Commission-Based Payments for Higher Service Quality and Financial Performance in Full-Services Veterinary Clinics: The costs and benefit trade-off!

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ABSTRACT

Action research has been deployed to explore roles of a commission-based payment scheme for improvement of service, quality, productivity and a bottom-line to avail a full-service veterinary clinic in Thailand.

Six stages of action research have been used to clarify the phenomenon of the study. The finding showed that a commission-based payment scheme is preferable to obtain work productivity in a healthcare environment, specifically in veterinary practices. However, it is found in this study that funding would need to be raised for costs of contingencies such as organisation redesign, changing management, talent development, information technology, employment and any perception or rebranding of the clinic.

The study failed to justify a true benefit against those costs. Thus, it is strongly recommended to generalize the findings only to the large-full scale veterinary clinic which has financial capability to handle high investment cost.

INTRODUCTION

Veterinary healthcare in Thailand is developing more progressively from the last two decades, due to increasing number of upper and higher income single-family households having larger demands for the feeding of pets, in particular dogs, cats and exotics (Anuwong 2012).

In 2009, there were 7.2 million dogs in Thailand. Two point six million or 34.2 percent were well treated by their owners. There were almost 200 veterinary clinics and hospitals in the Bangkok Metropolitan area and triple that in outer Bangkok with a market size worth 3,000 million baht (KBANK Research Center 2009; The veterinary practitioner association of Thailand, 2009; Kaophuthai, 2009).

Customers nowadays (especially single household, one child family) are more aware of alternatives on demand for higher standards of service to their pets; that meet expectations of pet owners seeking most affordable prices (Hood, 1998; Anuwong, 2012; Promyothee, 2005; Srinuanchai, 2011).

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Competition in the market is increasing dramatically; primarily from business expansion of existing and new players with a great deal more aggressiveness in pricing, service quality and offering extensive wider ranges of service such as pets hotels, pet taxis, pet grooming, dog training, pet lover's café and pet shops (Srisuporn, 2009; Euromonitor, 2006).

Customers are expected to pay a 'fair price' by justifiable costs of service against values that are delivered such as ranges of services, that is, convenience and easiness of access, availability and a high degree of specialization by a veterinarian to give accurate and effective consultation, strong communicative skills and advice on wellness of care of their pets (Srinuanchai, 2011).

Unfortunately, customers define costs of service differently; many of whom ignore laboratory costs which is the primary source of symptom diagnosis (Lue, Pantenburg & Crawford, 2007). This perception leads to demand on customers for flexibility in symptom diagnosis, medical planning and how the veterinary service delivers to customers, in order to lower costs. Thus, a veterinarian may skip laboratory analysis, but only focus on an owner interview (i.e. weight measurement, age and breeds) and observation of a physical problem with sound analysis (Caporale, Nannini & Ricci, 1998).

In the earlier case, flexibilities for a 'fair-price' can bring about misjudgments, which may cause slow recovery or death to an animal which eventually leads to dissatisfaction of service delivery and, therefore, lead to customers wretchedly switching to an alternative clinic and losing a customer due to a death of their pet.

Different forms of compensation and systems are employed to handle such flexibility; specifically by motivating veterinarians to fully deploy best medical practices to customers, while maintaining or improve service quality which would be most cost effective to customers.

The most common form of compensation to motivate a veterinarian to satisfy this objective is an incentive-based compensation package. However, the existing form of Thailand's veterinary compensation system is less dependent on an income adjusted variable, but very much so on a security approach or 'basic salary system with added benefits. Thus, it is less motivation to a veterinarian to cease flexibility in services that is no benefit to both patient and/or the clinic itself in the financial perspective. That is notwithstanding, the deployment of new compensation structures which could affect both employees and customers and require changes in organisations both on good and bad terms.

A study of modified commission-based salary to veterinarians to encourage higher service quality and greater financial performances for employees at veterinary clinics is necessary. The objective of this study are; (1) investigate productivity of a modified commission-based pay on service quality

improvement, productivity and financial performance; and (2) clarify impact of the modified commission-based pay in veterinary clinics.

THE THEORETICAL FOUNDATION

Service quality in Veterinary services

Service quality is important in healthcare organizations. A number of scholars such as Cronin and Taylor (1994); McAlexander and others (1994); John (1992) and Woodside and others (1989) claimed that service quality has a positive relationship, that is goodwill with customers intending to purchase, as well as loyalty, recommendations, customer satisfaction and competitive advantage. It is also a measure of how well the service level delivered matches customers' expectations on a consistent basis. For example, customer expects veterinarian and staff to have a medical or professional outlook. If that is not the case, a customer may be surprised or upset about it even if they don't mention it. Veterinarians specifically need to have a good understanding of this category of expectations (GroÈnroos, 1984; Webster, 1989; Mackoy, 1996)

The term service in healthcare organisation is categorized into two quality dimensions, which is both technical quality and functional quality (Gronroos, 1984, pp. 36-44). Technical quality is technical accuracy, procedure, diagnosis and conformance to professional specification. Functional quality, on the other hand, refers to manner in which the healthcare service is delivered to customers or patient (Yesilada & Direktor, 2010).

A number of scholars such as Shepherd (2008) and Caporale, Nannini and Ricci (1998) found that technical quality is less considered than functional quality, due to the fact that technical quality is a basic requirement, unlike functional quality that is varied among veterinary clinics.

Customer uses their attitude to evaluate service quality of the Hospital. They evaluate quality of a hospital based on interpersonal and environment judgments, particularly on professional manners, communication, and physical evidences (Ware & Sunder, 1975; Lim & Tang, 2000). However, it is difficult to evaluate quality of diagnosis processes. Thus, their attitude and perception alone distinguishes between 'most-preferred' and 'least-preferred' hospitals in consumers' minds.

COSTS OF QUALITY AND FINANCIAL PERFORMANCE

The quality of services is corresponding with customer values and financial performances (Walker, Johnson & Leonard, 2006; Heskett et al., 1997). Customer value is derived from perceived in-

services quality by means of the overall assessment on the utility of a product or service of what is perceived and what is given." In other words, a customer's value on service delivered is basically from meeting a customer's requirements and expectations with error free and lowest possible costs (Zeithaml, 1988; Oh, 1999; Beecroft, 2000).

Improving productivity in product or services improves the bottom line of the organisation by means of error elimination, cost reduction and increase in value added activities such as more time for medical consultation, receiving more patients during working hours, less trial and error in symptom diagnosis, and less use of non-revenue laboratory kits or medical equipment. Thus, customer satisfaction increases, as well as, competitiveness of the firm, due to improvement conformance to their requirements (Naik, Gantasala & Prabhakar, 2010; Iacobucci et al., 1994; Beecroft, 2000).

Notwithstanding, the higher return on investment from higher service quality comes with a price to pay. Costs of quality is the expenses incurred by a firm in preventing poor quality or non-value added activity, waste, error or failure to meet customer requirements –both technical (the received outcome) and functional (how the service has been delivered) (Brandy and Cronin 2001 and Beecroft 2000). Training, field testing, internal process audit, inventory control, supplier evaluation, rework, extra-inventory, repairs, compensations for poor delivery and allowances are examples of quality expenses.

Compensation for higher quality in healthcare service

Types of compensations

Compensation is all form of financial return, benefits and emotional engagement of employees received as part of an employee relation (Mikovich, Newman & Gerhart, 2011). A number of scholars such as Chung, Steenburgh and Sudhir (2010), Meager and Speckesser (2011) and Cadsby, Song, and Tapon (2007) suggested that compensation influences employees motivation and behavior. Pay motivates employees on intensity to work, direction and persistent of current employees, which eventually increases work performance.

There are two forms of pay, which is generally categorized as total compensation and relational returns. Total compensation is a financial return to employees, while a relational return is emotional engagement to organisation. Table I categorizes forms of pay in an organisation.

Table 1 types of compensation

CATEGORY	TYPES OF PAY	FORMS OF PAY
Total compensation	Cash compensation	Based Salary
		Merit/ Cost of Living
		Short-term Incentive
		Long-term Incentive
	Benefits	Income protection
		Work-life Balance
		Allowance
Relational returns or emotional engagement		Recognition and status
		Employment security
		Challenging work
		Learning opportunity
		Teaming with great co-worker

Source: Mikovich, Newman and Gerhart (2011)

TYPES OF COMPENSATION IN HEALTHCARE SERVICES

There are five general forms of compensation healthcare practices, including salary, capitation, fee-for-service, case-based reimbursement and mixed system (Chawla et al, 1997). The salary system is predetermined hours of work and pay accordingly with some variable adjusted on pay rate such as qualification, years of work, and areas of expertise. The limitation of this payment methodology is the reduction of medical utilisation. Physicians are no longer rewarded and motivated for prescribed additional tests or suggesting high cost treatments (Glass, Pieper & Mark, 1999).

In the capitation system, the physician and provider receive a fee for each enrollee to cover a defined package of healthcare service for a specific period. The pay is set according to some formula that total pay is capped to allocation of funds. There are a number of variables for the formula to set the based received and flexible for the earning of additional remuneration. The advantage of this system is to develop stronger relationship between physician and patient as the enrolled are almost fixed to a specific physician. The disadvantage of this system is to limit a patient to receive only those services and interventions that are necessary (Chawla et al, 1997).

The Fee-for-service system pays physicians for the number and types of service delivered under the agreed price on each service either on a fixed rate in the beginning of the year or varied based on actual services. A key advantage of this pay system is to allow more production and quality health care, but consent to have higher volume of service than required (Chawla et al, 1997).

Under the case-based reimbursement, the physician personnel are paid a predetermined amount that covers all services per case or types of illness. The amount paid per case is calculated on the basis of medical plans and agreed treatment protocols. The key advantage of pay is based on a treatment plan not on costs of resources. However, it is possible that a Physician will reduce the quantity and quality of services by minimizing the resource content to keep the cost down.

Lastly, a mixed system is the mixture of all payment schemes above in order to optimize efficiency, equity and quality of care.

JUSTIFICATION OF HEALTHCARE COMPENSATION IN VETERINARY SERVICES

The developments of veterinary pay are rooted from the general physician pay and methods as described in section 2.3.2. However, not all of those payment schemes can apply to the veterinary service sector, as it has a different nature of care – human versus animal. Thus, the compensation approaches for veterinary services need to be applied to fit the grounded value proposition of the services, which is composed of quality, cost and appropriateness of care (Innovator committee 2012; Glass, Pieper and Mark 1999). In this modern veterinary pay model, the case - salary - and mixed reimbursement were mostly found in the industry.

Glen (2011) a suggested combination of different rewards and benefits, such as a based remuneration of a short-term annual bonus and a long-term loyalty bonus to veterinarians, in order to link and balance personal performances, career development with business vision on financial, customer, process and learning and innovating perspectives. Table II shows linking between compensation and business visions.

Table 2 Linking of compensation and business visions in veterinary service

Types of remuneration	Measures	Objectives
1.Based remuneration (i.e. salary and wages) 2.Short-term annual bonus (i.e. cash bonus, commission, fringe benefits) 3.Long-term loyalty bonus (equity saving plan, work-life balance and equity sharing)	1. Personal skills evaluation, client evaluation, one minute survey, mystery shopper. 2.Financial measurement and practice performance 3. Procedure audit and performance evaluation 4. Training, skills and competencies development	1.Customers – satisfy and retention of customers 2. Financial – staff taking an interest in the business 3.Process improvement 4.Learning and Innovation – personal growth

Source: Compiled from Glen (2011) and Mikovich, Newman and Gerhart (2011)

In Thailand, there are different types or mixs of compensations deployed in veterinary services—from a basic compensation method such as salary-based to more complicated settings, in response to competitive labor environment. The most common types of veterinarian compensation are found in Table III below;

Table 3 Types of compensation in Thai Veterinary clinics

Types of pay	Forms of pay
Salary plus benefits	Based salary + merit payment + short term incentive+ income protection
Salary plus benefit Rational returns	Based salary + merit payment + short term incentive + income Protection+ insurance+ experience incentives + work-life balance (i.e. flexible working hours)+ accommodations or foods.
Incentive-based compensation	Based salary + specialised fees (i.e. exotic experiences or being specialised in eyes, heart, soft tissue, cancer or kidney treatment)+ productivity gain (i.e. profit sharing on target achievement)
Commission-based compensation	Minimum guarantee + target achievement or productivity gain

Source: Compiled from expert interview

THE DESIGN AND METHODOLOGY

A selected unit of study is a full-service veterinary clinic, located in a western suburb of Bangkok. Generally, the clinic applies the basic incentive compensation, a salary plus a benefit approach. The existing compensation scheme was found to be no longer applicable in such an intense competition and financial challenging environment, so a modified commission-based pay, became an alternative.

The study employed a qualitative action research, under the constructive paradigm, to clarify appropriateness of a new compensation scheme in a Thai full-scale veterinary clinic. Action research under the constructive paradigm is most appropriate in this study as it is 'attempting to intervene in the transformation of the respondents from their mental, emotional and social structures' (Guba and Lincoln 1994, Coughland and Coughlan 2002). The methodology and approach is unfolding a series of actions - overtime in a specific setting and understanding as a member of a group why and how their activities and actions can change or improve within the working system (Coghlan & Brannick 2001). It is a dependable process of arriving at a solution in a specific setting, through the plan and systematic data collection, data analysis, and interpretation of data (Mouly, 1978; Varma & Mallick, 1999, p. 13; Koshy, 2010. p. 1 cited in Cohen & Manion, 1994, p. 40).

The action research required six basic processes of working, which was data collection, critical reflexivity, planning and implementing (Kemmis & McTaggart 2000, p. 595; Elliot 1991, p. 71; O'Leary 2004, p. 140). Data gathering is a process to gather relevant information that reflects to research problems. Data feedback and analysis was the process of reflecting information to gather in a practical setting with a source of information and analysis on what is happening and what are the roots of problems. Action planning is critical in the action research process as a proposed solution to the problem and schedule on what should be done to test or solve the problem in the setting. Implementation is the process of trial and error on the solution treated in the setting. Lastly, evaluation is the confirmation and/or disconfirmation of the treatment on practical settings.

THE STUDY

Data Gathering

In the data gathering stage, the existing operational statistics, human resources management information, financial information and customer satisfaction information were gathered, based on the theoretical framework of SERQUAL for healthcare services and compensation. The information will be gathered from secondary sources, as well as interviews with management and operational staff across a

department - veterinary, nurse, finance and marketing. Twenty two participants were interviewed. Six of those were at top and middle management.

Table 4 Data gathering framework for spiral I

KEY INFORMATION	MEASUREMENTS	SOURCES OF INFORMATION
Human resources information	Number of veterinary, Status of veterinary (i.e. ful – or part-time), Working experiences, Education background, Wages ,salary and benefits, Special commitment or arrangement, HR turnover rate, Working schedule/working hours, Pros and cons of the existing compensation	Interview with top and middle management and report from HR department
Operational Information	Medical usage (% of total expense), Number of rework, Average duration of stay (IPD), Number of animals died/time of death, Number of specialization cases and expenses, Branch performances (% profit contributed to consolidate financial statement)	Hospital Operational guideline and interview with management staff
Customer/Perceived service quality	Number of customers/ days, Average spending per customer, Number of complaints, Cross selling amount (i.e. pet shop and grooming sales), Perceived quality of service, Customer retention rate	Operation reports/SERQUAL survey
Bottom line/Financial information	Total Revenue, Revenue/hours, % cost/revenue, Inventory turnover, Net Profit	Financial and accounting reports

Sources: Complied from Brandy and Cronin (2001) and Beecroft (2000)

Note: the data were gathered during September 2010 to January 2012

Data feedback

The findings from the initial assessment can be explained and reflected below;

1. The human resources policy: The findings show that there were 16 veterinarians in the clinic, 12 of them were full-time and working average an average of 48 hours a week. The rest were employed on a part-time basis. The average working experiences is 4.8 years with average income of 36,169 baht per month excluding bonuses. There were only three veterinarians who received special compensation arrangements due to their education background, areas of specialization and entitlement as head of veterinarians. Turnover rate is less than 20 percent annually. The existing compensation arrangements for veterinarians are shown below;

Total compensation = (hourly wage X working hours/month) + specialised fees (for surgery, dental, heart and cat treatment) + title fee (optional for branch manager and supervisory levels) + bonus

It should be noted that veterinarian compensation was varied month by month depending on hours worked (sick leave, annual leave and holiday leave where variation is for working hours). In addition, the wage payment policy is limited to not higher than 30 percent of total income.

2. Key operational information: Medical supply is at 23 percent of total revenue per bill. The death rate is limited to not more than 3.25 percent of total care, mostly die during the early morning period (02.00-06.00 a.m.). The specialised cases were at 24 percent of total cases monthly. The specialised fee is slighter at ten percent of monthly revenue.

3. Customer information and satisfaction: The average customer per day is approximately 64 in a working day and 106 in the weekend. An average spending is 1,298 baht across OPD (1,167 baht) and IPD services (1,429 baht). The average monthly revenue of a pet shop and grooming was 264,761 and 133,461 baht. The monthly financial performance of branch A and B were 665,242 and 311,244 baht at an average customer of 25 in a workday and 40 in the weekend.

There were a number of complaints, which are (1) Expensive (17.1%); (2) Poor communication with customer (16.4%); (3) Long waiting time (15.5%); (4) Poor service mind (9.9%); (5) poor medical explanation (8.8%); (6) Don't pay attention in medical treatment (8.4%); (6) Poorly response to customer (8.0%); (7) Dirty cages (4.6%); (8) Release wrong medicine (3.0%); (9) Faulty treatment (2.5%); (10) Others (5.9%)

The customer satisfaction survey, in accordance with SERQUAL framework has been developed and distributed to 400 respondents during September to December 2011. It should be noted that TARO YAMANE (1967) was used to calculate a sample size. The overall service quality is 3.34. The

most satisfy dimensions were Tangibility (4.35), followed by reliability (3.81), Accessibility and affordability (3.62), Assurance (3.45), Empathy (3.22) and responsiveness (3.12)

4. Financial Information: The average monthly revenue from the past five years is at 2.98 million baht a year with CAGR at 8.33 percent. Net profit margin at 27 percent. When considering revenue generated against average hourly expenses for veterinary clinics was 953 and 257.31 baht per hour. Thus, the average cost to income is at approximately 27 percent. The bottom line or net profit margin (monthly average) at 32.7 percent.

DATA ANALYSIS AND NEW FORMULATION OF VETERINARY COMPENSATION SYSTEM

Data Analysis

The findings showed that Empathy, Responsiveness and Assurance had lowest score in service quality. Specifically, they were less satisfactory in (1) *animal treatment* (Attention in treatment, case accepted, medical explanation, faulty treatment and communication); (2) *caring* (measured by number of death animal and complaint on dirty cages) and (3) *other services performance* (poorly inform customer about the services or process, long waiting time, and poor service mind). Investigations of the root problems have been done by in-depth interviews with division heads and employees. The key findings are shown in Table X below;

Table 5 Causes of service quality problems and solutions

Problems	Roots of problems	Proposed solution
Prompt assistant to customer	Prioritizing problem/ no clear command line/ no motivation to accept many cases	Process redesign and clarification of command line
Death animal in some period of day/ Dirty cages and less animal ring	Poorly monitored and managed nurse and staff performance Compromising, conflict avoidance and less man-hour at night	Motivating veterinarian to manage and supervise nurse and staffs with lesser compromise/ adding manpower at desired period.

Table 5 (Conts.)

Problems	Roots of problems	Proposed solution
Attention in treatment and faulty treatment	No cross supervision Slow medical information process	Assigned specific vet (Head of vet) to supervising and monitoring the treatment
Communication/ Information sharing problem/Medical explanation/ poorly inform customer about the services or process	Lack of customer communication skills/in sufficient information Lack of integrated information system	Motivating to access information and develop communication training program Develop a system to handle integrated information
Waiting time	In efficiency of queuing process/ no statistical records on waiting time/activities.	Classifying group of customers/ employ system to records information/ reservation and scheduling system improvement/ Reprocess
Poor service mind	Compensation problem that is less motivated and long working hours.	Revisited the compensation scheme and rescheduling working hours

Source: developed for this study

Financial performance is also a problem for the clinic as the growth rate was slight during 2008 to 2010. The high growth rate is found in 2011 due to a change in pricing policy, not reflected by operation efficiency or higher income generation capacity. In order to improve financial performance, a mechanism to lesser compromise service ordering and cross selling of veterinarian services need to be addressed.

The last, but most important problem in the context is the conflict within the organisation that is basically from the adoption of new information system that is not widely accepted.

In application to the rule of thumb 80/20, The problems shown in Table V is basically came from motivation to work, the monitoring system, unclear command line, working process and lack of skills such as communication, computer and prioritization skills. Thus, a number of soft and hard solutions need to be made, basically on motivation scheme and reengineer working infrastructure and develop training program to alleviate the soft skill problems.

Action Planning

There are two basic steps to introduce the modified commission-based pay to veterinarian clinics, which are (1) revised the compensation scheme and (2) enhance working infrastructure to support the new compensation scheme.

New formulation of veterinary system

The new compensation method has been proposed after justifying all costs and context of the setting. The proposed pay structure is shown below;

Total compensation = Base wage ((hourly wage X working hours/month))*50% (adjusted according to experiences) + 1st incentive income from target achieved (in accordance with the company standard) + 2nd incentive income from second target achieved (the challenging target) + Night shift WARD incentive + specialized fee + revenue sharing from service suggestion and reference (both for pet shop and grooming services) + branch incentive + position fee (optional) + training incentive (optional).

Basic wage: the new basic wage is proposed to be half of the existing hourly wage. For example, a veterinary who has an hourly wage of 120 baht per hour will receive the new basic wage at 60 baht. However, the new basic wage is adjusted yearly based on years of service and experience. The reason to reduce hourly wage by half is so that the firm would encourage and instill in veterinarians to be more motivated and retain their better performances.

Table 6 New Hourly Wage to support pay-for-performance pay or commission pay system

Working experiences	Hourly wage (Baht)	Note
1	76.9	
2	96.15	
3	105.77	
4	115.38	
5	115.38	Specialized training rewarded
6	125	
7	134.62	
8	134.62	Specialized training rewarded
9	144.23	
10	153.85	
>10	163.46	Receive special reward from the firm

Note: Based on 40 working hour/week

Source: Human resources Management (2010) and Department of CEO (2010)

Commission for performance I: is a performance payment based on better medical treatment and service delivered or ordered, particularly from medical recommendations, laboratory works and special medical package suggestions. The standard measurement for paying commission (for performance I) is based heavily on hourly revenue generation - a firm standard is set at 900 baht per hour. The standard calculation for hourly revenue generation and commission incentive is based on experience as shown in Table 7.

Table 7 standard commission payment

Working Experiences	Hourly income to Hospital	Commission %
<=1	100	-
2	750	5%
3	800	5%
4	900	5%
5	942	6%
6	942	6%
7	942	6%
8	1011	7%
9	1011	7%
10	1011	7%
10+	1100	8%

Source: Human resources Management (2010) and Department of CEO (2010)

Note: Income generation per hour = total income generated per month / number of working hours

Commission for performance II: is an outstanding performance payment, dependent on over achievement of a second target, which is based on a second challenged hourly income generated by a hospital. It should be noted that the challenge rate is calculated from target income, broken down by an individual veterinarian (currently at 1200 baht/ hour). Any veterinarian performing above standard shall be rewarded an extra 2% from over achieved revenue based on form performance.

Night-shift ward incentive: is remuneration for veterinarians who work at night-shift. This is a model of a substitute of over-time payment and reward for a hard-working veterinarian who has volunteered for night-shift in a ward operation. That is an addition where veterinarians work night-shift when there is a need to work more extensively, due to lesser availability of manpower after mid-night. Due to that circumstance a firm will reward 0.25% daily for a night-shift veterinarian.

Specialized pay: is an incentive for a veterinarian who is a recipient of an academic degree and been practicing specific skills such as heart, cancer, dental, dermatology, eyes or exotics. Veterinarians

with specialized skills will receive an additional 30 percent of an hourly wage (basic rate) on a monthly basis.

Cross-selling pay: most of the pet shop and grooming sales basically come from veterinarians' recommendations or as part of a treatment process. In order to reward those services and increase a veterinarian's financial status, references and recommendations from veterinarians to customers is crucial. Thus, one percent incentive on product sold will be included in a veterinary's compensation package.

Allowance for working at a branch as to working at headquarters: is the payment paid to veterinarians who may have additional costs by working at a branch than what is incurred by working at a headquarters. Basically, if they are working at a headquarters, they have an advantage of better opportunity to service customers than at a branch: found to be at the ratio of 3:1, given that the service charge is applied at the same rate. Any veterinarian who works at a branch will be rewarded 1% on a daily basis.

Position pay: is a fixed incentive for veterinarians who have been appointed as veterinary heads to work at medical treatment operations and branch operations.

Enhance working infrastructure to support the new compensation scheme

There are a number of supporting element and step to develop in application for new compensation scheme, which are (1) revised and standardized working process, (2) data cleaning and migration, (3) modified computer systems to collect and report all the activities done by individual veterinarians, (4)call for meetings to introduce a new compensation package (as part of change and conflict management), (5) inform customers about the system implementation of a new service (customer impact reduction and customer relationship management), and (6) develop a benchmark for evaluation

Firstly, a revised working process is expected to improve customer service in the area of customer registration and profile retrieval, queuing, veterinarian scheduling and assignments, information sharing, follow up processes and discharging and billing processes.

Table 8 Ares of customer service improvement through process redesign

Areas of improvement	Objectives/ activities	Approach
Customer registration and profile retrieval	To reduce waiting time and complete medical records, contacting pet owners for any emergency and billing process.	Shorter waiting time, no information redundancy and more control on medical treatment process

Table 8 (Conts.)

Areas of improvement	Objectives/ activities	Approach
Queuing	To reduce the waiting time by dividing customer into three groups: general practicing and follow up, emergency and medical support and other services.	Standardizing the process and record time spend on each medical treatment to ascertain average waiting time.
Veterinarian scheduling and assignments	To ensure assigning a right veterinarian. The right veterinary means (1) availability for service or shortest waiting time; (2) available skills at required time; (3) the same or at requested of customer; (4) transferred case to other veterinarian; and (5) reappointment.	Sharing veterinarian working, appointment schedules across departments.
Information sharing and following up process	To ensure most completeness of information for medical diagnosis and service. This is because a medical case requires integration of information from various departments.	Integrated and sharing information via an information system.
Discharging and billing process	To have a quality checklist before notification for prescription, billing and case discharge.	Develop a checklist and utilize on the computer system.

Source: developed for this study

Secondly, data cleaning and integration is a process of selecting a customer card model that will still be active within the next 10 years and integrating such information into a new customer system in order to be used as reference records for future diagnosis or medical planning and treatments.

Third, there be a system modification to records detailing operations of individual and group practitioners. This stage can only be done only after a sound clarification of revenue recording policies; otherwise it would be difficult to base a calculation of a new compensation scheme. Then, a system should be modified to record revenue accordingly.

Fourth, call for a meeting with veterinarians, nurses and staff to discuss and comprehend a new compensation package which is most important as such would be a part of a change to the existing management process, which would focus on a comprehensive understanding about a new compensation package (i.e. objective, how to calculate a new income of a package), receiving feedback about the new system and identify risks and conflicts that may come after introducing a new system.

Fifth, a customer relationship management unit would be required to handle (1) any delay in working processes in an initial stage and (2) any complaints on price increases. Thus, an announcement be made to clinic staff about a delay of deployment of any new replacement service and how staff is to deal with complaints from clients with regard to change.

Sixth, two external training on communication and human rational and prioritization training will be conducted in the organisation.

Seventh, a benchmark to measure success of a new compensation package is based on three major criteria: (1) levels of service, quality delivered and productivity improvement; (2) financial impact to clinics. The records on medical services, customer survey on service quality, revenue generation to clinic and bottom line will be used to measure the success or failure of the new compensation package.

Table 9 Risk identification and conflict management

Types of risks	Description
Turnover	The new compensation package will force veterinarians to generate their income by increasing clinic revenue.
Overcharged	There is a room for additional charges on customers to allow for veterinarian benefits. Thus, a standardization of medical treatment processes is required.
Veterinarian's ethics	Ethical practices should override any thoughts of a veterinarian considering only accepting customers who can afford paying high fees.
Wage that is too high against revenue	Incentives may be higher than revenue growth rate. Thus, a calculation for a compensation package should be well controlled and clarified.
Cultural change	Completive pressure among veterinarians may develop and change organization culture (from a collective to competitive culture).
Organization repositioning	A new payment scheme will pressure costs of medical treatment to customers, which will eventually change a clinic's position from general charge to one more expensive, but will be more productive in medical care. Price conscious customers may switch to other clinics.

Source: Developed for this research

IMPLEMENTATION

The implementation has been done during 2012. Initially, a new compensation package was introduced and feedback from veterinarians and support staff was requested. Most of the questions put to veterinarians were about reasons for change, what would be the impact of such - financially and operationally, the ethical impacts, how to calculate the new compensation package, fairness of the new package in different situations? For veterinarians, there was a great deal of agreement to the standards according to the HA suggestion but there was a general request for modification in some areas which are specific to veterinary practices. A series of explanations has been carried out to ensure that a level of resistance is at a minimum or at least there is willingness to try the new system.

A working process has been redesigned in consideration of the Thailand HA standard. The new processes have been introduced to veterinarian and support staff such as customer service (customer registration counter), nurses, laboratory personnel, pharmacy, cashier and grooming and a pet shop. Several training workshops have been implemented to ensure that staff understands procedures and how the new system will work for veterinarians and clinics.

Table 10 summaries the issues arose from supporting personnel.

Department	Issues	Ad-hoc solution
Customer services	(1) It is much easier for customer records and retrieval, but not all all-digital records have completed information, a retrieval of customer cards still has to be done at the same time. It seemed like duplication of work. (2) It was confusing to know which case was for whom (veterinarian).	(1) Rushing the data cleansing and migration process. (2) Simplifying the categorizing process into general treatment and follow up cases, emergency,specialized and direct services such as buying medicine, or grooming.
Nurse (or Veterinary assistant)	(1) Veterinarians may be forced to work on customer services. (2) As well as veterinarians there maybe demands for incentive payments.	Manpower analysis to ensure balancing between veterinarians and nurses.

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