Credit Policy suggestions for Veterinary Practices

If you want to improve the cash flow in your practice, it all starts with having confidence in your own unique ability, the value of the service you offer and setting out a few simple rules. The rules you adopt will depend on the type of practice you have and the type of customers you are looking after.

The tables below show a suggested business model:

**Small animals**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Service Type** | **Deposit Required** | **Up-front payment required** | **Cash on completion** | **Credit Account** |
| Grooming |  |  | √ |  |
| Consultation |  |  | √ |  |
| Surgery | √ |  | √ |  |
| Medication |  |  | √ |  |
| Lab Fees | √ | √ |  |  |
| Cremation |  | √ |  |  |

These rules should be clearly communicated to all staff, who should follow the clear guidelines you set out. You should also make it as easy as possible for your customers to pay you, by offering different payment methods, mainly credit/ debit card or cash and having these facilities at the counter/ reception desk where the customer will be.

**Large animals**

|  |  |  |  |
| --- | --- | --- | --- |
|  | COD | Credit | Payment Plan |
| Beef/ Sheep | √ | √ | √ |
| Dairy | √ | √ | √ |
| Equine | √ |  |  |

You should set out clear rules as to who you are prepared to give credit to and who you are not. If you give credit, you should set out clearly the exact date payment is required. E.g. Dairy farmers get their milk payments around the 15th of the month, so they should pay you for all the work completed in one month on the 16th of the month following. In other instances when dealing with large organisations, a payment at the end of the month following might be more appropriate.

For all new customers looking for credit a Direct Debit is the recommended method of payment.

Existing customers, who have consistently taken extended credit, should be reviewed. If it is acceptable this should be recorded on the account. If it is not, the customer should be contacted; your payment expectations set out clearly both for the existing account and future business. In some cases annual payments are made, a suggested alternative to this is to offer them a payment plan based on their year to date usage. This does not have to be done on twelve equal instalments, it can be or it can be over six months or even you could agree a summer amount and a winter amount that reflects the cash flow in their business. This keeps cash flowing and reduces the amount of old balances.