

5 Things to Do When a Client Says "Your Fees are Too High"

Why being prepared can help you avoid the costly and spontaneous "discount" solution response.

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Sometimes it's a direct and in-your-face statement that feels like an attack and sometimes it's an off handed remark about having to mortgage the family home.

Any way it comes at you can be uncomfortable and cause you to do or say something you didn't mean, unless you are prepared.

Unfortunately, the comment is too often times met with an offer to discount. You've heard it before: Don't discount! I'll say it again: **Don't discount!** It not only cuts into your profit margin, a tenuous margin at best in many practices, but it also sets an unhealthy precedent for the future. Just like you teach clients to hold off on their pets' dental work until "dental month"¹ you *teach* them that if they complain about fees, you will discount their bill.

In most communities, veterinary medicine is highly competitive. It is a fact that the only way a service business, like a veterinary hospital, can differentiate itself from its competition is on price or on service. As the owner of a veterinary practice you have a very simple strategic decision to make: Will you be the low cost veterinary practice in your community?

If you discount your services, *ever*, that is the strategic decision you have made.

If you do decide to position yourself as the low cost veterinary care provider, *you will still be challenged by clients who think your fees are too high.*

So why would you ever decide to discount your services? That is the essence of number 1 on the list of "What to Say":

1. **Don't React.** You've heard this said before: *focus on your value.* This advice holds true for the doctor or the tech in the exam room, the receptionist on the phone or checking a client in or out. It is so easy to say or do something that diminishes your value and, as a result, teaches the client to push back. Don't react and don't fold. If you have provided value to the client, what you charge for the care is worth it to them.

¹ You know that incredible industry solution to the slower winter months where all the practices in the country collectively reduce their profit margins or eliminate them altogether? Yikes, don't get me started on what a bad idea dental month is...

Under no circumstances should you agree with the client that your fees are too high. Agreement can come in many forms: The sheepish “I know, but we have to charge that much because our suppliers keep raising their costs”; The apologetic “I’m sorry, I know it’s expensive”; the nonverbal head bowed and eyes averted while the invoice is passed across the desk to the client at check out; or the matter of fact “It’s not going to be cheap....”

If you cannot stand behind how and why you’ve established your fees, then change them. **But never apologize for them.** Understanding the financial basics about how a business succeeds: revenue, expense, profit and cash flow, is a strong argument for providing your staff with fundamental business training. One of the worst things you can do is to assume that providing high level financial information to the staff is somehow going to harm the business or disclose confidential information. The more informed the staff is about how fees are set, the less likely they are to make up their own reasons.

At the very least, having an open book policy about practice finances and ongoing discussions about how each staff member contributes to the success or failure of the business is time and effort well spent.

One caveat here: it does no good to simply talk about how much revenue you generated last week or last month. That kind of discussion sounds a lot like “blah, blah, blah” to the listener (your staff). In fact, if you are complaining in a staff meeting about how you *only* generated \$85,000 last month you aren’t going to get a lot of sympathy from the \$10.00 per hour receptionist who is struggling to pay the rent.

What does help is to discuss how each member of the team contributed to achieving, or not, the *pet health targets*² you had for the month. An example might be: We will achieve 50% compliance on all grade 2 dental cleanings we recommend this month and 75% compliance on all grade 3 or 4 dental disease. What part will the tech and the receptionist play toward achieving the targets? Did they accomplish their part of the process? What can be done better? What are next month’s targets?

- 2. Address the issue of competitor pricing head on.** If you are told by a client, or prospective client, that they can get the same services from a different veterinarian for less, go ahead and acknowledge the fact. Say something like “It is so difficult to compare costs in healthcare because so much depends on an ill or injured patient’s condition at the time of the visit. For wellness care, I understand how it can be confusing when it sounds like some fees are all over the map. We want to be here for all [pet’s name] healthcare needs.” Leave it at that. You’re not dwelling on the question and you are stressing your value in the life of the pet.
- 3. Don’t discuss how you set your fees.** This is especially important in the case of bundled services like spays, neuters and dental procedures. The greater the detail in the invoice (or treatment plan, aka estimate) the greater the likelihood that you will be asked to explain or justify a charge. If you want to provide detail about all the standard of care elements in your fee, I would suggest a brochure or other handout to supply that information. Make your invoice simple and straight forward.

² AAHA has a wonderful compliance webinar available that focuses on health compliance targets instead of financial targets.

- 4. Don't make assumptions about a client's willingness or ability to pay just because they push back.** As mentioned earlier, the veterinary industry has done an excellent job of teaching clients that there is a pretty good chance they will get a discount if they push back or complain. When they do push back it may just mean that this is how they believe the game is played and their efforts have been rewarded in the past. Some people may even push a little at each point in the process (reception, tech, doctor). If you want to get off this merry-go-round, hold your ground and be respectful in the process and be consistent. Always offer the standard of care you believe in. The decision about whether or not to proceed is out of your hands as is how payment will be handled.
- 5. Offer payment options.** By this I do not mean holding checks or acting as a bank with increasing accounts receivables. Do offer Care Credit or some other financing vehicle.

It continues to be true that people believe they get what they pay for. If you respond to challenges and push backs about your fees by giving discounts, you diminish the perceived value of your services. You end up losing twice; once with the loss of revenue and then with the hit to your reputation.

If you prepare yourself, and your staff, about how to respond to questions about your fees you will find that the questions will eventually diminish over time. Although, unfortunately, the questions will never completely go away.