



Practices That Continue to Grow

What Are They Doing Right?

Karen E. Felsted, DVM, MS, CPA, CVPM

What can you do to grow your practice? Whether you're the owner, an associate veterinarian, veterinary technician, practice manager, receptionist, or other staff member, it takes the entire practice team working together to create a successful practice in these tough economic times.

In the next couple of issues of Today's Veterinary Practice, Dr. Karen Felsted is going to discuss what sets growing, successful veterinary practices apart from their competitors and how you can implement their business models in your practice.

Much of the information presented in this series of articles is based on the results of a recent, cutting-edge survey that investigated veterinary practice performance from the viewpoints of both the veterinary professional and pet owner.



It's no big secret that our previously recession-proof profession was strongly impacted by the recent recession and continues to feel this impact even though the recession has been technically over since June 2009.

The decline in veterinary visits that has concerned veterinarians and practice managers, however, started well before the recession. Information from multiple reports, both of veterinary practice and pet owner activities, indicates the decline in visits started in the early 2000s. The recession made these trends worse, but it didn't cause them.

If practices are going to continue to thrive and grow, it is critical that practice owners and managers understand why visits are declining, what pet owners want from their veterinary practice, and what practices that have continued to grow during the last few years are doing differently from other practices. Findings from the Bayer Veterinary Care Usage Study^{1,2} offer many insights into these questions (see **Inside the Bayer Veterinary Care Usage Study**, page 56).

VETERINARIANS RESPOND

The veterinarian portion of the Bayer study was conducted in May 2011. Practice owners were asked about the impact of the recession on their local economy:

- **33%** of respondents said the recession had a significant adverse impact on their local economy.
- **51%** indicated a moderate negative impact.
- **15%** said the impact on their local economy had been little to none.

In spite of the lingering impacts of the recession, not all practices saw a decline in visits over the past 2 years (since the recession ended). Practice owners were asked if pet visits to their practice had increased, decreased, or stayed the same over the past 2 years:

- **34%** of respondents indicated that visits had increased during this time period.
- **51%** indicated that visits had declined.
- **14%** said visits were flat.

A very significant finding was that 68% of the practices that had an increase in visits from about May 2009 to May 2011 were in areas that had been moderately to significantly impacted by the recession. This clearly indicates that while the recession made it more difficult for practices to grow, there were many practices that continued to do so in spite of the difficult economic times. What did these practices do that was different from other, less successful practices?

IDENTIFYING VARIABLES AMONG PRACTICES

One part of the Bayer study analysis identified attributes associated with increases in patient visits to veterinary hospitals. There were 4 attributes shared among practices that had seen an increase in visits over the last several years:

1. **Have the client see the same veterinarian every visit.** Pet owners are more likely to accept recommendations from veterinarians they trust and with whom they have built a relationship. Owners who have this bond with their veterinarians are also more likely to refer the practice to their friends and colleagues or recommend the practice online.



INSIDE THE BAYER VETERINARY CARE USAGE STUDY

A downward trend in veterinary visits at a time when pet ownership is rising clearly raises concerns about the economic health of the veterinary profession and, even more important, about the care that pets are getting. The Bayer Veterinary Care Usage Study was conducted to identify reasons for the decline in visits as well as specific actions veterinarians and their teams could take to bring clients and patients back in to the practice.

The study was conducted by Brakke Consulting, Inc, in cooperation with the National Commission on Veterinary Economic Issues (NCVEI) and sponsored by the Animal Health Division of Bayer Healthcare; Ipsos-Forward Research conducted the fieldwork. In designing the study, Bayer, Brakke, and NCVEI consulted with several business management experts with research experience in the veterinary field. These included John W. Slocum, PhD, Professor Emeritus of the Cox School of Business, Southern Methodist University; William Cron, Associate Dean, M.J. Neeley School of Business, Texas Christian University; and a team of professors from Kansas State University—David M. Andrus, PhD; Kevin Gwinner, PhD; and J. Bruce Prince, PhD.

Stages of the research included:

- Extensive review of literature on practice trends
- Series of in-depth interviews with companion animal practice owners across the U.S.
- Qualitative interviews with pet owners
- National online quantitative survey of 2188 U.S. dog and cat owners
- Online survey of 401 veterinarians utilizing an Ipsos proprietary panel of U.S. companion animal veterinary practice owners.

Statistical margin of error for the entire pet-owner sample at the 95% confidence level was $\pm 2.1\%$; margin of error at the species (dog or cat) level was $\pm 3\%$. Statistical margin of error at the 95% confidence level for the veterinarian sample was $\pm 4.9\%$.

2. **Believe that wellness examinations are the most valuable service.** One aspect of veterinary medicine is to treat sick or injured pets; however, focusing on wellness care may mean that pets are less likely to become sick or injured and allows earlier diagnosis and treatment.
3. **Recognize that marketing and advertising are critical to success.** Practices that focus on attracting clients are obviously more likely to have an increase in visits versus practices that don't.
4. **Become an active user of social media, such as Facebook.** This finding is a clear sign of the times and confirms how consumers (including pet owners) pick the businesses they choose to use.

This same type of statistical analysis was used to identify variables commonly shared among practices that saw a decline in visits:

1. **Think that advertising undermines credibility as a veterinarian.** There is a blurred line today between advertising/marketing and pet owner communication. If practices are uncomfortable with promotion, they are missing opportunities to help pet owners understand the need for care, which ultimately results in lack of practice growth.
2. **No referral arrangements with other pet service providers.** Relationships with groomers, boarding facilities, pet sitting services, and other pet service providers are a natural fit for a symbiotic relationship—these service providers can recommend your practice to clients unfamiliar with you and vice versa.

Decline in Veterinary Visits: Six Reasons Why

Six reasons were identified in the Bayer Veterinary Care Usage Study as contributing to the decline in veterinary visits:

- The recession
- Fragmentation of veterinary services
- Intrusion of the Internet
- Inadequate understanding of the need for routine examinations
- Cost of veterinary care
- Feline resistance.

1 The Recession

Without a doubt, the U.S. recession of 2007 to 2009 has had a negative impact on companion animal veterinary practices and exacerbated the downward visits trend seen prior to the recession.

2 Fragmentation of Veterinary Services

The number and type of veterinary practices appears to be growing faster than the number of pets; thus, the declining number of visits is being spread out over a greater number of veterinarians. Practice owners face competition not just from other traditional veterinary hospitals, but especially from types of services that have become more prevalent in recent years, including pet store veterinary clinics, mobile vaccination clinics, animal shelter and rescue operation veterinary services, and specialty referral practices. Practice owners, on average, estimated there were 15.3 other practices in their trade area.

3 Intrusion of the Internet

With the ready availability of information on the Internet, pet owners depend less on their veterinarians when it comes to the care of their pets. Pet owners say they often look online first if their pets are sick or injured.

4 Inadequate Understanding of the Need for Routine Examinations

Many pet owners associated veterinary care with vaccinations, and did not understand as readily the necessity for examinations or other care. They also felt that indoor pets and older pets need less veterinary care.

5 Cost of Veterinary Care

Pet owners cited the rising cost of veterinary care as an obstacle to taking their pets to a veterinarian. They also indicated they did not see value in their veterinary visits compared to the cost of care. Seventy-four percent of practice owners indicated that it was becoming more difficult to increase fees; 49% said that clients were increasingly complaining about fees.



6 Feline Resistance

Cat owners find taking their pets to veterinarians highly stressful to both the cats and themselves; therefore, fewer cat owners have a primary clinic and when they do take their cats to veterinarians, they spend less and visit less often.

**GROWING YOUR PRACTICE:
KEY ACTIVITIES TO IMPLEMENT**

The Bayer Veterinary Care Usage Study points toward some key activities practices should focus on in order to grow:

1. **Build bonds between clients and the practice team members.** Only 48% of the practice owners surveyed agreed completely or somewhat with the statement that clients were assigned a veterinarian whom they saw most of the time. Instead of having the first available person return a call or see a client, try to keep those contacts consistent. This allows pet owners, veterinarians, and team members build strong, trusting relationships.
2. **Make preventive care a key part of the practice.** Communicate the need for wellness care to all pet owners and train everyone in the practice about the need for it. Use models, stickers, checklists, medical record templates, and other aids to make sure information is consistently communicated to clients. In addition, consistent communication between doctors and the practice team regarding the importance of preventive care is critical in order for team members to become a strong part of the client education process.
3. **Communicate wellness and other recommendations effectively to clients.** It's not enough to simply make a recommendation; that approach does not explain to the client why the recommendation is important. Instead of saying "Your pet needs a dental," say "Cleaning Fluffy's teeth now will help your cat keep all his teeth, prevent tooth and gum infections, and reduce the likelihood of expensive dental care in the future."
4. **Try new communication and marketing ideas.** According to the Bayer study, about ¾ of practices have websites and advertise in the yellow pages, but less than 50% of practices are trying other types of promotional activities, which can better educate pet owners about their pets' need for care and consequently bring them into the practice. Practices certainly need websites but there are many other marketing activities that more actively reach out to clients—consider building relationships with realtors, large companies in the practice's area, or other pet service providers.

5. Venture farther into web-based communication.

A website is a start but try expanding Internet communication with your clients, such as email, texting, or Facebook. The key thing to remember is to communicate with clients the way they prefer communicating. Findings from another study performed by Nicholson Kovac indicate that dog and cat owners are more likely to use social media and text than other consumers, yet only:

- » 54% of small animal veterinarians use email to communicate with clients
- » 76% of veterinarians are not at all or only slightly familiar with social media sites
- » 50% see social media as a marketing opportunity.

In addition to these 5 action steps, the findings in the Bayer study point to many more. In spite of the recession and its aftermath, there are actions every practice can take to increase both dog and cat visits. Future articles in this series will examine these actions in-depth and provide ways to incorporate them in your practice. ■

References

1. Volk JO, Felsted KE, Thomas JG. Executive summary of the Bayer Veterinary Care Usage Study. *JAVMA* 2011; 238:1275-1282 (<http://avmajournals.avma.org/doi/pdf/10.2460/javma.238.10.1275>).
2. Volk JO, Felsted KE, Thomas JG. Executive summary of phase 2 of the Bayer Veterinary Care Usage Study. *JAVMA* 2011; 239:1311-1316 (<http://avmajournals.avma.org/doi/pdf/10.2460/javma.239.10.1311>).



Karen E. Felsted, DVM, MS, CPA, CVPM, is the Chief Executive Officer for the National Commission of Veterinary Economics Issues (NCVEI, ncvei.org). She is also a founding director and current member of VetPartners (avpmca.org), the treasurer for the CATalyst Council (catalystcouncil.org), and a past member of the Veterinary Economics Editorial Advisory Board.

Dr. Felsted has written an extensive number of articles for a wide range of veterinary publications and speaks regularly at national and international veterinary meetings. In addition, for the last 10 years, she has provided financial and operational consulting services to veterinarians, most recently with Brakke Consulting and Gatto McFerson CPAs. Dr. Felsted received her degree in marketing from University of Texas–Austin and spent 12 years in accounting and business management, including 6 years with Ernst & Young. During this time, she also earned both her CPA and MS degree in management and administrative science from University of Texas–Dallas. In 1996, Dr. Felsted received her DVM from Texas A&M University; she practiced small animal and emergency medicine for 3 years.