This Practice Building series, **Building Today’s Veterinary Practice**, was launched in September 2013 to provide a practice owner’s perspective about the most important business challenges facing the independent veterinary practice. Over the past 2 years, we have used a practical, user-friendly format to review and present topics that extend beyond traditional practice management themes. We have talked about many aspects of practice operations, including:

• Financing options and opportunities
• Investing in your small business
• Innovations in client communications
• Information system technology
• Cultivating the next generation of leaders.

Along the way, we’ve attempted to illustrate many of these important issues through our own practice: In September 2013, we began the process of rehabilitating a historic building and converting it into a state-of-the-art primary care practice. While it wasn’t the first practice we had owned, this was our first time building a practice from the ground up.

As we look back 2 short years later and reflect on our own process of building today’s veterinary practice, it’s our goal to share some of the many lessons we have learned.

**LESSON 1. PRACTICE OWNERSHIP WORKS**

Ultimately, veterinarians reach a point in their careers in which they must decide between 2 paths: to continue as an employee or make the entrepreneurial jump to practice ownership.

Over the years, I’ve spoken to many young veterinarians who have provided endless reasons for not wanting to own their own practice, including:

• I can’t afford to own a practice.
• I’m concerned about family balance.
• I need/want security.
• I don’t know enough about business.

Based on our experiences as practice owners, our personal opinion is that practice ownership is the ONLY path that gives a veterinarian the opportunity to accomplish professional, financial, and personal success. Many practice owners will tell you the one singular thing they are certain of is that they wake up every day knowing they have the autonomy to go earn a living. That autonomy comes with many headaches of running a small business, but also yields many benefits such as security, control, and stability—attributes many veterinarians desire.

As referenced in prior installments of this column, available at tvpjournal.com, the market for acquiring financing is still strong for veterinarians looking to become practice owners. Even with the consideration of large student debt burdens, veterinarians can secure financing to acquire an existing practice or even start their own if they have:

• Shown good personal financial responsibility
• Established a professional track record
• Identified the right opportunity.

Less than 2 years into a start-up practice, our business is in the middle of a sometimes stressful growth curve and is continuing to expand. But like the experiences of many other owner-operators, the process has proven to be rewarding as we have been able to build the exact practice we envisioned.
LESSON 2. BE WILLING TO DIFFERENTIATE

When we purchased our first practice almost 15 years ago, the world was a different place. Our most significant competition was the other veterinarian in town, and it was commonplace for many practice owners to operate on the premise that competition was a bad thing.

One thing we now know is that the current competitive landscape is nothing like it was in the past. Today’s veterinary practices compete with a host of new competitors, including online pharmacies, low-cost service providers, and new practices. Competing effectively is not just a good idea—it is a requirement for staying in business.

It is challenging (or even impossible) to identify an attractive, high-growth market where a significant unmet need for veterinary services exists. To successfully compete, practice teams must find a comfort level reaching out to existing and prospective customers and actively differentiating their practice from the rest of the pack.

Practically, what does this mean?

Practice Website
Take a quick look at your practice’s website and scroll through the core elements.
• Do you have a picture of your surgery room?
• Do you have a laundry list of services that you offer, including vaccinations, spays/neuters, and senior profiles?
• Do you have a library of resources for your clients to access?

Review 3 or 4 of your peers’ websites and count how many of them have the same exact elements, often in the same exact physical layout. How is your website any different?

Patient Experience
Take a moment and consider the patient experience from your clients’ perspectives.
• Do your clients come into a busy waiting room, and wait in line while a receptionist sits behind a big desk balancing phone calls and intakes?
• Do they get shuffled off to a room where they complete their pets’ annual visit in 15 minutes?
• Is your client’s experience just like every other trip they’ve made to every other veterinary practice?

Differentiation
I strongly believe that for individual veterinary practices to thrive in the future, we have to make the commitment to differentiate ourselves from the growing number of alternatives. We have to be willing to make sometimes radical changes, including:
• Adapting our model to be more in tune with our clients’ needs
• Recognizing that clients have options
• Communicating what truly makes each of our practices unique
• Most important, educating our clients about why they should care.

Those practices that make this evolution will continue to build a loyal client base, both strengthening their existing relationships as well as attracting new customers, no matter what the local competitive landscape.

LESSON 3. ALWAYS HAVE A PLAN, MEASURE THE IMPACT, & CHANGE COURSE IF NECESSARY

For many years, the veterinary practice business plan went something like this:
• Show up for work
• Try to do a good job by providing sound medicine and satisfactory service
• Raise your prices every few years
• See your business grow 5% to 8% annually.

Business Planning
Very few practices actually have a business plan. If you ask practice owners to state their goals for this year, those goals are most likely along the lines of achieving a few percentage points growth from the previous year. Ask an owner how they plan on reaching that goal, and the conversation often stops there.

The business of veterinary medicine has grown much more complex in recent years. Larger staffs, increased regulatory oversight, previously referenced competitors, and new technology all make the process of running a small business feel like a big corporate headache. If you study the practices that are successful in today’s marketplace, you often find they have embraced many business principles, including business planning.

A regular planning process enables practices to accomplish many important tasks that impact their business throughout the year, including:
• Development of practice-wide goals that can be communicated to the entire team
• Creation of budgets related to expenditures for new equipment, payroll, and marketing, among other categories
• Establishment of contingency plans if revenue drops, the practice loses a doctor, or the business faces unplanned challenges
• Provision of groundwork for improving practice value.
Measuring Impact
A plan is not a static document—it is as dynamic as the business itself. Periodically measuring your practice against your plan enables you, as a business owner, to be attentive to subtle changes and opportunities and proactive in your actions versus being reactive to larger, more significant challenges.

Compared to their peers, who review their businesses annually (typically around tax season), practices that periodically review their businesses throughout the year are able to act more quickly, launching new marketing initiatives and investing in people, technology, and resources that bring new clients in the door.

Response to Change
Effective planning also allows a practice to be responsive to changes in its business. The exercise enables business owners to commit necessary time to thinking about how they will act if, and when, certain events happen, such as loss of staff, new competition opening, negative turn in the local economy, or greater than expected growth.

LESSON 4. BE WILLING TO CONSIDER NEW OPPORTUNITIES
As stated earlier, increased competition brings new challenges, but it also brings new opportunities. The “old way” of practice ownership went like this: an associate would purchase the practice from his or her employer and eventually acquire the real estate. However, with rising values for well-performing practices and variable commercial real estate markets in most areas, many veterinarians are now looking for new opportunities to meet their professional goals. See Real Estate: To Buy or Not to Buy to learn how our practice handled an unexpected opportunity that required “out of the box” thinking this past year.

MOVING FORWARD
This is by no means an exhaustive list of lessons learned from owning and operating a practice in today’s complex world. In fact, lessons are learned every day. But as we take a few moments and reflect on the state of our business and our industry, we must recognize that there are many challenges. We firmly believe that for those who are willing to be entrepreneurial, proactive, and creative, opportunities abound for an independent veterinary practice.