

Stock Management at Cambridge Equine Hospital: A Case Study

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Introduction

Managing inventory (stock) in a veterinary practice is perceived as difficult and as a result, many clinics don't have any systems in operation.

Stock management is all about tracking and movement with three key components – *stock in*, *stock out* and *stock location*. Some specific areas of veterinary practice management that make these components tough to manage efficiently are maintaining accurate inventory levels from items in an invoice for fixed price procedures, managing multiple stock locations for veterinarians on the road and managing stock ordering through multiple suppliers and sometimes, at multiple locations.

Billing variable quantities on the fly in a fixed-price procedure (e.g. drug doses for a minor dental) may seem complicated to many veterinary professionals. As a result, many practices simply bill set quantities for all products in the procedure or discount to maintain a fixed price, despite the potential for dose and quantity variation. This is a loss to the business, and a stock taking headache, as stock out is not being recorded accurately and likely resulting in inaccurate medical data being recorded.

Practices require ways to address this scenario and VetLinkSQL has "Complex Products" that can be configured so the total procedure price remains static on a bill even if component quantities are edited. In-built logic that handles pricing behaviour will dynamically control and recalculate all component prices to keep the total fixed price for the procedure the same, for full flexibility and accurate stock control at billing including for surgery and kitset type procedures.

Case Study

One veterinary business that was battling with stock management was Cambridge Equine Hospital (CEH). Like many practices, CEH had large animal vets coming in between calls to take stock for their vehicles, with no reconciliation happening. When it came time for stock take, figures were difficult to balance and as a business, they were losing large amounts of revenue due to significant stock shrinkage.

Managing Director & CEO at VetLinkSQL (Computer Fanatics Ltd), Deven Patel, was called in by CEH for a consultative Directors meeting to learn how they could improve their systems, during which Deven introduced them to a new app that VetLinkSQL had just released. Since accurate stock management is a common industry problem, it was decided to make this a case study with CEH monitoring and recording their results for analysis.

On consultation, the advice was to implement a 2-phase stock management strategy utilising 2 of VetLinkSQL's apps (StockLink© App for stock management and Mobile Billing App for in-field billing).



Fig. 1: VetLinkSQL's StockLink app

CEH decided to trial the first phase with StockLink© and have kindly agreed to share their experience with VetLinkSQL's inventory management system for the purposes of this case study.

"Annual stock take and traceability have certainly become far easier since we implemented the new stock management system with VetLinkSQL's mobile stock app; StockLink©"

– Jo Bard, Support and Business Services Manager, CEH.

CEH Business Structure

With the demands of a large and busy veterinary business like CEH and the type of work required to cater to equine clientele, comes many moving parts. This has traditionally made managing stock with paper reports a stressful task. CEH have 16 individual stores including their OTC/retail, pharmacy, and each individual veterinarian's vehicle, each of which serves as an individual stock location.



Fig. 2: Outside the purpose-built Cambridge Equine Hospital

The Change

Prior to consultation with VetLinkSQL, Jo (CEH Support & Business Services Manager) says vets would come back between off-site visits and take product from the shelves. With no recording of what was going where, it resulted in a large revenue loss to the business. Remedial action was then required as this stock movement was only being identified at the time of stock take, when

Jo could then correct stock levels for an assessment of stock shrinkage value. Jo was searching for a more efficient process, initially working with a local wholesaler to use their inventory scanning system. However, purchasing at CEH is from multiple suppliers and this still meant running a system separate to the company's inventory which is handled directly within their practice management software, VetLinkSQL.

VetLinkSQL's StockLink© App

Phase one of the solution involved working alongside CEH's 4 directors and 6 partners to establish a paperless barcoding system integrating VetLinkSQL's StockLink© App and a Bluetooth barcode scanner. Each stock location in the practice, including separate vehicles, can house a device (iPhone, iPad or Android phone or tablet), running VetLinkSQL's StockLink© App and a Bluetooth scanner so vets can retrieve stock items, scan the product's barcode then seamlessly transfer the stock to their vehicle for use in the field. VetLinkSQL's StockLink© App can also be installed on all the vets' phones so transfer can easily take place between vehicles or back into the practice with a few clicks.

Implementing the system

With the new procedures in place, Jo is now able to generate a stock list from VetLinkSQL and check all inventory items and their location per store, on-site and in each veterinarian's vehicle.

Jo keeps an admin login active at each inventory 'store' in the business so vets simply scan items on the accompanying Bluetooth barcode scanner, select the transfer location (e.g. their vehicle) and then take the product for use at their next on-site visit.



Fig. 3: Jo scanning products in the pharmacy into the StockLink© App using a Bluetooth scanner and an iPad

Additionally, Jo can review excess stock in a given vehicle and request a transfer of those stock items rather than ordering more, keeping stock at optimal levels across the entire business. As a result, Jo can very quickly identify any discrepancies with the stock that is being transferred and billed via each vet/stock location which can be traced to the individual vehicle for every instance, when this previously required reconciliation at stock take.

The Results

After implementing phase 1, CEH reported a result of an impressive 50% improvement in stock shrinkage in a single financial year, with a total saving up to \$50,000.

"We reduced our stock shrinkage by over 50% in the last financial year which is massive"
 – Rob Hitchcock, Director and Veterinarian at Cambridge Equine Hospital.



Fig. 4: Stock shrinkage % over three-year period at CEH

What Next?

As a result of implementing stage one of VetLinkSQL's complete stock management solution, not only is there an impressive retention of revenue to the business that was evidently being lost in the years prior to implementing this system, there will be many downstream benefits in inventory control for CEH. Stock take will now be a much more efficient process for Jo and the team at CEH because current inventory levels will be accurate and now further savings can be made by automation of ordering.

CEH can start to look further at opportunities for improvements to efficiency around inventory in the business. Phase two for practices with a mobile component would look at

implementation of VetLinkSQL's Mobile Billing App so vets can accurately record stock that leaves their vehicle when used on-site with potential for further savings to the business.

VetLinkSQL's Mobile Billing App

CEH have implemented phase one of the solution which controls the stock in and stock location components of stock management. The challenge in co-ordinating the stock out phase is especially prominent in a mobile practice or one with many moving parts like CEH's 16 stock locations (i.e. vets' vehicles).



Fig. 5: VetLinkSQL's Mobile Billing app

The critical value of VetLinkSQL's Mobile Billing App is that it operates in the absence of an internet or data connection in the field.

Conclusion

CEH have demonstrated incredible success in their journey to stock management excellence, with only phase one of the 2 app strategy. For CEH, more results will be expected as they move towards phase 2 and experience the downstream benefits like automatic ordering, where minimum and maximum stock levels are compared to current inventory and supplier agnostic orders can be uploaded to VetLinkSQL for processing.

This case study demonstrates how to close the loop with stock in, stock out and stock location logistics in the vet practice. VetLinkSQL's Complex Products, Automatic Orders, StockLink© App and Mobile Billing App together offer practices a comprehensive stock management solution.

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