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# How to Increase Revenues by Decreasing No-Shows

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## 1. Introduction

They have many names. "No-shows," "appointment-breaking," or "failure to attend." They all mean one thing to a business owner: lost revenue. Customer no-shows cost businesses money, and often result in lost income for employees. No-shows also impose intangible costs related to the administrative work associated with scheduling and the wasting of potentially paying time slots.

Thankfully, there are some new technologies proven to reduce no-shows. By combining high-tech methods with time-tested practices, businesses can substantially reduce their no-show rates. Included below are the current best practices for reducing customer no-shows.

## 2. Implement Appointment Reminders

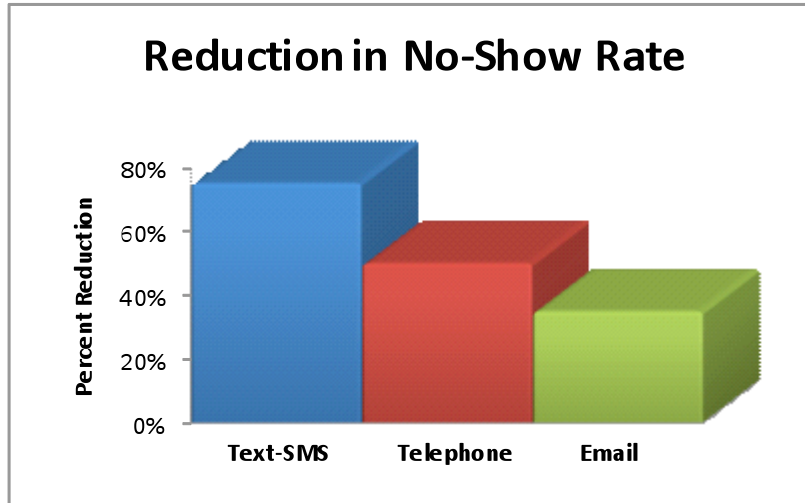
The surest way to decrease the no-show rate for any type of business is by using appointment reminders. In numerous studies, appointment reminders have been shown to significantly decrease no-shows, by 50 percent or more. In fact, appointment reminders are becoming so common that customers are beginning to rely on them -- making appointment reminders an essential, and expected, business practice.

*Telephone reminders* are the time-tested method of reminding the customer of an appointment. A live (not recorded) telephone reminder still holds a slight edge in effectiveness at reducing no-shows, in part because a live person can often prompt the client to verbally confirm the appointment.<sup>1</sup> However, this method is not cost-effective for many businesses. Automated phone calls are also effective and are usually much less costly.<sup>2</sup>

*E-mail reminders* are a very cost-effective tool for reducing no-shows. Because they can often be sent automatically, they are the least costly form of appointment reminders. They have been proven to reduce the rate of no-shows, in one study, by 35 percent.<sup>3</sup>

*SMS text reminders* are a newer form of appointment reminder. SMS text reminders are quickly becoming as effective at decreasing the no-show rate as any of the above methods, and their effectiveness is increasing as more people use the text function on their cell phones.<sup>4</sup> In one recent case study, the no-show rate declined by 75 percent in a medical clinic's appointments using SMS text reminders.<sup>5</sup> Another advantage to SMS text reminders is that the messages can be sent after work hours, making them more likely to grab the client's attention.





**Chart 1: Reduction in No-Show Rate with Various Reminder Types**

### 3. Shorten Time Between Scheduling and Appointment

A long period of time between the scheduling of the appointment and the date of service increases the no-show rate dramatically.<sup>6</sup> This is due to a number of factors, such as clients finding another service provider that can accommodate them sooner, the increased likelihood of forgetting or having something important come up, and in some cases, the problem resolving on its own (such a health-related problem). Also, the farther away the appointment is, the more likely the client will forget to cancel or reschedule.

Businesses that must schedule appointments more than three weeks out should consider keeping some slots open for more immediate problems or concerns, which can prevent losing customers to other providers. For the appointments that are scheduled well ahead of time, using multiple appointment reminders will decrease the no-show rate.

### 4. Educate Clients on the Impact of No-shows

People are much more likely to do something if they know the reason why they are doing it. They are more likely to follow any type of instruction if it contains a “because” phrase, an explanation behind the request.<sup>7</sup> Studies have shown that one reason people do not show up for their medical appointments is because they assume the doctor is overbooked anyway, and their missed appointment does not have any impact on the doctor.



Therefore, it is critical that businesses educate clients on the impact of their not showing up for appointments. It can be in writing or verbally communicated to new clients. Some example language:

*This time has been reserved for you. Keeping your appointments is extremely important to our business. No-shows drive our costs and prices up. Please assist us by cancelling with 48 hours notice, or in an emergency or illness, by letting us know you will not make your appointment.*

## 5. Build Friendly Personal Relationships with Clients

A personal relationship between the provider and client decreases the no-show rate.<sup>2</sup> Although there are certainly exceptions, the more long-standing a client is to a business, the less likely they are to no-show. Providers of all types -- doctors, massage therapists, even accountants -- can develop friendly, positive relationships with their clients, which will result in a lower no-show rate.<sup>6</sup>

Logically, the highest rate of no-shows are from first-time clients, who do not yet have a personal relationship with the provider. Some ways to combat this are an initial personal phone call from the provider after the appointment is made, welcoming them to the business and saying they are looking forward to meeting them. Extra appointment confirmations and reminders for first time clients may also help alleviate the high initial no-show rate.

Many business allow extra time for first-time clients. This is an effective strategy for a number of reasons, one of which is that it builds the provider-client relationship, which can increase client retention and reduce the no-show rate.

## 6. Conduct an Orientation Clinic

For more intensive programs that require many successive appointments, such as ongoing treatment or counseling, an orientation clinic can be helpful in reducing the initial no-show rate, which can be very high in treatment programs and similar settings.<sup>8</sup> See the "References" section for an example of a clinic that instituted an orientation with very positive results.

## 7. Charge a No-show Fee

Charging a no-show fee, even a small one, is another proven way to decrease the no-show rate.<sup>6</sup> However, this strategy can have both positive and negative results, and there haven't been any studies that carefully assess the overall impact. For example, a client who is charged a no-show fee may show up to his next appointment, but shortly after, find a different provider due to a negative impression of the business from the no-show charge.



Many businesses only charge a fee to clients who repeatedly miss their appointments. In some cases, this is a direct attempt to prompt the client to leave the business. Overall, charging a fee should be considered carefully due to the punitive nature and the negative feelings that may result.

## 8. Getting Started

When beginning a program aimed to decrease no-shows, start by documenting your current no-show rate, if you don't have this information already. If possible, calculate the total lost monthly revenue from no-shows. Then, implement one strategy at a time and document its effect on your no-show rate. You can then calculate the revenue gained and compare it with the cost of your strategy to see how much money is saved.

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