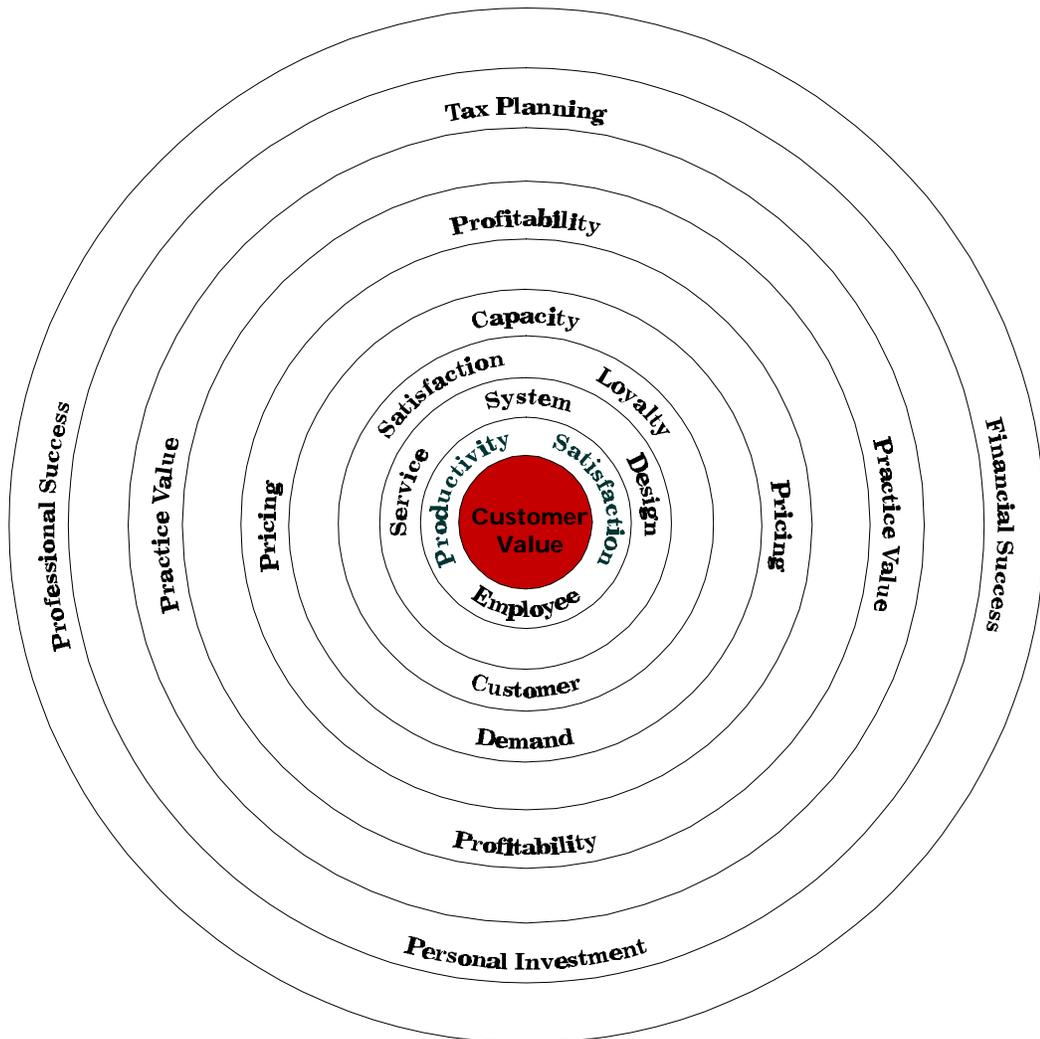
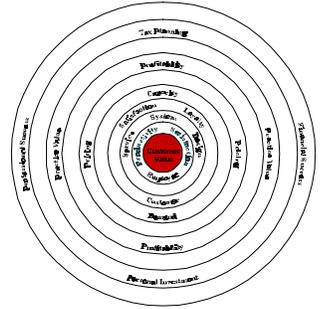


# Value





## Value

At the core of financial and professional success is customer value.

Veterinary clients, like other contemporary customers, have a fetish for value. A veterinary practice must provide value to clients in order to develop the client base necessary to be financially successful. In the absence of value, veterinarians will also struggle with client relations.

### How Do Clients Identify Value?

Consciously or subconsciously, clients identify value according to the basic relationship described in the formula below. Given that the financial and non-financial costs are fixed, increasing service quality can increase value.

$$\text{Value} = \frac{\text{Service Quality Delivered} - \text{Service Expected}}{\text{Financial Cost} + \text{Non Financial Costs}}$$

### Service Quality

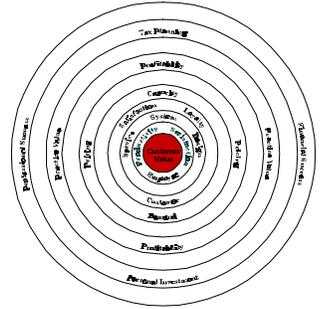
Service quality is defined as service experienced minus service expected. Clients evaluate and have expectations of two basic components of service, the service core and the service process.

#### Service Core

The core of the service is the promise that is central to the service offering (e.g., that the bike is fixed). In veterinary medicine, the core consists of the medical and surgical care of the patient.

Veterinarians often feel that high-quality professional care given to patients equates to quality service. Because most veterinarians go to great lengths to provide high-quality professional care, they also feel that they give excellent service.





## Client Expectations

Clients have certain expectations in regard to the quality of both the core and the process components of service. Clients' expectations may be broken down into three zones:

Zone of Intolerance – service experience falls short of the clients' expectations

Zone of Tolerance – service experience meets the clients' expectations

Zone of Exceeded Expectations – service experienced exceeds the clients' expectations

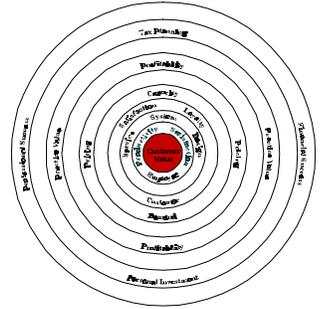


## Clients' Expectations of the Core Component of Service

Despite the difficulty that clients experience in evaluating the core of veterinary services, it is clear that the zone of tolerance for the core component of service is both high and narrow as depicted in the diagram below. Clients trust that this component of service is being performed to an appropriate standard.



Although clients are initially trusting of the quality of care, they are unforgiving if they feel that the quality of care falls below their narrow and high expectation. When clients find that the core of the service is inadequate, they are certain to seek services from a veterinarian who they believe will meet their expectations.



## Clients' Expectations of Process

The zone of tolerance for the process component of service is much lower and wider than the zone of tolerance for the core component of service. This lower and wider zone of tolerance leaves a significant range of service process quality that will satisfy the client. More importantly, there is a tremendous opportunity to exceed expectations and significantly increase value perception which drives client satisfaction and loyalty.



### Managerial Implications

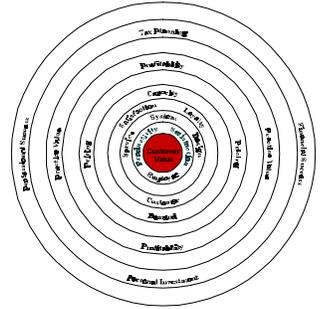
One must be cognizant that service quality is determined entirely by the perception of the client and not by the owner or staff of the veterinary practice. Given that the client has little ability to judge the core of the service and assumes that the core is similar across different clinics, it is through the service process that value can be added and that practices can differentiate themselves from the competition.

The attributes of the process component of service must be delivered by the staff of the veterinary practice. An informed and empowered staff becomes pivotal in providing service that is perceived by the client to be of high quality.

### Non-Financial Costs

The non-financial costs associated with veterinary services are found in inconveniences experienced by clients, in clients' wasted time, and in adverse affects on clients' psychological state. Veterinary clients are sensitive to not only what is convenient for them but also what is convenient for their pets. Long waits with an anxious pet in a crowded waiting room relate to high non-financial costs for both pet and owner.

Careful thought will allow non-financial costs to be identified and reduced. A convenient location, adequate parking, convenient office hours, short waiting times, appropriate communication, and efficient check-out procedures will lower non-financial costs to the client. Reducing non-financial costs to the client is logical if the expense associated with eliminating the non-financial cost can be recaptured in a price equal to or greater than the expense.



## Financial Costs

The financial costs are obviously the price. It is clear from the value equation that equivalent value can be offered at varying prices, depending on the other factors entering into the equation. Pricing is discussed in detail in a later article.

## The Rewards of Customer Value

Customers seek maximum value. The practice offering the greatest value in a competitive market will achieve the greatest market share. The practice providing very high levels of customer service and low non-financial costs can manipulate prices to control the demand for services and maximize profit. These concepts are further explained in the article on matching capacity to demand and the article on pricing.