regularly?
- Is the floor in the break area mopped and cleaned regularly?



Restrooms/Personal Hygiene Facilities

- Are restrooms kept clean, neat and orderly?
- Are fixtures kept clean, neat, and orderly?
- Are soap dispensers, towel dispensers and toilet tissue holders filled regularly?
- Are there hand-washing stations located on the shop floor?
- Are eye wash stations inspected and filled regularly?

Be Safe!

Feeling Insecure?

Shelters turn to technology and training to take a bite out of crime

BY JIM BAKER

Animal shelters are supposed to be refuges for homeless and stray pets, places where people can come to retrieve a lost pet, or find a new best friend.

But anyone who's worked in the field long enough knows that shelters are also something else: targets.

It's almost routine to hear reports of shelters becoming the victims of crime. It seems that people will steal just about anything: cash, of course, but also animals, whether a cute kitten smuggled out underneath a winter coat, or a lost dog an obstinate owner would prefer to steal than pay to reclaim. They'll also raid the various drugs shelters keep on hand—controlled substances like the sedative Ketamine and painkillers, which are often sold illegally on the street. And plenty of other things get boosted, too: vans and trucks, computers from offices, bags of pet food. In other words, anything that isn't nailed down—and a few things that are, such as heating and air-conditioning equipment, sometimes targeted by thieves looking to sell the valuable copper components.

Security issues have been a longstanding problem for shelters, according to John Snyder, vice president for companion animals at The Humane Society of the United States (HSUS). "I experienced more than 60 break-ins during my career in sheltering, which ranged from people stealing their own dogs, to taking dogs they wanted but didn't want to sterilize, to even releasing all the animals," says Snyder, who worked as director of Alachua County Animal Services in Gainesville, Fla., from 1974 to 1998. Items taken from Snyder's shelter included money, an autoclave, a microscope, and a new animal control vehicle—which, Snyder says, the police found a few days later, stripped of its transmission and wheels. Many shelters are located in secluded or remote areas, he points out, which give cover to bad guys,



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and it doesn't help that there's usually no one on the premises after 5 or 6 p.m.

With all their competing priorities, though, shelters rarely focus on security measures or staff training that might protect their organizations. "Since moving to the animal welfare field, I have never seen a class offered at a training seminar on this topic," says Mark Kumpf, director of the Montgomery County Animal Resource Center in Dayton, Ohio.

What's more, shelters—especially older ones—typically aren't designed with security in mind. Access to areas that should be controlled or restricted (and would be in another type of business) are often easily entered by anyone who can turn a doorknob. Alarms, lighting, vault safes, money drops, locking cash drawers, and other simple security measures are frequently absent.

This isn't to say that shelters should be like prisons, foreboding places that the public doesn't want to visit. That's exactly the image shelters are striving to get away from. But there are steps that they can take—and some cost very little—to increase their security, reducing the theft of pets and property, and making everyone feel safer, too.

Smile—You're on Candid Camera

Facilities around the country, tired of getting hit repeatedly by crime, are upgrading their security measures, adding new elements to the systems they've got, and looking for better ways to stay a step ahead of thieves and vandals.

"We literally just installed four security cameras and a DVR [digital video recorder], and I'm now downloading footage of the [people] who drove up and stole our recycle cans and an old file cabinet and washing machine," says Rea D. Cord, director of the Humane Society of Elmore County in Wetumpka, Ala. With this new system, which archives video for 28 days before recording over it, shelter staff can download footage shot when a crime took place, then view the stills frame by frame to identify the thieves or their vehicle. The cameras are pointed at major points of traffic and areas where suspicious behavior might occur: the front door, the parking lot, the office, and an outdoor drop box where people can leave animals at night. Cord can access



the system remotely on the Internet, and monitor what's happening at the shelter. She estimates that the system cost \$1,500 to buy and install.

Cord feels pretty confident about the measures she's taken to protect the small amount of petty cash on hand, which comes from adoption fees and the shelter's thrift store. It's kept in a floor safe that's bolted down, and only three staff members know the combination. Euthanasia drugs are stored in another floor safe, accessible only to Cord and the lead euthanasia technician.

The main security challenge facing the shelter is the potential theft of animals; pit bulls and bulldog mixes seem to be common targets. "The folks who are gonna steal something, that's what they're gonna try to steal," Cord says. Staff keep a close eye on these dogs; they stay inside the shelter, secured in their kennels.

In an added twist, inmates from the county jail are brought to the shelter to do manual labor, such as cleaning kennels and doing laundry. Most have done a good job, but Cord worries that an inmate could spot a beautiful pit bull—or even a cute Yorkie puppy—and get word to a compatriot outside the jail, who could steal the pet. In cases where shelter staff suspect someone's behavior in particular, high-theft dogs are moved within the shelter, and locked up. "If we happen to have a particularly ill-tempered dog on hold," Cord says, "I would

love to have that dog moved to where the at-risk dog was—hoping the thief will enjoy the surprise!"

Sounding the Alarm

Along with video surveillance, many shelters have installed a variety of alarm systems. After several incidents of animal theft, vandalism, and break-ins, the Humane Society of Tacoma & Pierce County in Tacoma, Wash., moved to a new alarm system, made by a company called Sonitrol, that offered equipment to detect intrusion and fire, monitor access to the facility, and provide video surveillance.

Listening devices are planted throughout the shelter, with live feeds to a monitoring station, according to deputy director Denise McVicker. The system will pick up any loud noises at night, and will determine if the noise warrants tripping a silent alarm to notify the police. The audio devices are able to distinguish between unusual sounds like breaking glass

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and routine ones, such as a dog barking or the rattling of a cage door. (There are no sensors in the main kennel area, to cut down on false alarms.) Contacts wired on the shelter's doors and windows ensure that if someone tries to force entrance into the building, he will trip the alarm. There are also motion detectors in the shelter's office, where no one should have access after hours. And there are four panic buttons that staff can press in case of a threatening situation, which triggers the silent alarm, bringing law enforcement.

Before moving to the new system, the shelter had an off-the-shelf video surveillance system with four cameras to monitor the inside and outside of the building. But the shelter wanted to upgrade its quality and capability. So the Sonitrol system was installed, with eight additional cameras, and everything was integrated. Video footage shot by the cameras and digitally recorded

is watermarked, so that it's admissible as evidence in court, too.

McVicker estimates that it cost \$10,000 to install the new system, and the shelter pays a monthly monitoring fee of about \$200. The package proved its worth last year, when a man who wanted to steal a pit bull held a staff member at knifepoint. The man then fled with the dog through an exit, and a volunteer chased after him, and was also threatened. "Two cameras got very good shots of him," McVicker says. "The police came, viewed the video, and they knew him." The man was spotted, and arrested, about three weeks later.

All Keyed Up

Video cameras and sophisticated alarms are great security measures, but shelters can also accomplish a lot by paying attention to a facility's first line of defense: keys. They control who has access to the building,

high-risk areas within the shelter (such as the office or veterinary clinic), and the animals themselves.

It's often a challenge to keep track of who has the keys to which doors, cages, and gates—and staff turnover at shelters increases the risk that some keys may go missing when people leave their jobs. It's a common—and commonsense—practice at many shelters to give master keys that open doors and locks throughout the building only to a limited number of staff. All staff members who have opening and closing privileges receive perimeter keys; other employees get keys that give them access only to their assigned areas.

That's the system used at Wayside Waifs, a 33,000-square-foot shelter in Kansas City, Mo., that has about 60 staff and 900 active volunteers. There's a process for retrieving keys when staff turnover

occurs. When staff are issued keys, they sign a commitment stating that they've received them, and will return them when they leave their employment, just as they're expected to do with their identification badges. New staff are also given their own individual codes to use to deactivate the alarm system. When they no longer work at the shelter, their codes are deleted from the system, according to Danny Carmichael, director of facilities. Many shelters use this combination of both keys and alarm codes for staff.

Doing periodic key inventories is a good idea, but sometimes keys still go missing. Cord, from the Alabama shelter, knows how to solve that problem. She has had the facility's locks rekeyed on occasion, just to be safe. A locksmith did the job in a couple of hours, and staff turned in their old keys, and received new ones.

Shelters take different approaches to locking cages, kennel runs, and guillotine doors in order to prevent theft of pets. Carolyn Machowski, manager of shelter services at The HSUS, recommends one

Keep track of your keys. For safety's sake, a lockbox containing a copy of the master key should be placed in a location that only the shelter's director, police officers, and the fire department know about.

standard operating procedure for securing individual animals. Kennels and cages should require the same keys so that only one is needed to open them, making it faster to lock and unlock them all at once. Staff assigned to that particular area should have the master key. The cages and kennels should be locked during the day, but left open at night in case there's

a fire and emergency workers need to evacuate the animals. For safety's sake, a lockbox containing a copy of the master key should be placed in a location that only the shelter's director, police officers, and the fire department know about.

Some shelters have moved from using keys to a computerized system of keycards and magnetic card readers. Wayside Waifs currently uses a combination of keys and keycards, according to Carmichael. He recommends that if a shelter is starting fresh, with a new or renovated facility, it's a good idea to go ahead and invest in a keycard system. Down the road, that makes it much simpler when changes have to be made regarding who has access to the building. Magnetic card readers aren't currently part of the system at McVicker's shelter, but that's an option. "The system ... has the ability to have keycard entry sites, and record those bits of information, and lock out at certain times of the day," she says.

Eyes Wide Open

Among all these technical solutions, what about the human component of security? Staff and volunteers can help prevent crimes, too; the best technology and written procedures in the world are no good if people don't use them. If staff lose or duplicate their keys, give out their alarm codes, or open doors to visitors they don't know, it's the same as having no security at all.

Shelters sometimes just lack a security mindset, according to Machowski. "Because of the fast pace of the environment, they get wrapped up in day-to-day activities of keeping the shelter running, caring for the animals, and servicing the public. ... Security doesn't become a priority until there's an incident," she says. So doors are left propped open, visitors wander the building unescorted, and gates to the loading area aren't locked when the animal control truck leaves.

"I think building a culture of awareness is as important as anything," says Brad Shear, executive director of the Mohawk and Hudson River Humane Society in Menands, N.Y., near Albany. For that reason, staff and volunteers at his shelter are told to say something if they see a person acting suspiciously or in an area they shouldn't be. "It's OK to ask somebody,



"Hey, what are you doing? I don't know who you are," he says.

McVicker agrees: "You never know who's going to come through your door, so the staff just needs to be diligent and thoughtful, and not just assume everybody who comes here has good intentions. So we try to keep it in our employees' minds that they need to pay attention to their surroundings" and to shelter visitors.


At Wayside Waifs, everyone on staff wears an ID badge with their name, photo, and department. Community service workers, who are at the shelter through probation programs, wear orange traffic vests to distinguish themselves. "If someone sees an orange vest traveling somewhere they're not supposed to be, they can approach them and say, 'Can I help you?'" Carmichael says.

In an era of widespread budget cuts, finding the funds to create a secure environment in a shelter is more challenging than ever. But as long as people take things that don't belong to them—whether that's cold hard cash, or warm fuzzy puppies—the need to plan for potential security threats won't go away. Having money to invest in technology helps, but it doesn't drain your budget to train staff and volunteers to be alert, follow procedures, and make the most of what you've got. It comes down to doing what you can, and staying vigilant.

You help animals. We help you.

Busting the Bad Guys—on a Budget

Fighting crime doesn't have to be expensive. There are many simple steps that shelters can take to improve their security without breaking the bank. Shelter experts offer a range of commonsense measures and quick fixes that can help prevent theft, break-ins, and other unwanted incidents.

- Create a standard operating procedure for opening and closing the shelter, which includes entering and exiting the building after hours.
- Enlist a security expert/police officer to discuss your facility's weak points and how to strengthen them. Discuss cash-handling procedures and concerns such as animal and drug theft.
- Repair gates and fencing to ensure they are impenetrable when closed and locked. Keep side and back doors closed and locked.
- Remove the high growth of shrubs and weeds and trim foliage that blocks visibility around the building's exterior.
- Review the controls and operations of your exterior lights. Document the specifications, and create a routine maintenance program.
- Maintain a master list of key assignments, and make sure that staff acknowledge receipt of keys.
- Contact the local police department, and request that a patrol unit regularly pass by the shelter, keeping a close eye out for suspicious activity or trespassers.
- Post prominent signs indicating that the shelter has video surveillance and is monitored and secured 24/7. 

For more information on improving your shelter's security, or advice on other sheltering issues, send inquiries to asi@humanesociety.org.

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Evacuation And Fire Safety Plan

Fire Evacuation Plans

Fire evacuation plans shall include the following:

- 1 Emergency egress or escape routes and whether evacuation of the building is to be complete or, where approved, by selected floors or areas only.
- 2 Procedures for employees who must remain to operate critical equipment before evacuating.
- 3 Procedures for accounting for employees and occupants after evacuation have been completed.
- 4 Identification and assignment of personnel responsible for rescue or emergency medical aid.
- 5 The preferred and any alternative means of notifying occupants of a fire or emergency.
- 6 The preferred and any alternative means of reporting fires and other emergencies to the fire department or designated emergency response organization.
- 7 Identification and assignment of personnel who can be contacted for further information or explanation of duties under the plan.
- 8 A description of the emergency voice/alarm communication system alert tone and preprogrammed voice messages, where provided.

Fire Safety Plans

Fire safety plans shall include the following:

- 1 The procedure for reporting a fire or other emergency.
- 2 The life safety strategy and procedures for notifying, relocating, or evacuating occupants.
- 3 Site plans indicating the following:
 - 1 The occupancy assembly point.
 - 2 The locations of fire hydrants.
 - 3 The normal routes of fire department vehicle access.
- 4 Floor plans identifying the locations of the following:
 - 1 Exits
 - 2 Primary evacuation routes.
 - 3 Secondary evacuation routes.
 - 4 Accessible egress routes.
 - 5 Areas of refuge.
 - 6 Manual fire alarm boxes.
 - 7 Portable fire extinguishers.

- 8 Occupant-use hose stations.
 - 9 Fire alarm annunciator and controls.
 - 10 Sprinkler control valves
- 5 A list of major fire hazards associated with the normal use and occupancy of the premises, including maintenance and housekeeping procedures.
 - 6 Identification and assignment of personnel responsible for maintenance of systems and equipment installed to prevent or control fires.
 - 7 Identification and assignment of personnel responsible for maintenance, housekeeping and controlling fuel hazard sources.

Fire safety and evacuation plans shall be reviewed/updated annually or as needed because of changes to staff, occupancy or physical arrangement of the building. These plans need to be made available in the work place and posted for employee review. Copy shall be provided to the Fire Prevention Bureau for approval before release to the employees.

Fire Evacuations Drills

Drills are to be conducted at quarterly intervals. Records are to be maintained indicating the time, date, staff present, who conducted drill, weather conditions and the time to evacuate.

Employee Training Program

Employees shall be trained in fire prevention, evacuation and fire safety as part of new employee orientation and at least annually. Records are to be kept on site and made available upon request.

Fire Prevention Training

Employees shall be apprised of the fire hazards of the materials and processes to which they are exposed. Each employee shall be instructed in the proper procedures for preventing fires in the conduct of their assigned duties.

Evacuation Training

Employees shall be familiarized with the fire alarm and evacuation signals, their assigned duties in the event of an alarm or emergency, evacuation routes, areas of refuge, exterior assembly areas, and procedures for evacuation.

Fire Safety Training

Employees assigned firefighting duties shall be trained to know the locations and proper use of portable fire extinguishers or other manual firefighting equipment and the protective clothing or equipment required for its safe and proper use.

Evacuation Plans Are...

Investment In People:

The mission statement is to save lives and minimize injuries.

Team Oriented:

People will accept responsibilities more readily when they take part in developing the plan.

Action Oriented:

- Practice
- Train
- Evaluate

Veterinary Inventory Management Guide



A collection of materials and information from
the veterinary industry

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PREFACE

Inventory is the second largest expense in the veterinary practice, next to the cost of labor. It often consumes 20% or more of gross revenue and, left unchecked may swell to considerably more. Profitability becomes a challenge when large expense categories are not constrained to appropriate benchmark levels. This guide will help address some of the additional learning and knowledge needed to gain control of your practice's inventory and facilitate developing an efficient management program. Special thanks to all that contributed. It remains the hope of myself as well as others that this guide assists in some way making the daunting task of inventory management a bit more bearable.

The Inventory Management Guide is designed to be a collection of information from the editor and various contributors. It is neither a cohesive work nor a comprehensive collection. Designed to be educational in nature and intended for your personal usage, it should not be distributed for any commercial application.



Inventory ~ It Started With a Paper Cut, *Stop the Bleeding from OTC Sales*

Speaker: Byron Farquer, DVM, AVA

NOTE: This outline accompanies a power point presentation, some of which is necessary to add further meaning to the information below.

Inventory Management

- Effect on Profitability
- Effect on Practice Value
- Hidden Costs of Loss of Inventory Income

Why We Should Care

- Inventory is a huge expense for the practice
- Most practices have not “managed” their inventory beyond the most basic level.
- Inventory sales changes (up or DOWN) neither increases nor decreases labor costs
- Loss of profit from inventory affects all other practice operations, and practice value itself.
- Inventory ~ 2nd largest expense in the practice

Definitions

- OTC ~ Over-The-Counter. Non-prescription, aka purchased “outside veterinary practice”
- Profit/Earnings ~ Bucket of money left after all necessary expenses of the practice are paid.
- Ethical On-line Retailer/Pharmacy ~ Sites working (embedded website) with the practice

Dispensing History 101

- | <u>Type of medication Sold</u> | <u>% purchased from DVM</u> |
|--------------------------------|-----------------------------|
| Early compounding | 100% |
| Manufactured Meds | 80-100% |
| Prescriptions 1970 | 90% |
| Prescriptions after 2000 | 70+% |
| Prescriptions after 2010 | ??? |

Inventory Management Program

- Personnel
- Inventory Placement
- Management techniques and software
- Purchasing
- Expiration dates
- Classifying by importance
- Audits
- Margins and Mark Ups
- Turnover

Inventory Manager

- Look creatively at ‘big picture,’ identify specific steps
- Differentiate between major and minor issues
- Supportive and encouraging attitude towards staff.
- Flexibility with unexpected requests
- Stay ‘on-task’ with minimal supervision & do whatever it takes

- Must be at least “above average” in all these areas
- Must develop efficient inventory count and ordering systems

Superb Duties Checklist

- Manage/order all retail and over-the-counter products for the practice.
- Manage/order/purchase all cleaning supplies and client hospitality products for the practice.
- Good working relationships with vendors, meet on regular basis (monthly or quarterly)
- Stock all workstations twice daily (AM and PM).
- Stock hospital pharmacy daily (AM).
- Stock food display area twice daily (AM and PM).
- Stock retail display area daily.
- **See list at veterinarymanager.wordpress.com**

Stay Involved/Oversight

- With an Inv Mgr, you can’t “wash your hands” of everything/ anything with inventory

Inventory Placement

- Too many locations in the practice (too many places to count stuff)
- Difficult to visualize volume
- More time to audit
- Too many open bottles
- Improper merchandising (“retail rules” and OTC items display logic)

Inventory Problems

- Central Storage
 - Superdrugs, controlled substances, low margin items
 - Clipboards and intra-hospital movement
- Drug Morgue ~ Use a central location, visibility enhances discomfort

Managing Inventory ~ Computer Software

- Requires effort, inaccuracies from in-hospital use
- Can generate re-order lists (risk is blind reliance)
- Controls pricing and markup
- Remains the single most under utilized software module in practices

Purchasing

- Vendors ~ price competitive on 25+ item order. Little gained from price shopping
- 1 extra staff hour at \$14.00 / 25 items = a required savings of 56 cents per item.
- On-line ordering from vendor saves time
- Buy to maintain a 2-3 week supply, with balanced turn-over

Expiration Dates

- Cost of item is only one expense
- Staff ordering time, receive, stock, manage inventory
- Lost profit opportunity
- \$5000 cost, 30% markup = \$1500 lost cashflow
- Need \$15,000+ extra sales to generate enough cashflow to cover loss of the \$6500 above
- FIFO – First In First Out. Mark it, and Move it

Inventory ABCs

- Classify using the 80/20 rule
- Manage inventory by class (A,B,C,X)

A	B	C	X
Never run out	Lower stock	Special Order	Pink Slip
Strict Control	Moderate	Loose	Terminate
Count Weekly	Monthly	Quarterly	Decide Now
Central Storage	Shelved	Shelved	Retail Rules
80% income	20% income	Nominal	Loss
Antibiotic	NSAID	Urolith Diet	Hair-B-Gone

Inventory Audits

- How much do you have!
- Daunting – break up the counting
- Coding – color stickers, marks, etc...
- Volume vs. Price vs. Need
- Stocking Rate – 20 needles in the cart or 200?
- Software linking - Use of a “hospital account” vs. linked procedures

Mark-ups and Margins

- Mark Up = % difference between actual cost of item and selling price
- Margin = % difference between selling price and profit.
 - A 25% mark-up results in a 20% margin
 - Example: Cost = \$100. Markup is 25%, Sale price is \$125
Margin is $\$25/\$125 = .2$ or 20%
- Practices use mark-up to set price, but confuse it with profitability.
- Additional profit robbers = Staff time, obsolescence, expiration, loss

Turnover

- High demand items should turn every 30-45 days
- Moderate demand every 60 day
- Low demand – discontinue or pre-order??
- On average, inventory should turn 4 to 5 times a year in your practice.

Match Inventory 80/20 to Clients

- Review top 20% inventory sold to top 20% clientele. Both generate 80% of revenue.
- Look at top 20 clientele purchased items ~ keep it available, affordable, and convenient.
- Search your computer database, review your top client’s invoices.

Be S.M.A.R.T.E.R.

- Strategize – Establish inventory, management roles, prioritize, organize, develop budget.
- Minimize – Managing turnover, appropriate quantities and reordering.
- Accountability – Use practice management software and other tools
- Replenish – Optimizing replenishment- purchasing, receiving, and returning.

- Track- Maintain accurate tracking of what is in your clinic. Conduct a proper cycle count
- Engage – The whole clinic team should buy-into and be involved in inventory management.
- Retail – Understand markup, margin, pricing and merchandising in your clinic.

Beyond Bottles, Pills, and Bags ~ Overlooked and hidden costs of losing inventory sales

- How does this make you feel?
 - Frontline Plus media plan: Prime time TV #s advertising reaches 95% of target audience
 - “Good Friends, Bad Friends” TV media plan

Now how do you feel?

- Frontline Plus on Costco.com, Target.com, etc... and at big box retail stores

Parasiticides are big business - Frontline Plus & Advantage are available at:

- 900+ PETCO stores
- Target
- Ace Hardware
- Cabela’s
- Costco
- Online Auctions have over 2000 listings

Practice’s feel the pain

- Doses of parasiticides dispensed through veterinary channels vs. previous year
- Advantage down 25%
- Frontline Plus down 17%
- Rate of diversion = \$13.5 million in loss to veterinary practices

Disclaimer: Merial/Merck and its products are used as examples only. The phenomenon described is neither limited to nor unique to this company or its product line. The author simply has direct familiarity with the products, timelines, personally experienced the distribution changes, owned a practice affected, and retains great respect for the company in general. These companies remain highly respected product providers to the industry in all capacities.

Your Role in a New Product Launch ~ Trailblazer, Pimp, other?

Role = Medical Advisor. Trust, Compassion, Honesty, Fairness, Competency

Ethical Online Pharmacy ~ VetSTREET Survey 1000 pet owners

- 63% would be more likely to be compliant with heartworm & flea product repurchasing.
- 75% would visit their vet’s online website 4 times per year.
- 76% would request automatic reminders for services and treatments.
- 82% would schedule appointments online.
- 91% would use a reliable pet health library and access it 8 times a year

Numerous Choices

- VetCentric
- VetSTREET
- ProxyRX
- Etc

- 7/21/09 PetMed Express (1-800-PetMeds): net income of \$8.1 million, up from \$6.6 million a yr ago. Sales rose from \$68.4 million to \$77.2 million for that period. Qtr ended 6/30/09

#1 Reason Consumers Shop Online

- Convenience #1 ~ Nielsen Online surveyed 1000 shoppers.
- 81% shop online for convenience (24/7)
- 77% liked the time savings
- 61% like to comparison shop
- 56% find products easier
- 46% low prices
- 24% shipping costs

No Online Service? That's OK!

- Then address these issues in your practice
- Ability to purchase M-Sun, before and after work
- Be efficient in the sale process (quick)
- Do the comparisons for them (newsletters/flyers/product info)
- Make it easy
- Be price competitive (doesn't = cheapest)
- No shipping! It's at the practice already.

Ask These Questions

- Am I handling great products? YES!
- Any incentive to re-purchase? Medical Advice
- Stand behind the product? Yes
- Trophy Customers(Clients) ?
- Make it easier to purchase NO
- Go to your customer NO
- Customer service champion ?
- What's Your Score? 5 of 7 = 71% C- 4 of 7 = 57% F

Customer Disconnect = Mental and emotional conflict created when the actions of a trusted brand or product source departs from a familiar protocol.

Product Brand loyalty = Consists of a consumer's commitment to repurchase or otherwise continue using the brand and can be demonstrated by repeated buying of a product or service or other positive behaviors such as word of mouth advocacy.

Loss of Location Brand Loyalty (Your Brand)

- Once client begins purchasing from other sources, there's erosion of brand loyalty to your practice. Your services and products risk becoming a commodity.
- US companies loose up to 1/2 of its customers every yr, or up to 13% loss of clientele annually. To make up for this, achieving a 1% increase in annual sales growth requires increasing sales to clients (new and old) by 14%.

Iowa State and University of Missouri

- Tips to keep brand loyalty (product/source)
- Develop an unbeatable product

- Give Customers an incentive to repeat a purchase
- Stand behind the product
- Know your trophy customers (80/20 rule)
- **Make it easier to buy your brand than competing brands**
- Go to your customer
- Become a customer service champion

Voting with Their Dollars ~ Clients are harder to get back than to acquire

If they shop somewhere else, what will they buy? Once a consumer/client begins shopping at other locations, there is a risk that the behavior will continue or increase

Loss of Inventory Revenue - Its Effect on Profits and Practice Value

- Gross Production
 - Production not just dollars is very important
 - Production = clients x sales (services or goods)
 - Revenue = Production x fees
 - Revenues can go up when production goes down if the fees keep getting raised.
 - Watching Gross Revenue ONLY is dangerous
- Gross Revenue vs. Production
 - 15 clients x average of 8 items invoiced = 120
 - 15 clients x \$100 ATF = \$1500
 - 12 clients x 7 items invoiced = 84
 - 12 clients x \$125 ATF = \$1500
 - Results: Client visits down 25%
 - Sales down 14.3%
 - Gross Revenue +/- 0%
- Payroll
 - 18 to 20% of Gross Revenue for support staff (inclusive of 2-4% for management)
 - 20 to 22% of Gross Revenue for DVMs
- Cost of Goods Sold
 - Typically includes: Drugs, Medical supplies, Animal Disposal, Lab
 - Typically excludes - Office supplies
- Earnings/Profit
 - True profit after all necessary and required expenses
 - Doesn't include discretionary expensing (IRS)
 - Sm animal practices should post earnings of 14 to 17% on avg
 - Lg animal practices commonly exceed 20%
 - Gross Revenue: - True or required expenses (labor, COGS, utilities)
 - + One-time or discretionary expensed costs
 - - Owner compensation (DVM, mgmt, CRE)
 - = Adjusted earnings/profit

Cost of Loosing Just Two Daily Transactions

- Average # of daily transactions (ADT) = 40
- Average Transaction Charge (ACT) = \$85.00
- ACT X ADT = Income per day

- Currently $\$85.00 \times 40 = \$3,400$ /day
 - 2 less daily transactions $\$85.00 \times 38 = \$3,230$ /day
- Each day the loss of two transactions is a cost of \$170.00, or, \$44,880 per year.
Assuming the practice nets 15% of every dollar, that is \$6732.

How Does This Affect Practice Value?

Impact on Value

\$1.00 of loss in earnings ➔ \$3 to \$6 decrease in value

So....

\$6732 in lost earnings ➔ \$20K to \$34K decrease in value!

You also never had the \$6,732!

Example of how a drop in profit affects value

Practice A	Practice B
$Ea/C = V$ (Adjusted Earnings / capitalization rate = Value)	
$\$100,000 / .22 = \$454,545$	$\$125,000/.22 = \$568,181$
Cap rate of 22 is equivalent to 4.54 x earnings	Difference A vs. B? \$113,636

It's not about the money

- More profit leads to higher value, but pre-sale it allows you to:
 - Invest in better equipment
 - Provide better compensation and benefits
 - Improve facilities
 - Retire debt
 - Increase marketing efforts
 - Support community charities
 - Buy your significant other a really nice gift!

Case Study - Improving Sales, Convenience, Profit and a Dream Practice

- Established 2+ Drs, flat revenues, needs new facility, desires better equipment, wants more RVTs, desires obtaining a regional referral reputation
- Practice Value: 577,000 (Tangible Assets 90,000 Intangible Assets 485,000)
- Steps to Improvement: (Financial acumen, Re-branding, Marketing, **Inventory control and sales**, Fees, Client service oriented - *hours, on-line services*)

On-going Improvements

- Advanced procedures
- Better diagnostics and equipment
- Careful selection of pharmacy and retail items
- Professional assistance / consultants

Case Study Practice

Practice Value: 3,150,000 (Tangible Assets 240,000, Intangible 2,910,000)

- Practice's Online Pharmacy – Pet Food & meds available online, & shipped from practice

Ponder Your Position

- Invest time to consider the products you sell
- What you recommend
- Manufacturer loyalty
- Diversion
- Erosion of your practice's brand image
- Loss of clients and their purchasing
- Quality of customer service
- Inventory control

Confused? Read, Ask, Learn

- Colleagues
- Seminars and Lectures
- Books and Articles
- Non-veterinary business info
- Ask the Experts
- Associations
- Manufacturers
- Distributors

It Started with a Paper Cut – Recipe for Practice Failure

- Seemingly unimportant, and nearly undetectable losses in inventory sales lead to:
- Reduced inventory expenses (Yea!)
- Reduced inventory income (Boo)
- Decreased profit
- Lack of reinvestment
- Shrinking products and service sales
- Loss of client base
- Loss of key staff
- Shake and repeat until broke

You Need to Act NOW!

- ✓ Get Control of Your Inventory
- ✓ Improve Your Sales
- ✓ Be Proactive
- ✓ Fight Back!



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The Fundamentals of Inventory Management

Article brought to you by Angela Aisbet, Inventory Management Consultant for MWI. To inquire about additional information about our Inventory Management Consultation program please contact your sales representative.

Personnel

Inventory Location

Practice Management Software

Purchasing

Expiration Dates

ABC Analysis

Physical Inventory Counts

Margin & Mark-Up

Turn-over

Either with your recent headaches of doing an end-of-the year physical inventory count or with the economy frequently making headlines, paying attention and creating a strategy on your inventory control should be a New Year's resolution. One of the largest assets and variable expenses in a practice is the inventory; however, it rarely gets the attention in management and control that it needs.

Furthermore, inventory is one area where the entire team can be involved with making the practice a more cost effective business. It's important for the entire team to be involved with the structure and the follow through of a good inventory management system. Effective inventory management is the result of both the utilization of human and technological elements along with resources made available.

In this collection of articles we will be covering the nine fundamentals of an effective inventory management system, beginning with the first, Personnel.

Personnel

• DEVELOP A PRACTICE INVENTORY TEAM LEADER

Inventory management can be a fun challenge if you love organization and numbers. An inventory manager/leader is usually a highly motivated employee and is a good project manager that enjoys mapping out projects. Yet, too many times the team member given this responsibility has little to no inventory training. It should be encouraged that when your practice develops an inventory management system, that learning the fundamentals of inventory management and control is a priority. This position should also be empowered which begins with a job description and a written standard operating procedure (SOP).

• JOB DESCRIPTION

Because inventory control is so crucial to the health of the practice, the inventory manager/leader should be treated as an important position. Having a job description could be a communication vehicle to ensure that you and your owner/manager can agree on performance expectations. Since this job requires quite a bit of time management, the job description should include a timeline of what is expected on a daily, weekly, monthly and yearly basis.

• STANDARD OPERATING PROCEDURE (SOP)

When developing a written SOP of the inventory management system, it should be able to be taught to the staff and should incorporate the basic who, what, when and where details. It should include the practice procedures from when a purchase order is made, when the order is received and the control of the inventory all the way until it is sold. This allows the inventory system to run consistently, effectively and with accountability. It also plays a role when the inventory manager is away on vacation or a new person steps into the role.

• GETTING THE STAFF INVOLVED

Having team meetings that involve games geared towards guessing the Cost of Goods Sold (COGS) for various items is a great start. Educating the staff that the COGS isn't just what the practice pays for an item but also all the costs endured on an item from the time that it takes for someone to purchase the item to the receiving and maintaining of that item. Sometimes even putting a \$20 bill next to a product on the shelf will get the staff to ask why is there money just laying there, this will give you an opportunity to educate them on how similar that is to inventory remaining on the shelf. Education will give your team a perceived value of interest in the importance of controlling inventory.



The Fundamentals of Inventory Management (Part 2 of 9)

Brought to you by Angela Aisbet, Inventory Management Consultant for MWI.

Personnel

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Inventory Location

Inventory Location refers to the organization of your inventory products within your facility.

Clinics will tend to have too many locations for products and this makes it difficult to visualize your quantity on hand and will result in the re-ordering of products that are currently in the practice but that cannot be found because they are in unlikely locations. The next column discusses Inventory Location design.

Central Storage

Keep your safety stock and bulk stock in a central location—ideally, a central storage room from which all areas of the hospital are stocked. This area is like the “store” of the practice. The receipt, storage and distribution of all drugs and supplies should be done through this central storage location and staff should have limited access to the location. Even if your practice does not have the room or storage area to create a central storage, locked cabinets can work if they are large enough to hold your bulk syringes, white goods (gauze, bandage material) and sundries (items too small or numerous to count) along with any valuable products. Because you don’t want to keep count of every needle and syringe, keep track of your disposable items by unopened box or roll in the central storage and once you distribute these items to other parts of the clinic, consider them “used.” For

example, if you have four boxes of syringes in the central storage and you bring one box out to distribute in drawers, you would have three boxes of syringes as your quantity on hand.

Zones

Whether or not you utilize a central storage, it is important to map out where all your products and supplies are kept around the facility. It works best to document zones/locations by rooms, shelves and drawers by top to bottom and left to right. Have a map of these zones available for the entire clinic team to help them locate where products and additional supplies are kept.

Drug Morgue

Although having expired drugs is a poor inventory practice, it does happen and these products should be isolated and controlled (especially if you have a hard time letting go of these products). This is especially true for expired controlled drugs, until the quantity is financially sufficient to have them destroyed according to your local regulations. Your morgue should be locked, especially if it contains expired controlled drugs. Also, a separate log book should be kept for your expired controlled drugs.



MWI and AAHA MARKETLink offer Inventory Management Consultation ranging from one-on-one discussion of basic principles, to formalized training through our PRISM Educational Program, to tactical inventory control tools such as our SWEEP™ System. To discuss how our Inventory Management Consultation Program can benefit your practice, speak with your representative.



MWI Veterinary Supply

The Fundamentals of Inventory Management (Part 3 of 9)

Brought to you by Angela Aisbet, Inventory Management Consultant for MWI.

Personnel

Inventory Location

Practice Management Software

Purchasing

Expiration Dates

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Physical Inventory Counts

Margin & Mark-Up

Turn-over

Practice Management Software

Good recordkeeping starts with item control and accountability on all levels. Utilizing your practice management software's inventory module will help you:

- Track quantity and the total usage of an item on hand
- Identify quantities ordered
- Run daily order reports and expiration reports
- Control markup and cost increases from suppliers

Unfortunately, practice management software inventory modules are underutilized and few practices implement them successfully. It is important in good inventory recordkeeping to track not only the inventory that is sold as retail or dispensed but also supplies that are internally used and never dispensed.

Your practice management software will allow you to bundle products used for treatments and procedures to help maintain an accurate quantity on hand for an item. Utilizing operating-room usage forms and in-hospital tracking forms will help employees accurately invoice charges along with the supplies used.

Reconcile your inventory by doing spot-checks and having a cycle counting system to be sure the number matches with your computer's quantity on hand. Your practice management software will allow you to create inventory locations so that you can monitor where you have items throughout the practice and control how much of a product you want in each location. You can also set your re-order points, minimums and maximums within a location.

It is also recommended to make a house account in your practice management software. This is an account to which you can invoice items and supplies that are for in-clinic use (i.e., a box of syringes or needles) and it will deduct from your computer's quantity on hand. Some practice management software programs already have a built-in module that you can use to remove in-clinic products from your inventory quantity on hand. Check your software to see if this option is available before you create a house account.



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What practice management system do you use? It doesn't really matter... Vetstreet integrates with nearly all of them, and requires no double-entering of data!





MWI Veterinary Supply

The Fundamentals of Inventory Management (Part 4 of 9)

Brought to you by Angela Aisbet, Inventory Management Consultant for MWI.

Purchasing

Our nine-part series has so far taken us through Part 3, covering the topics of Personnel, Inventory Location, and Practice Management Software. Let's begin the second trimester of this series by discussing the topic of Purchasing.

The time spent shopping for the best price, placing orders, and even maintaining physical storage space are indirect costs of a product. Because prices are very competitive between vendors, it is more cost-effective to limit the number of vendors you use. Because of this competitive market, your primary distributor should also be

judged and rewarded based on their customer service, timely shipping of items, and additional services they offer that help you effectively run your practice. Limiting the number of times you order a week can help limit your indirect costs as well. Most vendors/distributors offer a web service that allows you to order online, which can minimize the time spent ordering on the phone or trying to reach your inside sales rep.

Personnel

Inventory Location

Practice Management Software

Purchasing

Expiration Dates

ABC Analysis

Physical Inventory Counts

Margin & Mark-Up

Turn-over

Balancing inventory levels between “enough” and “too much” can be the purchaser's biggest challenge. Because inventory is a cost to a practice rather than an investment, and it is only worth something

when it is sold, you should try to keep on hand only a 2- to 3-week supply of products and you should have products on your shelf for no longer than 30-45 days. But keep in mind that manufacturers often offer favorable terms on product purchases that will allow you to keep multiple months' worth of product at minimal holding costs because they include delayed billing over several weeks or even months. This gives you time to sell or use the product before you have to pay for it, allowing you to take full financial opportunity gain. Choose deals that will benefit your practice financially.

Your inventory records, either in your practice management software or your purchase order history on your vendor's website (another advantage to utilizing one vendor is that you can retrieve your entire purchase history in one place), can help you establish your re-order points and the maximum quantity of a product you should have on hand. Your computer system can flag your re-order points and print daily reports or suggested purchase orders. A manual card system can work but will require that products be readily visible to ensure the cards are not overlooked.



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The Fundamentals of Inventory Management (Part 5 of 9)

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Personnel

Inventory Location

Practice Management Software

Purchasing

Expiration Dates

ABC Analysis

Physical Inventory Counts

Margin & Mark-Up

Turn-over

Monitoring Expiration Dates

In the veterinary field, it is unacceptable to have outdated products. Being able to utilize your practice management software to track expiration dates, having a FIFO (First in First Out) rotation system and doing weekly monitoring on products can limit the amount of products that become expired in your practice. Ensure that your oldest products are in front of newer

arriving items. Prescription foods and items that are dispensed to clients should definitely have a routine monitoring system. Regularly evaluating your inventory by looking for expired or soon-to-be expired drugs will allow a more efficient credit or replacement from your vendor. With your regular cycle counts be sure to look at the

expiration date on the product.

Tip: Because many of the practice management software programs only allow you to enter one expiration date at a time for a product, have a tag or sticker on unopened products (like a bottle of Cephalexin), then when that bottle is opened, it is a reminder that the date needs to be changed in the computer. Keep a basket near the pharmacy for these tags to be placed and when time allows, change the dates in the computer.



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MWI Veterinary Supply

The Fundamentals of Inventory Management (Part 6 of 9)

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Personnel

Inventory Location

Practice Management Software

Purchasing

Expiration Dates

ABC Analysis

Physical Inventory Counts

Margin & Mark-Up

Turn-over

The ABCs of Inventory

ABC is an analysis of inventory, properly known as the 80/20 rule. Developing this analysis allows you to categorize your inventory based on its value to the practice. This analysis is a great prioritization tool for time management. Begin developing a system for items that account for the top 20% of revenue, value and/or consumption of your practice. Once you get the top 20% items under control, then work your way through

the remaining 80%. You can do this by stages, such as an “A” class, “B” class, and “C” class. Your “A” class items will typically account for 20%, “B” class will account for the next 30%, and then the “C” class will be the remaining 50%.

Each stage/class can and should be handled

in a different way, giving more attention to the “A” class items. The ABC analysis can also be used in designing your cycle physical counting system.



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ABC Analysis Guidelines

“A” Class	“B” Class	“C” Class
Don't Run Out! (especially the products that are A's on the total sales and usage reports).	Keep a lower safety stock / reorder point.	Find out if any of these products can be a special order from here on.
Strict Control (especially the products that are A's on the cost/value analysis).	Moderate Control	Loose Control
Count weekly to monitor shrinkage and to be able to react if a product needs to be replenished.	Count Monthly	Count Quarterly
Maintain in a central/secure storage.	Monitor these items for appropriate turnover (either by computer or by tagging these items).	Monitor these items for appropriate turnover (either by computer or by tagging these items).
When developing an inventory system or protocol, you can start with your “A” products and then work your way through the “B” and “C” products.		Analyze these items to see if any are duplicates of one another.

Tip: If you do any client appreciation gifts or cards, you can create an 80/20 Rule to find the top 20% of clients that make up 80% of your revenue.



The Fundamentals of Inventory Management (Part 7 of 9)

Brought to you by Angela Aisbet, Inventory Management Consultant for MWI.

Personnel

Inventory Location

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Purchasing

Expiration Dates

ABC Analysis

Physical Inventory Counts

Margin & Mark-Up

Turn-over

Physical Inventory Counts

When you think of physical inventory counts, you probably think of a time- and labor-intensive year-end project. Clinics typically don't give themselves enough time to investigate missing or extra inventory. Instead, the inventory is adjusted and left as is. Inventory errors will ultimately affect the practice's financial statement. So why do we wait until the end of the

year to find out we have too much inventory? Developing a good cycle counting system (a process of counting portions of the inventory on a regularly scheduled basis rather than counting the entire inventory all at the same time) not only has many benefits but also can replace your year-end physical inventory count.

A comprehensive cycle counting system allows you to:

- track your "A" and "B" class items more frequently.
- monitor any overstock of items and verify that products are getting enough turnovers.
- reconcile with your practice management system's record of inventory on hand.
- identify outdated or soon-to-expire items.
- monitor the cleanliness of products and the areas in which they are stored.

If you are cycle counting, you can be sure that you will not be stuck

with too many products at the end of the year when, if that were the only time you counted, you wouldn't have any time to control the problem of too much inventory.

When designing your counting system, utilize your ABC analysis. This will help you determine which products should be counted more frequently and allows you to make a schedule of what needs to be counted and when. The "A" class (which should include your biological products, food, and heartworm and flea preventives) should be counted anywhere from weekly to monthly. When you have designed your counting schedule, create count sheets to make it easy to delegate the counting process to other team members. The sheets should be by location and list what products should be there and where. Blind counts should be performed, meaning that the person doing the count doesn't know how much of each product should be there. Breaking larger bottles down to smaller bottles of pills can help with counting (for example, sorting a 500-count bottle of an antibiotic into five pill vials of 100 tablets each). Remember, overstock leads to theft and shrinkage (items not accounted for or invoiced), damage and outdated. Scheduled counts can help minimize this and help you watch your bottom line.

Inventory management applications have become valuable tools for organization and efficient stock management. Tools such as MWI's SWEEP™ can save you a significant amount in costs associated with doing manual inventory counts and can help you avoid running out of products. It also gives you a structured method of accounting for incoming inventory in your facility by allowing you to export inventory values to a spreadsheet.



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The Fundamentals of Inventory Management (Part 8 of 9)

Brought to you by Angela Aisbet, Inventory Management Consultant for MWI.

- Personnel
- Inventory Location
- Practice Management Software
- Purchasing
- Expiration Dates
- ABC Analysis
- Physical Inventory Counts

Margin & Mark-Up

Turn-over

How is your inventory investment working for you?

The M&Ms of Products You Sell

Is there a difference between mark-up and margin? Absolutely. Frequently in the veterinary industry, these two terms are being used interchangeably to mean gross

margin or profit. Remember, mark-up and profit are not the same.

Definitions

Mark-up: The percentage difference between the actual cost of an item and the selling price or the amount added to the cost to determine the selling price.

Margin: The percentage difference between the selling price and the profit.

It is not true that when a product is marked up by 25%, the gross margin/profit also will be 25%. A 25% mark-up is only a 20% profit margin.

How to Calculate Mark-up Percentage

Product X costs \$100 and you mark up the product 25%, making the selling price \$125.

$$\$25 \div \$100 = 0.25 \text{ or } 25\%$$

How to Calculate Profit Margin

With the example given above, the mark-up amount is \$25. Margin is the percentage difference between the selling price and the profit, so the result is a 20% gross margin percentage.

$$\$25 \div \$125 = 0.20 \text{ or } 20\%$$

Which Is Preferable, Mark-up or Margin?

Although mark-up is often used in veterinary clinics to set prices, it often confuses the profitability of the item. Because mark-up is always a larger number when compared to the profit margin, many people mistakenly think they are obtaining a larger profit.

Minimizing Mark-up vs. Margin Mistakes

It is important to remember that more factors affect the selling price than just the initial cost. Your cost of goods sold includes your team's time in ordering, maintaining the product, and what the market will bear (what the customer is willing to pay), all of which will ultimately affect the selling price. Take these steps to avoid confusion when working with mark-up vs. margin rates:

- Use a pricing sheet or pricing tool (mark-up/margin calculators are available online). Use the tool to calculate both the mark-up percentage and the profit margin percentage.

- Educate your team about the difference. By targeting the gross margin percentage rather than the mark-up percentage, you can throw an additional 2-3% profit to the bottom line.
- Mark-up is an art, not a science. You should figure out an individual mark-up for each product and not rely on your computer using a standard mark-up. Cheaper products can usually have a higher mark-up, while more-expensive products will usually need a smaller mark-up.

Examples of Differences:

- 15% Mark-up = 13% Margin
- 20% Mark-up = 16.7% Margin
- 25% Mark-up = 20% Margin
- 50% Mark-up = 33.3% Margin
- 100% Mark-up = 50% Margin



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The Fundamentals of Inventory Management (Part 9 of 9)

Brought to you by Angela Aisbet, Inventory Management Consultant for MWI.

- Personnel*
- Inventory Location*
- Practice Management Software*
- Purchasing*
- Expiration Dates*
- ABC Analysis*
- Physical Inventory Counts*
- Margin & Mark-Up*

Turn-over

Inventory Turnover

Currently, the industry's recommended inventory turnover in a veterinary practice, including equine practices, should be 5-8 times a year. However, the more frequently you turn your inventory, the greater your profits will be, so you should make an effort to increase this to 8-12 turnovers a year (where products don't sit on your shelves longer than 30-45 days).

An example of this would be if you purchase a year's worth of a product in January for \$15,000. The total revenue received from the sales of this product by the end of the year is \$17,500, so you would make \$2,500 gross profit on an investment of \$15,000.

Now, what if you purchase this same product in 12 turnovers? You will spend only \$1,250 each time you buy a 30-day supply of the product. At the end of the year, you will still make \$2,500, but you will have invested only \$1,250 at a time. Investing only \$1,250 rather than \$15,000 frees up \$13,750 that can be used for other things such as buying new products or equipment that can generate additional profit.

An easy way for you and your team to notice and identify products/items that are not having enough turnovers is to tag items (for example, with a red circle sticker) and monitor monthly for items that still have the tags/stickers on them. If a product on your shelf has a tag/sticker on it for 3 months or longer, it is not getting enough turnovers and you should reassess your reorder points on this item and/or only special order it in the future.

Keep in mind that manufacturers often offer favorable terms on product purchases that will allow you to keep multiple months' worth of product at minimal holding costs. Choose deals that will make financial sense for your practice. These types of deals and terms allow you to bring in product with delayed billing over an extended period of time. This will allow you to sell or use the product before you have to pay for it, allowing you to take full financial opportunity gain.

Conclusion

No matter what inventory system you design, you need to make the time for inventory management. It may seem overwhelming at first, but it's easy to start simply by identifying your higher-valued products with an ABC analysis. You should also ask yourself what you can do to make your inventory management more economical and efficient.



MWI and AAHA MARKETLink offer Inventory Management Consultation ranging from one-on-one discussion of basic principles, to formalized training through our PRISM Educational Program, to tactical inventory control tools such as our SWEEP™ System. To discuss how our Inventory Management Consultation Program can benefit your practice, speak with your representative.



Inventory Manager's Guidelines

Every veterinary practice needs someone to take responsibility for managing the practice's inventory. This person might be the Practice Owner, the Practice Manager, an associate veterinarian, or an experienced technician or assistant. In any case, the hospital's inventory manager must be: highly organized, familiar with veterinary drugs and products, and fiscally responsible.

In selecting the right person for the job, it's important to look at the required strengths for performing the necessary duties.

- Ability to look creatively at the 'big picture' and identify the specific steps necessary to carry out the Practice Owner's decisions, and the Hospital Administrator's directives, and to work with all staff through the implementation process.
- Ability to differentiate between major and minor issues as they relate to inventory control and the care of clients and patients.
- Ability to handle misdirected negative emotion and behavior.
- Supportive and encouraging attitude towards staff. Expresses thoughts and ideas effectively. Recognizes the need to be "the support staff to the support staff".
- Flexibility with regard to unexpected requests taking priority over planned duties.
- Ability to stay 'on-task' with minimal supervision, and accomplish required tasks by designated deadlines.
- Willingness to do whatever it takes to get the job done, when needed.

Every hospital probably has more than a few people on the team who possess these strengths. An Inventory Manager must be at least "above average" in all these areas in order to perform the responsibilities of the job. A candidate who cannot stay 'on-task' may quickly lose track of what is needed and you'll find yourself running out of items. Alternatively, when an inventory manager fails to differentiate between major and minor issues, they may become bogged down with paperwork or meeting with representatives, overlooking the clinic's need to keep inventory flowing so that patient care doesn't suffer. Once you've narrowed down your field of potential candidates, you should take a look at the responsibilities expected of the inventory manager at your clinic, in order to find the 'best' candidate to fill the job.

Here is a summary of responsibilities that can be incorporated into a job description for your inventory manager:

Authority (defines who the Inventory Manager reports to and oversees)

Report to: Hospital Administrator (or Practice Owner, or Practice Manager)

Liaison with: All support staff and veterinarians

Oversee: N/A

Client Management (responsibilities that are directly related to client service)

- Fill all online client requests and orders.
- Anticipate client needs by maintaining the “standing food orders” and the “special food orders”, preventing clients from running out of specialty foods.
- Anticipate client needs by careful tracking of all special orders, notifying clients as soon as their orders have arrived.
- Audit the meds-out drawer each week, calling clients to determine whether or not they still need their medications.



Computer/Data Management

- Creation and maintenance of all inventory codes in veterinary management software.
- Creation and maintenance of all bill codes directly related to the dispensing of inventory items in veterinary management software.
- Creation of purchase orders for all incoming inventory via veterinary management software.
- Process all purchases via purchase order in veterinary management software, passing invoices/packing slips along to the Hospital Administrator on a daily basis.
- Submit website pricing/product changes to Webmaster on a monthly basis, or as needed.

Financial Management (responsibilities directly related to being fiscally responsible to the practice)

- Monthly adherence to the inventory budget. All budgetary overages must be reported to the Hospital Administrator (or Practice Owner) in a timely manner, with an explanation of the need for the overage.
- Price-shopping to negotiate and obtain the best pricing for the practice.
- Submit proposals for special “buy-in” opportunities to Hospital Administrator (or Practice Owner) for authorization.

Facilities, Equipment & Supplies

- Manage/order all drugs and hospital supplies for the practice.
- Manage/order all veterinary diet products for the practice.
- Manage/order all equipment for the practice, after final approval by the Hospital Administrator (or Practice Owner).
- Manage all equipment repairs.
- Manage/order all x-ray supplies including film.
- Manage/order all retail and over-the-counter products for the practice.
- Manage/order/purchase all cleaning supplies and client hospitality products for the practice.
- Maintain good working relationships with all vendors by meeting with them on a regular basis (monthly or quarterly is ideal).
- Stock all workstations twice daily (AM and PM).
- Stock hospital pharmacy daily (AM).
- Stock food display area twice daily (AM and PM).
- Stock retail display area daily.
- Keep all food supplies at optimum levels, keeping available space and client demand balanced. Rotate and organize all food supplies frequently (at least weekly at a minimum).
- Work hospital and kennel staff to keep the hospital cupboards and storage areas organized and at optimum hospital need levels (fluids, lines, needles, injectibles, anesthetic agents, etc.)
- Unpack all deliveries, as they arrive, rotating all inventory stock.
- Pull expiring medications off the shelves 30 days prior to expiration and submit to appropriate vendors for clinic credit.
- Conduct monthly inventory count for accounting purposes. Inventory count is due no later than the 7th of each month.
- Notify staff and veterinarians of any/all back-orders and/or changes to products, as needed.



Now that you've outlined the responsibilities, relative to your practice, the next step should be to determine how much time this would take someone in your practice to perform on a weekly basis. It would be wise to do this yourself if you are the Practice Owner or Manager, and you are hoping to train someone else to perform these duties. I would recommend you do this for a full quarter cycle, so you will have a strong base to compare to once you've delegated the inventory responsibilities. This will also assure that the practice has a "back-up" person who can assume the inventory responsibilities in case of vacations or absences.

Keep in mind that simply because you have an Inventory Manager, you cannot “wash your hands” of everything that has anything to do with inventory management. It is important to remember that oversight must be in place. Someone, namely the Practice Manager or Owner must be a part of the checks and balances process. The Inventory Manager maintains control of a very large asset, namely the products that are kept on the shelf and sold/used in the course of practicing veterinary medicine. As a Practice Manager, I see every invoice and packing slip after it has been processed by the Inventory Manager. I see every order that is placed online via an email sent directly to my inbox once an order has been placed. I also calculate the net value of on-hand inventory based on the “count” submitted each month by the Inventory Manager, submitting these numbers to the bookkeeper each month. These steps are in place to balance and protect the Inventory Manager, as well as the Practice Owner’s interests.

Once you know what you need, and what it’s going to take to keep your inventory system flowing at maximum performance, take your time in choosing the person for the job. Management of inventory is one of the most under-appreciated jobs in the field of veterinary medicine, but it is a crucial one to the smooth flow of client service, patient care, and your practice’s bottom line.

Author: Brenda Tassava is a Certified Veterinary Practice Manager and has been the Hospital Administrator at Broad Ripple Animal Clinic & Wellness Center. See more details at www.vetmanageradvisor.com.



Take the Lobby Challenge for 2010! (Part 1 of 4)

Brought to you by Angela Schneider, Inventory Management Consultant for MWI.



This can be a year to capture new revenue that is already available in your clinic. Your clinic's lobby and exam rooms are the most underutilized profit centers for your practice. With proper use of displays and marketing, these spaces can either become profit centers or be used to promote other services your practice can offer. In a practice producing \$300,000–\$400,000 in gross annual revenue, a well-planned lobby, exam room or retail space could generate \$20,000 in profit.

This is a four-part series that will focus on making the most of your lobby and/or exam room, creating eye-popping and engaging displays, and knowing what products to carry and how to market them.

Gather your team together and challenge your hospital to see how you can better utilize your lobby and exam rooms. It is a fun task that can be delegated to different members of the team and allow them to be creative. Remember to change your displays often and catch your client's eye. We would love to see the before and after photos.

Making the Most of Your Lobby and/or Exam Room

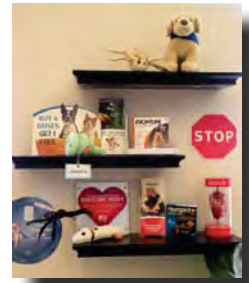
Where do your clients spend most of their time when they are in the clinic? This is a good place to begin so that you give the right amount of attention to the area with which your clients are engaged the most. Become the client! On a weekly basis, you or a team member should enter your practice through the same doors as the client does. See your lobby and exam room through their eyes. Because this is a profit center, is the location appealing? Is it tidy and free of dust and pet hair? Do you become engaged with the products, brochures and any other educational items that are on display?

Get Your Clients Engaged

To sell your items, you need to understand the principals of why people buy. How does the placement of products stimulate us to buy? In what ways do we become engaged in a product? In a veterinary practice, we want to be able to provide services and sell wellness products without coming across as a salesperson. This can be done with proper utilization of product displays to encourage the use of your products.

Make Changes (Merchandising)

Many times we get comfortable with the same layout (where products and items are kept on display) for our lobby and exam rooms. Many of your clients have new puppies, new kittens, or other pets that require regular care and may visit your practice as often as every month. If nothing changes from one visit to the next, there is nothing new to catch their eye and they stop engaging with products or educational displays. A well-planned lobby, retail area and exam room should have the displays changed on a monthly basis. This allows returning clients to become engaged with your displays every time they visit your hospital.



Observances/Health Campaigns— A Great Marketing Tool

Making changes to your lobby, exam rooms and retail area on a monthly basis can require creativity, but some of that work is already done for you. There are many weekly and monthly animal observances that can be great marketing tools when you are remerchandising. These observances give you the opportunity to market products you have that pertain to that specific cause or even a service. For example, February is Dental Month, September is Senior Care Health Month and October is National Animal Safety Month. Even an emergency hospital can utilize their lobby to promote safety tips and services during National Animal Safety Month, while a small animal practice can display first aid kits available for purchase. A list of Month-by-Month animal health campaigns and observances is available at www.mwivet.com, through the AVMA, and Pet Product News. There are observances for large animals and exotics too.



SALES prove it! Don't forget holidays as an animal observance. A study in the October 2008 Consumer Report showed that 59% of respondents said they will be cutting back for the holiday gift giving season. However, among those, only 23% indicated they'd be reducing gift spending on their pets. This is also a great time to demonstrate community support either by offering baked treats from a local bakery or by donating part of the proceeds from toys available for purchase to a local shelter. The more you can utilize your lobby to promote businesses in your community, the more likely they are to offer support to your hospital in return.

Take the month of February to evaluate your lobby and exam room as a client would. Identify where clients spend most of their time when they are in your hospital and utilize those areas for marketing. It can be a challenge to find the space to create displays that will market your wellness products and services. This will be a good time to reevaluate any underutilized spaces that can be converted into revenue-generating profit centers.

Take the Lobby Challenge for 2010! (Part 2 of 4)

Brought to you by Angela Schneider, Inventory Management Consultant for MWI.

You may have now started your Lobby Challenge by identifying where your clients spend most of their time in your hospital (lobby, exam room, etc.), delegated a team member to be responsible for merchandising, and have made it a monthly task to remerchandise your lobby or exam room.

The last Lobby Challenge article emphasized the importance of getting your clients engaged in your products, whether they are wellness or retail items, and promoting your services. This month, we will share some tips on how to create displays that encourage consumer purchasing.

First, identify what kind of display fixture(s) you plan to use. Fixture options include:

- **Wall Shelving:** Shelves are simple fixtures that can be used to create a focus on specific products or services. They can be a solution if you have limited space in your lobby or exam room, but still have an area that allows you to change the client's engagement each month.
- **Slatboards:** These can be an alternative to standing shelves and can work great if you have products that are best displayed by hanging (for example, toothbrushes, hair brushes, toys, etc.) because of how flexible they are with the use of pegs.
- **Gondolas:** These are the more common standing fixtures. You see these at grocery stores, retail stores and hardware stores. They allow you to change shelf height, have peg boards and create an ideal composition for organizing your products. One place to buy gondolas fairly inexpensively is from stores that are going out of business.
- **Brochure Wall Displays:** Counter and table space should always remain clear and neat. Piles of brochures on the counters and tables can take up space and look sloppy. Brochure wall fixtures are a great way to neatly organize your brochures on the wall rather than take up space on your counter. Try to display brochures only for your "A" products and services. Also, brochures should be near where clients check in or wait for their appointment, as this can open dialogue from clients who have questions regarding a brochure they saw while waiting.
- **Display Cases:** If you are concerned about having expensive or exclusive products in your lobby or exam room a display case will keep products both visible and protected. Keep in mind that if clients can't see your products, they don't know you have them. If you are worried about theft, but don't want display cases, put out empty or "dummy" product packages.

Secondly, the type of display location can be the key in successful product movement and getting the attention of your clients. Try to utilize these two important displays:

- **Point of Purchase Display:** We see point of purchase items every day. Most stores and gas stations have small items available for sale at the checkout counter (candy, gum,



lighters, etc.) that typically have high profit margins. Point of Purchase displays can be very successful for veterinary hospitals. Clients are compassionate after their pet has received a vaccine or wellness



exam. Having your retail treats, wellness treats and toys near your checkout gives your clients the opportunity to purchase a reward for their pet. Point of Purchase displays can be utilized for your monthly observance marketing plans. For example, if you promote February dental month, you can have toothbrushes and toothpaste available at the checkout and it becomes a compliance reminder for your client.

- **End Cap Display:** Grocery stores and other large retailers use end cap displays to draw customers to products that are new or on sale, and you can use them to communicate the importance of pet care. Any standing fixture or gondola can be made into an end cap display. Change the products at least on a monthly basis, and your lobby sales could increase by 100%. If you offer special pricing on those "products of the month," your lobby sales could increase by 300%.

After you have decided on your display fixture and type of display location, follow these tips on how to professionally organize your products.

- Divide different product evenly (same spacing in between) and in separate compartments or peg hooks.
- Organize products by similarity, size and color.
- Use caution when placing products (such as food) on or close to the floor because dogs are likely to urinate on them.
- Composition is the key to successful merchandising. Arrange products into a pyramid shape and ensure that all elements are visible. Plan the highest point of the composition to be in the center of the grouping and reduce the height of items toward the outer edges—use a pyramid shape as the outline for the edges of product. There can be small pyramids within the large pyramid composition.
- Each day, products should be "faced" forward and not pushed backwards on hooks or shelves. Not only does it look nicer, it gives the rack or shelf the appearance of being full with merchandise.
- Keep your products clean and dust free.
- Use focal points and props such as stuffed animals, bright signs, and/or manufacturer-provided displays to get the attention of your clients. Utilize your monthly observances to have fun with your focal points.

Take the Lobby Challenge for 2010! (Part 3 of 4)

Brought to you by Angela Schneider, Inventory Management Consultant for MWI.

After reading part one and part two of our Take the Lobby Challenge 2010, you are beginning to understand what some consumer buying habits are and how you can strategically arrange your lobby and exam rooms to take advantage of these habits.

Inventory may constitute your second-largest expense; however, marketing your inventory through the utilization of your lobby and exam room can turn these areas into the most profitable centers of your practice. To create a successful profit center, both you and your clients need to find the value in your products. When this value is identified, it will help you resist the temptation to lower your prices to be competitive.

Price does not equal value. Value is an interaction of price, quality, service, functionality and convenience. **Here are some ways to provide value and be proactive to stay on par with your competitors, pet stores and online pharmacies.**

- Offer home delivery of products for your clients. The MWI/AAHA MARKETLink pharmacy programs can provide all your home delivery needs while keeping revenue within your practice.
- Utilize the reminder system in your practice management software to generate phone calls, postcards or emails to remind clients when their pet is due for a product or prescription.
- Take your lobby to the next level and start your own online store. This is a great resource for client convenience. Another advantage of having your own online store is that it allows you to offer products to clients that you wouldn't otherwise carry in your clinic. This helps reduce the amount of inventory you need to physically stock as well as eliminate duplicate products.
- Leverage your expertise and that of your team by educating clients on the products you carry and showing them how to use those products. This teaching relationship is crucial, and the more clients know about your team's expertise, the more value they will find in your practice. Education is important with clients who are considering using an online pharmacy. Rather than use scare tactics, utilize resources such as the FDA, "Purchasing Pet Drugs Online, Buyer Beware" client handout.

If you are looking for information about how to price your products and services, we recommend *The Veterinary Fee Reference* by AAHA Press.



Here are some tips for implementing competitive and pricing strategies into your lobby:

- Utilize private labeling. This allows your products to be labeled with your hospital name and logo rather than the manufacturer's label. The product then becomes your own brand, which makes them exclusive because clients can get them only from your hospital. Private-labeled products can be reasonably priced for your clients and help discourage them from shopping for the same type of products online. Ask your MWI/AAHA MARKETLink sales representative for more information about what products are available for private labeling and how to get started.
- Put price stickers on all products in your lobby. Not having a price tag can decrease your sales significantly. Clients might be afraid to ask how much a product will cost because they fear they might not be able to afford it and be embarrassed. Having a price tag will assist in your client's buying decision. The key is to not to place the price directly on the front of the product package. Instead, place the tag on the bottom of the product or on a back corner so that the client can become engaged with the product first and then find the price.
- On retail products, use prices that end in digits 5 or 9.
- When displaying products on your shelf, utilize the "rule of the right." Position products with a greater price, quantity or profit margin to the right of other similar products. Studies have shown that consumers always buy products from the right. If you have a flea product that is packaged by 3 doses or 6 doses, the 6-dose pack should be displayed to the right of the 3-dose pack. This will encourage the client to buy the 6-dose pack, which will result in better compliance for their pet. You can use this rule for sluggish sellers that you want to move quickly. Put the slower-moving products to the right of fast-moving items to encourage sales of the sluggish item.
- Signs can be a quiet but very effective seller for you. Add signs to your lobby as location identifiers (shampoos, flea prevention, toys, etc.) and for specials. You can increase sales by 100% if you offer specials and use signs to identify the specials in the lobby or exam rooms. If you offer specials, also implement social media in your strategy. You can use channels such as Facebook and Twitter to let your clients know of a product special you are offering.

Take the Lobby Challenge for 2010! (Part 4 of 4)

Brought to you by Angela Schneider, Inventory Management Consultant for MWI.

Now that you know the philosophies of why people buy and how to use product placement strategies to make the most of your lobby and exam rooms, the next challenge is to determine what to display or carry.

Many of the products that you can display in your lobby or exam room, you probably already have in your practice. Having a team meeting can be a great way to assess your products and which ones to include in the lobby challenge. Ask your team identify some grooming products, behavioral products, dental prevention products and flea/tick products you currently carry and recommend.

Identifying the lifestyles of your patients is another way to either assess your current products or consider what new products to carry. If your typical canine patient is active, runs, swims, and sleeps on the owner's couch or bed, you might want to consider carrying joint products, shampoo/ear cleaner, brushes, and behavioral modification toys. Don't forget about your feline patients, too. Cats might not be as active as dogs, but they will either hunt or lounge around the house. You can place emphasis on deworming programs and weight management programs/diets. You can also utilize social networks such as Facebook and Twitter to conduct polls to create a test market in order to determine what products and/or services are of most interest to your clients.

As you start to choose your products and implement your placement strategies, keep in mind that some product types require special attention.

Tips for displaying diets:

- Use the 60/40 rule for food allocation
 - ✓ 60% of space is used for dog items
 - ✓ 40% of space is used for cat items
 - ✓ For dog items, dry food will account for half and the other half gets split between moist foods and treats
 - ✓ Cat food is split evenly between dry and moist food, except for 5-10% that may include treats
- Always stock the heaviest items at the bottom (for safety and a balanced display)
- If you carry both prescription and maintenance diets, position them separately
- Keep canine and feline foods separate
- Place a sign near your large bags that says "A hospital team member will be happy to carry this to your vehicle." As with asking for prices, clients might be embarrassed to ask for help carrying out the food. This sign will help make it easier for the client to decide to buy a larger bag of food, which will lead to better compliance for the pet.

Tips for displaying products on which you would like to increase compliance (flea/tick prevention, joint medications, etc.) or products that do not move quickly:

- If you have products in different quantities such as 3- and 6-packs of flea/tick prevention, remember to use the rule of the right (as discussed in previous article). You want to encourage long-term compliance, so place the 6-packs to the right of the 3-packs. This will get the client engaged with a larger quantity.
- If you have products that do not move as quickly as you would like, put them to the right of faster-moving products. These products will then catch the client's eye when he or she is buying a frequently used product.

Tips for displaying treats and toys:

- Make these products point-of-purchase items by placing them near where clients check out.
- Place treats at eye level for children and reachable for senior citizens. These two groups are the biggest purchasers of treats.
- Create an area that is called "Staff Recommended." This is a fun way to display items that your staff has used or is currently using with their pets. Include a brief testimonial from a staff member with each product that states why it is recommended. This works well for toys or items used for behavioral modifications, dental care, etc. and adds a personal touch to your retail strategy.

Remember, your lobby and exam room can be ideal profit centers. See your lobby and exam rooms as a client would. More importantly, make it a team activity and have fun! Use the tips given over the past few months and take the lobby challenge. We would love to hear about your lobby/exam room makeovers.



Margin and Markup Table

This table is designed to assist in converting the different methods of arriving at a selling price. By selecting your desired profit margin you can then use the proper markup multiplier. For example, to achieve 20% margin you would use a 1.25 markup multiplier.

Profit Margin %	Markup %	Markup Multiplier	Profit Margin %	Markup %	Markup Multiplier
16.67%	20%	1.20	32.43%	48%	1.48
17.36%	21%	1.21	32.89%	49%	1.49
18.03%	22%	1.22	33.33%	50%	1.50
18.70%	23%	1.23	33.77%	51%	1.51
19.35%	24%	1.24	34.21%	52%	1.52
20.00%	25%	1.25	34.64%	53%	1.53
20.63%	26%	1.26	35.06%	54%	1.54
21.26%	27%	1.27	35.48%	55%	1.55
21.88%	28%	1.28	35.90%	56%	1.56
22.48%	29%	1.29	36.31%	57%	1.57
23.08%	30%	1.30	36.71%	58%	1.58
23.66%	31%	1.31	37.11%	59%	1.59
24.24%	32%	1.32	37.50%	60%	1.60
24.81%	33%	1.33	37.89%	61%	1.61
25.37%	34%	1.34	38.27%	62%	1.62
25.93%	35%	1.35	38.65%	63%	1.63
26.47%	36%	1.36	39.02%	64%	1.64
27.01%	37%	1.37	39.39%	65%	1.65
27.54%	38%	1.38	39.76%	66%	1.66
28.06%	39%	1.39	40.12%	67%	1.67
28.57%	40%	1.40	40.48%	68%	1.68
29.08%	41%	1.41	40.83%	69%	1.69
29.58%	42%	1.42	41.18%	70%	1.70
30.07%	43%	1.43	41.52%	71%	1.71
30.56%	44%	1.44	41.86%	72%	1.72
31.03%	45%	1.45	42.20%	73%	1.73
31.51%	46%	1.46	42.53%	74%	1.74
31.97%	47%	1.47	42.86%	75%	1.75

INVENTORY MANAGEMENT

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Management and Planning Series

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INTRODUCTION

"Inventory" to many small business owners is one of the more visible and tangible aspects of doing business. Raw materials, goods in process and finished goods all represent various forms of inventory. Each type represents money

tied up until the inventory leaves the company as purchased products. Likewise, merchandise stocks in a retail store contribute to profits only when their sale puts money into the cash register.

In a literal sense, inventory refers to stocks of anything necessary to do business. These stocks represent a large portion of the business investment and must be well managed in order to maximize profits. In fact, many small businesses cannot absorb the types of losses arising from poor inventory management. Unless inventories are controlled, they are unreliable, inefficient and costly.

SUCCESSFUL INVENTORY MANAGEMENT

Successful inventory management involves balancing the costs of inventory with the benefits of inventory. Many small business owners fail to appreciate fully the true costs of carrying inventory, which include not only direct costs of storage, insurance and taxes, but also the cost of money tied up in inventory. This fine line between keeping too much inventory and not enough is not the manager's only concern. Others include:

- ! Maintaining a wide assortment of stock -- but not spreading the rapidly moving ones too thin;
- ! Increasing inventory turnover -- but not sacrificing the service level;
- ! Keeping stock low -- but not sacrificing service or performance.
- ! Obtaining lower prices by making volume purchases -- but not ending up with slow-moving inventory; and
- ! Having an adequate inventory on hand -- but not getting caught with obsolete items.

The degree of success in addressing these concerns is easier to gauge for some than for others. For example, computing the inventory turnover ratio is a simple measure of managerial performance. This value gives a rough guideline by which managers can set goals and evaluate performance, but it must be realized that the turnover rate varies with the function of inventory, the type of business and how the ratio is calculated (whether on sales or cost of goods sold). Average inventory turnover ratios for individual industries can be obtained from trade associations.

THE PURCHASING PLAN

One of the most important aspects of inventory control is to have the items in stock at the moment they are needed. This includes going into the market to buy the goods early enough to ensure delivery at the proper time. Thus, buying requires advance planning to determine inventory needs for each time period and then making the commitments without procrastination.

For retailers, planning ahead is very crucial. Since they offer new items for sale months before the actual calendar date for the beginning of the new season, it is imperative that buying plans be formulated early enough to allow for intelligent buying without any last minute panic purchases. The main reason for this early offering for sale of new items is that the retailer regards the calendar date for the beginning of the new season as the merchandise date for the end of the old season. For example, many retailers view March 21 as the end of the spring season, June 21 as the end of summer and December 21 as the end of winter.

Part of your purchasing plan must include accounting for the depletion of the inventory. Before a decision can be made as to the level of inventory to order, you must determine how long the inventory you have in stock will last. For instance, a retail firm must formulate a plan to ensure the sale of the greatest number of units. Likewise, a manufacturing business must formulate a plan to ensure enough inventory is on hand for production of a finished product.

In summary, the purchasing plan details:

- ! When commitments should be placed;
- ! When the first delivery should be received;
- ! When the inventory should be peaked;
- ! When reorders should no longer be placed; and
- ! When the item should no longer be in stock.

Well planned purchases affect the price, delivery and availability of products for sale.

CONTROLLING YOUR INVENTORY

To maintain an in-stock position of wanted items and to dispose of unwanted items, it is necessary to establish adequate controls over inventory on order and inventory in stock. There are several proven methods for inventory control. They are listed below, from simplest to most complex.

- ! *Visual control* enables the manager to examine the inventory visually to determine if additional inventory is required. In very small businesses where this method is used, records may not be needed at all or only for slow moving or expensive items.
- ! *Tickler control* enables the manager to physically count a small portion of the inventory each day so that each segment of the inventory is counted every so many days on a regular basis.
- ! *Click sheet control* enables the manager to record the item as it is used on a sheet of paper. Such information is then used for reorder purposes.
- ! *Stub control* (used by retailers) enables the manager to retain a portion of the price ticket when the item is sold. The manager can then use the stub to record the item that was sold.

As a business grows, it may find a need for a more sophisticated and technical form of inventory control. Today, the use of computer systems to control inventory is far more feasible for small business than ever before, both through the widespread existence of computer service organizations and the decreasing cost of small-sized computers. Often the justification for such a computer-based system is enhanced by the fact that company accounting and billing procedures can also be handled on the computer.

- ! *Point-of-sale terminals* relay information on each item used or sold. The manager receives information printouts at regular intervals for review and action.
- ! *Off-line point-of-sale* terminals relay information directly to the supplier's computer who uses the information to ship additional items automatically to the buyer/inventory manager.

The final method for inventory control is done by an outside agency. A manufacturer's representative visits the large retailer on a scheduled basis, takes the stock count and writes the reorder. Unwanted merchandise is removed from stock and returned to the manufacturer through a predetermined, authorized procedure.

A principal goal for many of the methods described above is to determine the minimum possible annual cost of ordering and stocking each item. Two major control values are used: 1) the order quantity, that is, the size and

frequency of orders; and 2) the reorder point, that is, the minimum stock level at which additional quantities are ordered. The Economic Order Quantity (EOQ) formula is one widely used method of computing the minimum annual cost for ordering and stocking each item. The EOQ computation takes into account the cost of placing an order, the annual sales rate, the unit cost, and the cost of carrying inventory. Many books on management practices describe the EOQ model in detail.

DEVELOPMENTS IN INVENTORY MANAGEMENT

In recent years, two approaches have had a major impact on inventory management: Material Requirements Planning (MRP) and Just-In-Time (JIT and Kanban). Their application is primarily within manufacturing but suppliers might find new requirements placed on them and sometimes buyers of manufactured items will experience a difference in delivery.

Material requirements planning is basically an information system in which sales are converted directly into loads on the facility by sub-unit and time period. Materials are scheduled more closely, thereby reducing inventories, and delivery times become shorter and more predictable. Its primary use is with products composed of many components. MRP systems are practical for smaller firms. The computer system is only one part of the total project which is usually long-term, taking one to three years to develop.

Just-in-time inventory management is an approach which works to eliminate inventories rather than optimize them. The inventory of raw materials and work-in-process falls to that needed in a single day. This is accomplished by reducing set-up times and lead times so that small lots may be ordered. Suppliers may have to make several deliveries a day or move close to the user plants to support this plan.

TIPS FOR BETTER INVENTORY MANAGEMENT

At time of delivery

- ! Verify count -- Make sure you are receiving as many cartons as are listed on the delivery receipt.
- ! Carefully examine each carton for visible damage -- If damage is visible, note it on the delivery receipt and have the driver sign your copy.
- ! After delivery, immediately open all cartons and inspect for merchandise damage.

When damage is discovered

- ! Retain damaged items -- All damaged materials must be held at the point received.
- ! Call carrier to report damage and request inspection.
- ! Confirm call in writing--This is not mandatory but it is one way to protect yourself.

Carrier inspection of damaged items

- ! Have all damaged items in the receiving area -- Make certain the damaged items have not moved from the receiving area prior to inspection by carrier.
- ! After carrier/inspector prepares damage report, carefully read before signing.

After inspection

- ! Keep damaged materials -- Damaged materials should not be used or disposed of without permission by the carrier.
 - ! Do not return damaged items without written authorization from shipper/supplier.
-

SPECIAL TIPS FOR MANUFACTURERS

If you are in the business of bidding, specifications play a very important role. In writing specifications, the following elements should be considered.

- ! Do not request features or quality that are not necessary for the items' intended use.
- ! Include full descriptions of any testing to be performed.
- ! Include procedures for adding optional items.
- ! Describe the quality of the items in clear terms.

The following actions can help save money when you are stocking inventory:

- ! Substitution of less costly materials without impairing required quality;
 - ! Improvement in quality or changes in specifications that would lead to savings in process time or other operating savings;
 - ! Developing new sources of supply;
 - ! Greater use of bulk shipments;
 - ! Quantity savings due to large volume, through consideration of economic order quantity;
 - ! A reduction in unit prices due to negotiations;
 - ! Initiating make-or-buy studies;
 - ! Application of new purchasing techniques;
 - ! Using competition along with price, service and delivery when making the purchase selection decision.
-

APPENDIX: INFORMATION RESOURCES

U.S. Small Business Administration (SBA)

The SBA offers an extensive selection of information on most business management topics, from how to start a business to exporting your products.

SBA has offices throughout the country. Consult the U.S. Government section in your telephone

directory for the office nearest you. SBA offers a number of programs and services, including training and educational programs, counseling services, financial programs and contract assistance. Ask about

- *SCORE: Counselors to America's Small Business*, a national organization sponsored by SBA of over 11,000 volunteer business executives who provide free counseling, workshops and seminars to prospective and existing small business people. Free online counseling and training at www.score.org.
- *Small Business Development Centers (SBDCs)*, sponsored by the SBA in partnership with state governments, the educational community and the private sector. They provide assistance, counseling and training to prospective and existing business people.
- *Women's Business Centers (WBCs)*, sponsored by the SBA in partnership with local non-government organizations across the nation. Centers are geared specifically to provide training for women in finance, management, marketing, procurement and the Internet.

For more information about SBA business development programs and services call the SBA Small Business Answer Desk at 1-800-U-ASK-SBA (827-5722) or visit our website, www.sba.gov.

Other U.S. Government Resources

Many publications on business management and other related topics are available from the Government Printing Office (GPO). GPO bookstores are located in 24 major cities and are listed in the Yellow Pages under the bookstore heading. Find a "Catalog of Government Publications" at <http://catalog.gpo.gov/F>

Many federal agencies offer Websites and publications of interest to small businesses. There is a nominal fee for some, but most are free. Below is a selected list of government agencies that provide publications and other services targeted to small businesses. To get their publications, contact the regional offices listed in the telephone directory or write to the addresses below:

Federal Citizen Information Center (FCIC)

[Http://www.pueblo.gsa.gov](http://www.pueblo.gsa.gov)

1-800-333-4636

The CIO offers a consumer information catalog of federal publications.

Consumer Product Safety Commission (CPSC)

Publications Request

Washington, DC 20207

http://www.cpsc.gov/cpsc/pub/pubs/pub_idx.html

The CPSC offers guidelines for product safety requirements.

U.S. Department of Agriculture (USDA)

12th Street and Independence Avenue, SW
Washington, DC 20250

<http://www.usda.gov>

The USDA offers publications on selling to the USDA. Publications and programs on entrepreneurship are also available through county extension offices nationwide.

U.S. Department of Commerce (DOC)

Office of Business Liaison
14th Street and Constitution Avenue, NW
Washington, DC 20230

<http://www.osec.doc.gov/obl/>

DOC's Business Liaison Center provides listings of business opportunities available in the federal government. This service also will refer businesses to different programs and services in the DOC and other federal agencies.

U.S. Department of Health and Human Services (HHS)

Substance Abuse and Mental Health Services Administration
1 Choke Cherry Road
Rockville, MD 20857

<http://www.workplace.samhsa.gov>

Helpline: 1-800-workplace. Provides information on Employee Assistance Programs Drug, Alcohol and other Substance Abuse.

U.S. Department of Labor (DOL)

Employment Standards Administration
200 Constitution Avenue, NW
Washington, DC 20210

The DOL offers publications on compliance with labor laws.

U.S. Department of Treasury

Internal Revenue Service (IRS)
1500 Pennsylvania Avenue NW
Washington DC 20230

<http://www.irs.gov/business/index.html>

The IRS offers information on tax requirements for small businesses.

U.S. Environmental Protection Agency (EPA)

Small Business Ombudsman
1200 Pennsylvania Avenue NW
Washington, DC 20480

<http://epa.gov/sbo>

Hotline: 1-800-368-5888

The EPA offers more than 100 publications designed to help small businesses understand how they can comply with EPA regulations.

U.S. Food and Drug Administration (FDA)

5600 Fishers Lane

Rockville MD 20857-0001

<http://www.fda.gov>

Hotline: 1-888-463-6332

The FDA offers information on packaging and labeling requirements for food and food-related products.

For More Information

A librarian can help you locate the specific information you need in reference books. Most libraries have a variety of directories, indexes and encyclopedias that cover many business topics. They also have other resources, such as

- **Trade association information**
Ask the librarian to show you a directory of trade associations. Associations provide a valuable network of resources to their members through publications and services such as newsletters, conferences and seminars.
- **Books**
Many guidebooks, textbooks and manuals on small business are published annually. To find the names of books not in your local library check Books In Print, a directory of books currently available from publishers.
- **Magazine and newspaper articles**
Business and professional magazines provide information that is more current than that found in books and textbooks. There are a number of indexes to help you find specific articles in periodicals.
- **Internet Search Engines**

In addition to books and magazines, many libraries offer free workshops, free access to computers and the Internet, lend skill-building tapes and have catalogues and brochures describing continuing education opportunities.

Common Veterinary Product & Equipment Manufacturers

3M Animal Care Products
A.M. Bickford Inc.
A.W. Mendenhall
Abbott Animal Health
Addison Biologicals
Advanced Agri Solutions, LLC
Advanced Monitors Corp.
AFP Imaging Corp.
AGFA
Agri-Labs
Agri-Pro Enterprises
Air-Tite Products Co., Inc.
Albion Laboratories, Inc.
AllAccem (SANOS)
Allegiance Brand Products
AllFlex USA Inc.
Allied Healthcare Inc.
Allison Medical
All-Pak
Alpar Laboratories (FOR-BID)
Alpha Tech Pet (KennelSol)
Alpharma
Alvedia
American Animal Health Inc.
American Protein Corp.
Anchor Products Co., Inc.
Andis Company
Andover Healthcare, Inc.
Animal Dermatology Labs (ADL)
Animal Health Options (AHO)
Animal Healthcare Products Inc.
Animal Nutritional Products
Animal Science Products Inc.
Animal Technology Inc. (Calf Pro)
AHC Products Inc. - Ani-Med
Ansell
Apexa
ArthroDynamic Technologies LLC
Auburn Laboratories (APF Plus)
Automated Ophthalmics (Accupen)
Aventix
Bacti-Lab (Hardy Diagnostics)
Bar-Ray Products
Bausch & Lomb
Baxter
Bayer Animal Health
Beaumont Products, Inc.
Becton Dickinson & Company
BeluMedX
Best Veterinary Solutions
Bexco Pharma Inc. (HY-50)
Bimeda
BioMed Diagnostics
Biomedica Labs
Bioniche Animal Health
Bio-Nutrition Labs
Bio Pro Research LLC (Urine Off)
BiteNot Products
BodyGardz Apparel
Boehringer Ingelheim Vetmedica
BOMAC Vets Plus
BoviDr Laboratories, Inc.
Bramton Company (Simple Solution).
BSN Medical
Bulbtronics Inc.

Fearing
Felton Medical Inc.
First Priority Inc.
Fisher Scientific
FlavorTek, Inc. (Flavor-Doh)
FlavoRx Vet Systems
Four Flags Over Aspen, Inc.
Freedom Health, LLC
FreshPet Veterinary Nutrition
G & B Marketing Inc.
Gaymar
Genesis Ltd.
Gimborn Pet Specialties
GLC Direct
Glo-Marr Products
Glove'n Care
Goodwinol Products Corp.
Grannick's Bitter Apple
Greenies (S&M NuTech)
H-Bar-S Mfg. Co. (Pet Piller)
H&W Products LLP
Hagyard Pharmacy
Hanford Pharmaceuticals (G.C. Hanford)
Harlmen Corp.
Hasco Tag Co.
Health o meter Professional
Helmac (Evercare)
HexArmor
Hobart Laboratories, Inc.
HomeoPet LLC
Horse Guard (Equine Nutrition Inc.)
Hot-Shot (Miller Mfg.)
Ideal Instruments (Neogen Corp.)
IDEXX Laboratories Inc.
I-Med Pharma, Inc.
ImmuCell Corp.
IMMVAC Inc.
IMV Technologies
INGfertility Inc.
InoSol Co. LLC (California Bander)
Innovative Veterinary Products
International WIN, Ltd.
Intervet/Schering-Plough Animal Health
IVX Animal Health (DVM)
Johnson & Johnson
Jorgensen Laboratories Inc.
Kacey Inc.
Kala Health
Kalayjian Industries
Kamar Heatmount Detectors
Kane Enterprises (Neogen)
Kendall (Covidien)
Kentucky Performance Products USA
Keragenix Inc.
Ketchum Mfg., Inc.
Kimberly-Clark
Kinetic Technologies
KMG Chemicals, Inc.
Kodak
Kongskilde UK Ltd.
L & H Manufacturing Co. (branding irons)
LA-CO Industries, Inc.
Lake Immunogenics Inc.
Laube (Kim Laube & Co.)
Life Science (Ceva Animal Health)

Pet King Brands
PetAg
PetLabs360
PetzLife (VetzLife)
Pfizer Animal Health
Pharma Chemie (Phycox)
PlasVacc USA
Platinum Performance Inc.
Plum Shade Farm
PractiVet Products
Precious Cat Inc.
Premier Pet Products
Preserve International
Prima Tech USA, Inc.
PRN Pharmacal Inc.
Probios
Propper Mfg. Co.
Puppysmarts
Radiation Concepts Inc.
Red Rock Biologics
Rena's Equine Dental Instruments
Resco Pet Products
Research Associates
Rexam
Rockway (Estroprotect)
Rockway (StopLik)
Royal Canin USA, Inc.
Royer Animal Health
Rusch
S.J. Eganhouse Inc. (S.Q.R.U.B.)
S&M NuTech LLC (Greenies)
Schuco
SCIL America Inc.
SECUROS Veterinary Orthopedics
Sedecal USA, Inc.
Sentrx Animal Care
Sera Inc. (Seramune)
Sharn Veterinary Inc.
Sharps Compliance, Inc.
Shielding International
SkyLabs, Ltd.
SmartPractice
Smiths Medical
Sogeval Laboratories (Vitality Systems)
Sparhawk Laboratories Inc.
Spectronics
Springer Magrath
Stamina Plus
Starbar (QuikStrike Fly Bait)
StatSpin Inc.
Stone Mfg & Supply Co.
Summit Glove Inc.
Summit Hill Laboratories
Summit VetPharm
Sundown Industries (cow magnets)
SurgiVet
Swift Instruments Inc.
Synbiotics Corp.
Target Probiotics
TechMix Inc.
Teco Diagnostics
Temple Tag Inc.
Terumo
Teva Animal Health (DVM
Pharmaceuticals)

Burton Medical Products Corp.
 Campbell Pet Co.
 Carrington Laboratories Inc.
 Cetylite Industries, Inc.
 Ceva Animal Health (Butler Sales Associates)
 Cincinnati Surgical (Swann Morton)
 Classic Products
 Coburn Co., Inc.
 Colorado Serum Company
 Colostrum Technologies Inc.
 Continental Plastic Corp.
 Control Solutions, Inc.
 Cook Global Vet Products (Smiths Medical, Inc.)
 Corlex International (StopBite Collars)
 Corona Products
 Corta-FLX, Inc.
 Cotran Corp.
 Cottrell (Certol Intl.)
 Covidien
 Crosstex
 Cryosurgery Inc. (Verruca-Freeze)
 Cubex
 Cut-Heal Animal Care Products
 D M S Laboratories Inc. (RapidVet)
 Dairy Association (Bag Balm)
 Davis Mfg. (Pro-Fit Boot)
 Dechra Veterinary Products
 Dee Veterinary Products
 Delmarva 2000
 Dentalaire
 Dent-X, Inc.
 Derma Gel Americas
 DermaPet Inc.
 Digicare Animal Health
 DMS Laboratories (RapidVet)
 Double K Industries Inc.
 Dr. Naylor
 DVM Pharmaceuticals (Teva Animal Health)
 Dynax
 Eagle Laboratories
 Eastern Veterinary Blood Bank
 EasyCare, Inc.
 Ecolab
 Edemco
 EFA Labs, Inc.
 EJAY International (KVP)
 Elanco Animal Health
 Ellman International Inc.
 Engler Engineering
 EpiCare Ltd.
 Equi Aid Products Inc.
 MiracleCorp (Equi-Block)
 Equimed USA
 Equisportz LTD
 Ethicon
 Eudaemonic
 Exel International Medical Products
 Farnam Companies Inc.
 Farrier Product Distribution (Lily Pads)

Lilly
 Lloyd Inc. (Vet-A-Mix)
 Lonestar Veterinary Blood Bank
 Lupine, Inc.
 Macan Manufacturing Co.
 Macleod Pharmaceuticals, Inc.
 MAI/Genesis
 Manna Pro Corp.
 Mars Veterinary
 Mastitis Management Tools, Inc.
 MatrX by Midmark
 Medical Concepts Development
 Medical Illumination Intl.
 Medicatech USA
 MediVet Products Inc. (MediPaws)
 Medline Industries Inc.
 Med-Pharmex Inc.
 Melatek LLC
 Merial
 Meridian Animal Health
 Merrick's Inc.
 Merry X-Ray Corporation
 Midland Bioproducts Corp.
 Midmark Corp.
 Mila International, Inc.
 Millers Forge Inc.
 Miltex
 Minitube of America
 Minnesota Glove, Inc.
 Miracle Corp.
 Modern Vet Therapeutics (Respiram)
 Mount Ayr Vet (Calf Claim)
 MPCO LLC (One AC)
 Multimin, Inc.
 Nasco
 Nellcor
 Neogen Corp.
 Nestlé Purina PetCare Co.
 Nich Marketers
 Nikon Instruments
 No-Bull Enterprises LLC
 Nonin Medical Inc.
 Norbrook Laboratories Ltd.
 Novartis Animal Health
 Nurtured Pets
 NuTopicals
 Nutramax Laboratories, Inc.
 OcularVision, Inc.
 OCuSOFT
 Oralx Corp.
 OrthoPets
 OrthoVet
 Oster Professional Products
 Owens Brockway
 Oxbow Pet Products
 Pala-Tech Laboratories, Inc.
 Partner Animal Health
 Pedigo Products, Inc.
 Performance Products Inc. (Biozide)
 Pet Health Solutions (Joint MAX)

Texas Vet Labs, Inc.
 Thornell Corp.
 Ticked Off, Inc.
 Torpac (gelatin capsules)
 Treasure Valley X-Ray Inc.
 Troy Biologicals
 Trudell Medical (AeroMask)
 Tuttnauer
 UltiMed Inc.
 Unico
 United BioNutrition (Magnitude)
 United Pharmacal (UPCO)
 United Radiology Systems, Inc.
 US Whip
 Valleylab (Covidien)
 Vanbeek Natural Science
 VEDCO
 Vet Classics
 Vet Planet Corp.
 Vet-A-Mix (Lloyd, Inc.)
 Vetericyn
 Veterinary Co. of Australia
 Veterinary International Products
 Veterinary Products Laboratories (VPL)
 Vet-Kem
 Vetland Medical
 VetLife Inc.
 Vetline/Larson Laboratories, Inc.
 VetOne
 Vétoquinol USA Inc.
 Vetri-Science Laboratories
 Vettec Inc.
 ViaPac Packaging & Supply
 Vink
 Virbac Corp.
 Vita-Flex (Farnam)
 Vitality Systems (Sogeval)
 Vmed Technology (Vet-Dop)
 Volu-Sol
 Vortech Pharmaceuticals (Fatal-Plus)
 VSSI
 W. F. Young
 Wadsworth Mfg.
 Wahl Clipper Corp.
 Waterbury Companies
 WCM Waste & Compliance Mgmt.
 Weck (Pilling Weck Surgical)
 Welch Allyn
 Western Instrument Co.
 Western Plastics
 X-O Corp.
 Xttrium Laboratories
 Y-Tex Corp.
 Z Tags
 Zoologix (FibriVet)
 Z Wire

Are You Surviving or Thriving in Ownership – Leadership Success Stories

Byron S Farquer, DVM, AVA

Over 24 years of analyzing 1000's of small businesses the following truth has been identified: Small businesses don't work, the people that own them do. And they work them too much.¹

Each year over one million business start yearly, but by the end of the 1st year 40% fail and are gone, by the 5th year 80% are gone, that's 800,000. And the good news you ask? If you made it 5 years, you have a shot at making it past the next 5, since most that survive year 1 thru 5, fail in years 5 thru 10. Granted, veterinary practice isn't the typical small business, nor do we see this level of failure rate in the industry. However, the industry does suffer from the very problems that all small businesses face, imbalance between ideas, implementation, and management.

Four pillars exist in business success, much like 4 legs of a stool. These four areas of business are: Marketing, Facility Design and Location, Financial Asset Growth, and (*Practice*) Management.² Although veterinarians receive varying degrees of management training, most are completely devoid of marketing and financial prowess and have limited or incomplete understanding of the specifics surrounding facility architecture, design and demographics. Like a one or two legged stool, your company remains unbalanced and teeters precariously towards a fall.

#1 Myth, Entrepreneurs start businesses. False, and this falsehood is the most important factor influencing failure of a practice. Understanding the basis behind this falsehood improves your success rate.

Failure is not considered to be defined only by bankruptcy. In fact if one considers that many pursue ownership to apply their own philosophies, to influence the health of the practice and pets, to educate clients, earn a fair income, and obtain a successful standard of living it is not often strived for in the absence of also trying to obtain a balance between professional fulfillment, money, personal and family time. Providing charitable citizenship, and creating a safe and fun work environment for others. And when you find that many are lacking or out of balance in many of these areas, then it could be considered a "failure", despite the practice continuing on even with significant growth.

Most doctors that are successfully balancing the business needs have created a Business Development Process, whereby the tasks and duties performed in the business has been systemized and made into processes, and when incorporated into every aspect of its business operation the business stays young and thrives. Others tend to manage by luck, chance, trail and error and subsequently become stagnant and disorganized. If you are disorganized your business will be too. Change is important, and it starts with you. Your idea of what a business really is and what it takes to function is the most important change you should go through. So why do veterinarians do too much work "in" the practice rather than "on" it, often at the expense of their own success?

"They intoxicate themselves with work so they won't see how they really are." Aldous Huxley.

Does this sound familiar? Rather than address the most challenging issues today, veterinarians do what? Right, we go see another client, review a lab report or return a client call. It's easier to immerse yourself in your daily tasks (do your business) than to meet the management challenges head on (run your business). And it's emotionally rewarding! We are good at doing our job, so there is positive reinforcement being the "Doctor" rather than the "Business Owner". Michael Gerber refers to this part of your professional life as the "Technician" the one trained to do the actual tasks. (Not to be confused with Veterinary Technician)

Why do owners lose their drive, excitement and motivation previously present on day one? Where did this energy go? The entrepreneur spirit was there at the onset but it left quicker than it should have. It occurs because of the misconception that businesses are started by entrepreneurs in America, when in reality they are not. In most cases, businesses are started by people who were "technically trained" to do a task, service, or make a product – aka the Technician. Working for someone else you know "how to do" your job, and were often trained to do so with substantial education. Then something triggered you to decide that "enough is enough" and you made the leap to ownership! You were stricken with what author Michael Gerber refers to as an "entrepreneurial seizure". Thoughts moved through your mind that sounds similar to "why am I working for him, I

can do this.”, “There are so many things I would change if I owned this practice!”, “I’m never going to get to add my influence or look out for my well being as long as I’m building someone else’s dream.” “If it were not for me, this practice wouldn’t be doing as well as it is right now”. Sound familiar? As soon as that happened, you were terminally infected with the need to do it *your way*.

You fell victim to a critical issue in small business, and it charts the business from grand opening until you sell, liquidate or walk away. If you understand the technical side of this business then you understand the business of running a business. This just isn’t true. The technician that starts the business doesn’t see this fact clearly, and sees the opportunity as a place to go to work or practice his or her trade. Since they are good at what they know how to do, they perceive they can run a company that provides that service or product.

If one was not technically trained to do the actual work, the person would have to make the business work efficiently hiring other people who know how to do the tasks. Not true of the technical-trained person. She knows how to do the work part of the business, which is but one of the many things that needs to be done. She doesn’t necessarily know how to *run* the business, and that more than anything else is critical to the company’s longevity and financial success. Paraphrasing a quote from Sam Walton asked during an interview asking how he was so amazingly talented as to build an international retail giant, he responded “I was never the smartest nor the most skilled person in my company, I simply hired and surrounded myself with the best people I could find who knew how to do everything that I didn’t know how to do.” Others find clarity of this concept in the results of a Cornell University study that discovered that the Ignorant are doubly cursed. A person that is truly ignorant of knowledge on a subject or skill is not only wrong in their deductions, but has a high likelihood of not consciously recognizing that he or she is wrong in the first place.

What happened to my dream practice? Those bit by the ownership bug take the tasks or work they love and pound it into toils of labor. Exhilaration becomes terror, despair follows exhaustion. Characterized as the loss of Purpose, Self and Hope.

According to Michael Gerber, eloquently outlined in the book E-Myth, everyone is actually 3 people in one, Entrepreneur, Manager and Technician. And although all three personalities want to be the boss, none want to have a boss, so they start a practice together to get rid of the boss. How do you turn it around? Simple, cut your “I’s” out! I meaning you. It is the same concept of saying “There is no I in Team”. You must quit “doing” everything, failing to delegate, failing to give enough latitude to let staff fail, learn, fail and finally become successful, and accepting that the end rather than the means is most important. It’s accepting that successful task completion is not always as you would do it, which opens the possibility that it will be sometimes better. Can you let go? Can you?

You must face the fact that despite being in a position of “having the answers” in the practice in the capacity of the Chief of Staff / Doctor, you run the risk of letting that Technician confidence (you really do know how to do the medicine of the business) spill over into thinking you have all the answers as the Manager and Entrepreneur. You work daily and successfully in a capacity of authority as the Technician of the business, however misguidedly many automatically transpose that confidence to the other positions of Manager and Entrepreneur.

What causes imbalances? Entrepreneurs are creative. It’s the creative side of even the “non-creative” person. They need control of people and events to concentrate on their dreams. The dream, they visioncast, but there is chaos. Someone must do the job, ie build the widget or perform the widgetomy. So who does this? The Technician, the “know-how person”. The Manager has the duty of getting the things done right, and doing things right at the right time. It’s all about order, and structure and status quo. Entrepreneurs have to have open ended vision, growth, change, innovation, new equipment, new services, and new opportunities. Managers must however ensure what needs to be done today, gets done, not what needs to be done or developed for tomorrow. While the Entrepreneur dreams forward, and sees what could be, the Manager see the past and what should have been. The Technician works in the “now” and has to do the work today that is presented. For the Technician, there is little time to ponder the future unless it’s regarded a necessity to today’s task. Managers fret about the *process*. Entrepreneurs are distracted by what *could be* done, the next new idea, diagnostic tool, or procedure to learn, while the Manager frets about *how* it’s going to be done, at what cost, by whom, and, and, and....The Technician is left to perform the task, and distrusts the dreamer (his or her own entrepreneur personality that creates the chaos as well as the manager personality who must keep order and accountability). If all were equally balanced, the person and its company would by harmonized and efficient, but rarely is a doctor

this balanced. The veterinarian is likely 10% Entrepreneur, 20% Manager and 70% Technician. When you rouse from sleep with the next idea for your practice you must now wrestle with the management of the idea, whilst you probably just revert to doing the task as-is.

As the business grows, as the challenges and tasks mount what happens to you, the juggler that has been keeping all these balls in the air? You start dropping a few balls here and there. Your solution? Just work 10 hours if you are now working 8, 12 if you are working 10, and so on.^{3,4} You decide to spin the rat wheel faster *yourself*, consuming the personalities of the dreaming Entrepreneur that gives vision and life blood to your practice and from the much needed focus of the Manager than must reduce chaos, provide order and structure and adherence to procedures. You take over tasks you once did, from others. "If you want it done right, do it yourself" you proclaim! And no one loves your business like you do, or can do it your way, so you juggle, juggle, juggle until you drop to the floor in exhaustion grasping for the few balls that you were already dropping.

How do I change? First, read business information that you need to gain understanding. Second, practice the skills, they aren't inherent and get rusty. Third, learn from others by getting help from pros and colleagues AND from other successful business people outside of your industry. What if I don't want to run my business, what if I don't want to deal with management and the vision-casting of the entrepreneur? Then you may need to leave the position of ownership. If all you want to do is do what you know how to do, (the Technician) then you must pursue only "doing". Feed the Technician personality, exclusively. If you intend to maintain ownership, then you must coax and feed the other personalities equally. If you can let those two grow, the Manager and the Entrepreneur, you'll achieve a level of success that feels second nature. And you won't be able to hold back the seemingly magical success you are witnessing at your practice.

¹E-Myth Revisited, Michael E. Gerber. Harper Audio. 2006

²SmartStart Practice, Donald Erceg, et. al, Business Course for Veterinarians. VetMark, 2006.

³One-Minute Manager, Dr. Ken Blanchard and Spencer Johnson MD. Candle Communications 1982.

⁴The Seven Habits of Highly Effective People, Stephen Covey, Fireside, 1990.

Other Resources:

www.vetmanageradvisor.com

www.dvm360.com

www.inventorymangement.com

<http://www.matsco.com/library/articles/59/1/Inventory-Management-Made-Easier.html>

Blackwell's Five-Minute Veterinary Practice Management Consult

<http://www.slideshare.net/windleh/inventory-management-2888902>

www.vhma.org

www.vetpartners.org

www.vbma.biz

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About the Editor:

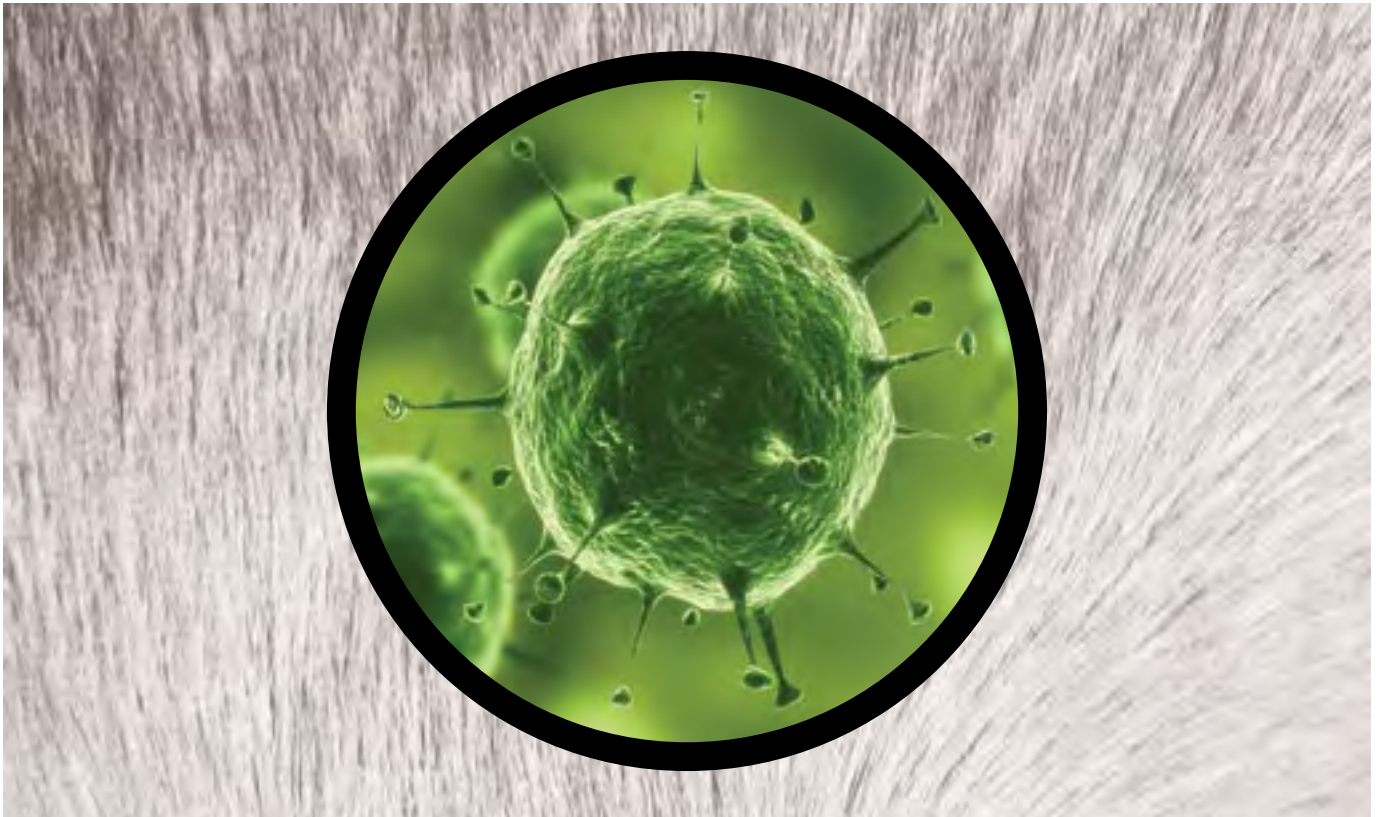
Byron S. Farquer, DVM, AVA

Byron S. Farquer, DVM is a Boettcher Scholar, and graduated from Colorado State University with honors in 1991 with both a BS and Doctorate Degree. He completed an advanced research project in equine orthopedics and assisted in the development of academic programs for use in the veterinary graduate training program at CSU while receiving additional education in enterprise budgeting and analysis prior to entering private practice. With a portfolio of experience that includes veterinary hospital ownership, advanced business and real-estate education, and a recognized expert in ownership transition planning and valuation. He is a frequent industry lecturer and author on business development and structuring, practice financial analysis and profitability, professional image, and strategic business planning including alternative exit strategies for business owners including the book "Your Veterinary Practice: Buying, Selling & Merging", Adagio Press, 2009. Currently Dr. Farquer owns two Simmons & Associates practice appraisal and brokerage firms located in Nevada and California, and serves on a number of industry advisory boards. He is the founder of a business management educational company SmartStart Practice, LLC in Portland, OR (www.smartstartpractice.com) that improves profit performance for small business owners, a principal and content advisor for a national multi-media medical education network, emebaVet, LLC, (www.emebavet.com) COO of a national small business lenders resource website and an original Charter Member of the Association of Veterinary Practice Management Consultants and Advisors now known as VetPartners (www.vetpartners.org). He is an accredited valuation analyst, certified by NACVA. National Association of Certified Valuation Analysts (NACVA) Receives Accreditation of its CVA and AVA Designations from the National Commission for Certifying Agencies (NCCA). CVA/AVA designations are the only valuation credentials accredited by the National Commission for Certifying Agencies (NCCA).

The Importance of Isolation

Reflections on rabies and other infectious diseases

BY MIRANDA SPINDEL, D.V.M, M.S.



Last spring, I kept an eye on the investigation—by the state Department of Health and the Centers for Disease Control and Prevention—of a rabies case that affected a North Dakota shelter.

According to the CDC's case report, two strays were brought to the shelter and placed together in an intake area for a five-day holding period, per standard protocol and in keeping with city ordinance.

On day 6, the dogs were placed in the general population and made available for adoption. On day 10, one dog was pulled and euthanized for behavior issues, and on day 11 the other dog was sent to a foster home. On day 16, this dog began vomiting and showing lack of balance. Two days later, the foster family brought the dog to the shelter for a veterinary exam.

Because of the clinical signs—including muscle tremors, wobbliness, and dilated pupils—the dog was euthanized, and rabies testing was performed. Three days later, laboratory diagnosis confirmed rabies virus, and the North Dakota Department of Health launched a public health investigation. All employees, volunteers, and visitors to the shelter or foster home, as well as other dogs in the shelter who could have been exposed, were considered in the investigation.

The health department ultimately recommended the shelter euthanize all exposed and unvaccinated dogs who had been in the shelter during the time of the rabid dog's stay—an unusual and sad circumstance. This recommendation was made in accordance with the 2009 Compendium of Animal Rabies Prevention and Control, because, although

the shelter minimized contact between dogs, muzzle-to-muzzle contact could not be ruled out. All 25 dogs in the shelter were euthanized. Adoption or reclaim records were used to track the 37 dogs who had since left the shelter. Twenty-five of these dogs did not have current rabies vaccination, and owners elected euthanasia for 11 of the 25 versus a mandatory six-month confinement period.

An Atypical Case— But One We Can Learn From

This unusual case captured my attention because rabies poses such an extreme risk to human health, and because this situation ultimately resulted in a shelter euthanizing its entire dog population. Whenever I consult with a shelter about any infectious disease outbreak, depopulation and threat to human health are

certainly “worst-case” scenarios. Most shelters likely don’t even consider rabies virus as a population risk on a day-to-day basis.

When I read about this case, I found myself wondering ... could what happened in North Dakota happen in most shelters? Is it realistic to believe this is a preventable situation in a busy animal shelter?

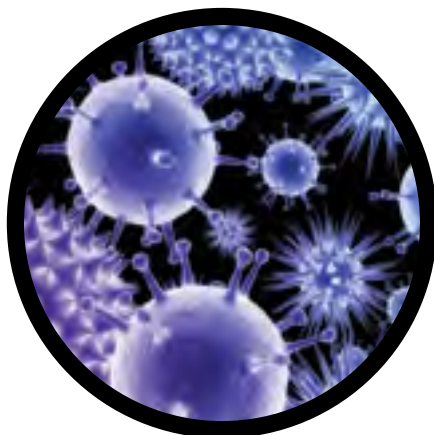
Rabies virus typically spreads through bites or by saliva introduced into cuts or mucous membranes. In most shelters, there is a lot of contact between animals and people. Dog-to-dog contact also frequently occurs, especially in shelters where dogs are co-housed in runs. Because animals often enter shelters incubating or shedding infectious agents, yet showing no outward clinical signs of illness, and because infectious diseases transmit through a variety of mechanisms, it seems quite possible for multiple people and animals to be exposed before a problem is identified in many facilities.

This case got me thinking beyond rabies to infectious disease control in animal shelters overall. Although most diseases in shelter animals are not as life-threatening as rabies virus, consequences for affected animals are often of life-or-death significance. While an extreme example, the serious nature and consequences of the rabies outbreak serves as a wakeup call that there are practical steps every shelter can take so that when an animal enters the front door of a shelter carrying something—whether an upper respiratory infection, gastrointestinal pathogen, or ultimately rabies virus—the problem does not “go viral.”

Quarantine vs. Isolation

Some shelters that have dealt with major infectious-disease outbreaks employ an “intake quarantine.” In this practice, a shelter groups *all* animals with unknown health status for a particular period of time after entry, the goal being to recognize any illness that develops before the animal goes into general population.

The actual definition of a “quarantine” is a strategy aimed at limiting exposure of the healthy population by restricting movement of animals who are considered dangerous. This is different from “isolation,” where animals who are clinically ill (symptomatic) and infected with a communicable disease are separated



The outbreak serves as a wakeup call that there are practical steps every shelter can take so that when an animal enters the shelter carrying something, the problem does not “go viral.”

away from those who are healthy or exposed but not yet clinical. Animals in any quarantine situation usually appear clinically well, but may have recent exposure to an infectious disease.

Although it seems safe and logical to simply group new animals together until they can be deemed healthy, the approach is not foolproof, and can actually be detrimental. Many diseases—like canine distemper virus—incubate for weeks to months and would require lengthy quarantine periods. Not only is it impractical to hold otherwise healthy animals for long periods of time in most facilities, but animals can also experience physical and/or mental health deterioration during a quarantine.

Intake quarantines prove only variably successful, but other quarantines do have a valuable place when an infectious disease is being managed. With some infectious issues like parvo virus or canine influenza virus, animals will be most contagious before they show clinical signs. Other diseases have sub-clinical states during which animals can be contagious but not show clinical signs. Thus shelters may need to quarantine recently exposed—but not clinically ill—animals through a disease’s incubation period once diagnosis

has occurred and sick animals are in isolation. (This is different from an intake quarantine; these animals have definitely been exposed to disease. The quarantine period allows a shelter to determine which animals will go on to demonstrate actual clinical illness. Recommended quarantine periods for common shelter diseases are based on the longest usual incubation period (time from exposure to first showing clinical signs). In the North Dakota case, per the Compendium of Rabies Prevention and Control, dogs who might have been exposed were either required to be euthanized or to undergo a mandatory six-month strict quarantine; if dogs had been current on rabies vaccine, the quarantine would have been for a lesser period (45 days).

Other Preventive Measures

If intake quarantine is not the perfect solution, what else can shelters do to help decrease exposure and minimize disease spread without stalling animal movement through the shelter?

Providing some standard of care practices to *all* animals as they enter a shelter reduces the risk of infectious disease as a whole. All shelter animals should receive **a health evaluation at intake** and regularly thereafter. Intake exams allow the shelter to promptly recognize any obvious signs of disease, attend to problems, begin documentation, and, importantly, also note pre-existing conditions so that they can be distinguished from problems that develop after animals enter the shelter.

Many shelters find that **grouping animals into small cohorts** helps prevent widespread problems and limits the number of animals requiring quarantine or isolation when disease does occur. Some shelters are built with a “pod” structure so that when infectious disease occurs in one group, that pod can be closed off from the rest of the population. When proper biosecurity is practiced by staff moving between animal cohorts and pods, this structure can significantly decrease spread of disease. In other shelters, animals may be separated by species, by physical and behavioral traits, and/or by age and health status. Designating an area for unvaccinated animals to be kept sepa-

rately from those who have documented vaccination histories is a good practice.

Performing medical rounds is a vital practice in order to recognize changes in animals' condition that prompt response. The Association of Shelter Veterinarians' *Guidelines for Standards of Care in Animal Shelters* advises that "rounds must be conducted at least once every 24 hours by a trained individual." (In many shelters, this duty is not necessarily performed by a veterinarian or even medical staff; a well-trained kennel staffer can do it.) By consistently evaluating food and water consumption, urination, defecation, attitude, ambulation, and checking for obvious signs of illness, staff can identify animals developing clinical signs of disease and ensure their care. As an example, the purpose of a 10-day bite confinement period is tied closely to daily rounds. Shelters that serve as rabies/bite confinement facilities have essentially agreed

to perform daily medical rounds on animals that have bitten or scratched a human. (With rabies virus, veterinary observation is usually required at some point by the health department.) Rabies virus is excreted in animals' saliva for only a few days during illness and/or before illness or death. The purpose of observation is to report any illness suggestive of rabies to the health department so that the risk to human health can be mitigated.

The Benefits of Isolation

Proper establishment and use of **true isolation** is critical to limiting spread of disease. The ASV *Guidelines* also state that "Allowing animals with severe infectious disease to remain in the general population is unacceptable. Even animals with mild clinical signs of contagious disease should not be housed in the general population as doing so creates a substantial risk of widespread disease transmission." Also accord-

ing to the *Guidelines*, "All facilities should have a means of providing isolation that will allow for humane care and not put other animals at risk. Isolation may be accomplished physically on-site, or through transfer to an appropriate facility."

Although isolation typically occurs on-site in a brick-and-mortar facility, sheltering organizations are increasingly diverse in their models of service and must be prepared to provide isolation models suited to their particular situations. Foster homes, contract veterinary clinics, and other shelters can provide a place of isolation when a shelter is unable to isolate on-site. Whether working with a large, well-funded organization that has a facility, a small, home-based rescue group, a transporting agency, or a disaster response team, the plan must provide care for infectious animals that does not compromise the well-being of healthy animals in the facility.

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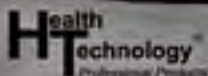
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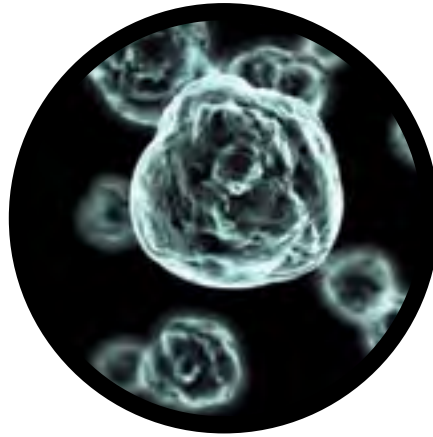
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Ideally, an isolation area will be used only for that purpose, and should be located where animals can be moved in and out without exposing healthy animals. Access should be limited to specific, necessary staff, and the area should have the following minimum characteristics:

- a sink for hand washing and treatment purposes
- air flow with exhaust separated from other animal housing areas
- appropriate lighting; ideally, windows or other natural light sources
- materials/surfaces that are easy to clean and disinfect, and items that are either disposable or easy to sanitize
- sanitation that doesn't expose other animals in the process (e.g. proper drainage system, guillotine kennels, etc.)
- complete separation from any other animals' living space and from quarantine areas
- cages and kennels that prevent direct contact between animals
- clear signage to indicate that infectious animals are housed within
- measures to reduce stress (noise abatement, species separation, etc.)
- separate equipment and supplies used exclusively in the isolation area
- dedicated space for storage of items needed for biosecurity, such as a treatment cart; personal protective equipment (Scrubs, Tyvek suit, gowns/aprons, rubber boots, gloves, eyewear, disposable shoe covers); hand soap/sanitizer; paper towels; garbage bags; lidded garbage can; thermometers and other specific equipment

Limiting the people who come into contact with infectious animals to only essential animal care personnel will help reduce disease spread. The fewer the individuals, the lesser the risk. In North Dakota, 21 individuals, including nine shelter staff and one volunteer, received post-exposure rabies prophylaxis. In this instance, this may have been unavoidable, but the case speaks to how easy it is for large numbers of people to come into contact with small numbers of animals, especially in high-volume facilities.



Limiting the people who come into contact with infectious animals to only essential animal care personnel will help reduce disease spread.

Isolation areas should optimally be placed or designed so that infectious animals can be transferred to isolation from the facility in such a way as to minimize exposure. An outdoor entrance away from the main lobby is ideal. Less optimally, aim for placement toward the back of the shelter, a less heavily trafficked area, or where people moving in and out of the area can be regulated.

In most shelters, staffing is limited, and people will need to move on to other duties after working in isolation. It is therefore critical that staff understand the nature of the infectious disease of concern and have clear instruction to minimize disease transmission potential. Written protocols are an important foundation to inform staff assigned to isolation areas on how to handle patients, sanitize the environment, and protect themselves and the rest of the shelter from transmission of disease.

Often, homeless animals have not had the benefit of good prior veterinary care. Providing basic preventive health care measures like vaccination and parasite treatment on arrival are key to actively improving animals' ability to resist infectious disease. **Vaccines** play a role in preventing some common shelter diseases, limiting the se-

verity and spread of others, as well as in protecting public health. In keeping with the guiding principles that have been put forth by the ASV, the American Animal Hospital Association (AAHA) and American Association of Feline Practitioners (AAFP), dogs should receive Da2PP and cats should receive FVRCP vaccinations on entry starting at 4-6 weeks of age and repeating every two to three weeks until 16-20 weeks of age. (See resources below for more details.) Adult animals should be vaccinated once with a repeat FVRCP or Da2PP two to three weeks after the initial. Dogs should also be vaccinated for *Bordetella bronchiseptica*.

Vaccination for rabies is also recommended for shelter animals. Although providing rabies vaccine at the time of admission does not protect against an infection acquired prior to shelter entry, and therefore will not mitigate concern for human health if that animal were to bite a person during his shelter stay, the National Association of State Public Health Veterinarians currently recommends shelter animals receive rabies vaccination prior to adoption whenever possible. Both AAHA and AAFP advise vaccination at the time of admission for animals entering shelters

Resources

To read the CDC's full report on the North Dakota case, "Public Health Response to a Rabid Dog in An Animal Shelter," go to cdc.gov/mmwr/preview/mmwrhtml/mm5951a2.htm.

For guidelines on intake protocols, including vaccinations, check out the ASPCA's ASPCApro.org/intake or the ASV's *Guidelines for Standards of Care in Animal Shelters* at shelternet.org.

For sample isolation protocols and a chart detailing the incubation and shedding periods of several common diseases, go to animalsheltering.org/isolation_protocols.

where a long-term stay is anticipated. (Note that veterinary practice acts in some states dictate who may administer vaccines, without exemption for animal shelters. This can be a challenge for shelters that do not employ regular staff veterinarians and/or certified technicians.)

Due to a higher risk of exposure, shelter staff and volunteers who routinely work with companion animals or wildlife are also advised to consider receiving pre-exposure vaccinations against rabies. In a follow-up report on the North Dakota rabies case, the Center for Disease Control stated, "animal shelters should ensure that adopted animals are vaccinated against rabies, consider pre-exposure prophylaxis for employees and volunteers, and prevent contact between unvaccinated animals to decrease the risk for rabies virus transmission." Any vaccinations provided in the shelter should be properly documented (including rabies certificates) in the animal's medical record.

In the United States, we are fortunate that rabies is an uncommon problem in animal shelters. The prospect of ever dealing with such a daunting disease outbreak is highly unlikely for most shelters. However, it is most certainly not an impossibility. As I was writing this piece, newspapers in North Carolina were reporting a story of a cat adopted from a shelter in Wake County who appeared healthy at the time of adoption, but went on to develop clinical signs and ultimately test positive for rabies. Numerous people, animals, and the adopter had been exposed.

Still, other diseases are almost certain to present more frequently. Perhaps one of the big lessons from the North Dakota rabies case is that every animal who comes to a shelter has potential to both transmit and acquire infectious disease. Some animals present with greater risk than others. This case serves as an excellent reminder to us to remain vigilant and properly practice intake, vaccination, quarantine, and isolation strategies. In the majority of cases, these vital tools can minimize overall risk to the animal population and to the people in the shelter. **AS**

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A photograph showing a long row of metal wire animal cages in a kennel or veterinary clinic. The cages are arranged in a line, and some have papers or tags attached to them. The floor is light-colored, and the walls are a neutral tone. The perspective is from a low angle, looking down the length of the cages.

Segregate Animal Populations

Photo courtesy of Brenda Griffin, DVM

Why Separate Shelter Populations?

Segregating populations is a strategy to:

- Contain outbreaks of disease
- Increase safety for animals and people



Separate animals by:

- Species
- Health status
- Age
- Physical and behavioral traits

Recommended Housing Areas

Isolation

Minimally,
a shelter should have
these housing areas
for cats and for dogs

Healthy Hold

Adoption

Quarantine

Who is Housed Here:
Stray and surrendered
healthy animals until
they are able to be
moved to adoption floor.

*If an animal develops
signs of illness,
immediately move the
animal to isolation.*



Adoption

Who is Housed Here:
Healthy animals available
for adoption.

*If an animal develops
signs of illness,
immediately move the
animal to isolation.*



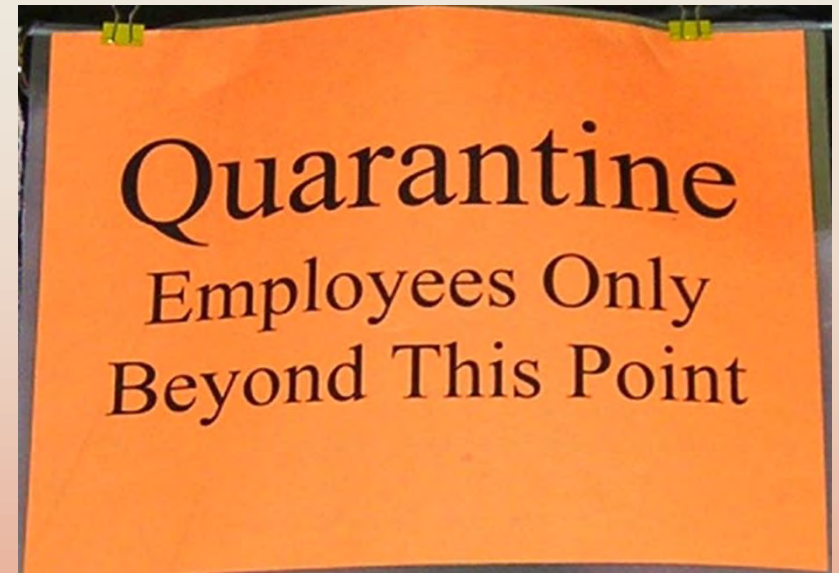
Brenda Griffin, DVM

Quarantine

Who is Housed Here:

Create *multiple quarantine areas* for animals considered potentially dangerous :

- Animals being observed for rabies
- Animals exposed to infectious disease but not yet clinical during an outbreak situation



Isolation

Who is Housed Here:

Animals who are clinically ill (symptomatic) and infected with a communicable disease.

In an isolation space, the use of barriers and solid walls can lessen the transmission of disease.



**Additional Housing Areas:
Considering Creating These Spaces in
Your Shelter**

Feral Cats

Feral cats can be highly stressed by the amount of activity, light, and noise that are common in animal housing areas.

A place to hide, low light, quiet, and limited activity help reduce stress.



Juveniles

Young animals in the shelter are at high risk of illness. Minimize stress and disease transmission by designating separate housing areas for:

- **Juveniles** (5 months and younger)
- **Mothers and their babies**



Alternate Housing for Juveniles

Foster care is an excellent alternative for:

- Mothers and their nursing litters
- Animals too young to be adopted



Unvaccinated Animals

Unvaccinated animals should be housed separately from those who have documented vaccination histories and have their cage cards noted.

After vaccination, these animals may be moved to the appropriate housing area.



Multiple Isolation Areas

Set up multiple isolation areas to prevent injured animals from getting sick and to prevent sick animals from being exposed to a second disease.

Some agencies may choose to *further* separate animals:

- By type of illness (or suspected illness)
- Animals who are injured but not otherwise ill



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