



Building Today's Veterinary Practice Series

Adding the Next Level of Services

Travis Meredith, DVM, MBA, Diplomate ACT
Calico Financial, Philadelphia, Pennsylvania



This year's *Practice Building* column is dedicated to **building today's veterinary practice**. The goal of this series is to describe the many elements that impact the growth and success of your practice and present new ideas, strategies, and tactics to help you grow.

Previous articles have focused on resources and tools available to the practice, but in this column, our goal is to address an issue we consider integral to the future of the private practice—the need to continuously evolve our businesses to meet the ever-changing competitive environment.

If you ask pet owners to describe a regular trip to the veterinarian, the stories will be fairly consistent: They might describe a lengthy phone call to set up an appointment, sitting and waiting in a busy reception area, an appointment that lasts no longer than 15 to 30 minutes, and then trying to balance paying their bill and holding dogs tugging on their leashes.

Ask pet owners what services their veterinarians provide; and what answers do you anticipate? Annual shots? Heartworm and flea preventives? The occasional need for sick care?

The reality for many practices is that the basic model of veterinary medicine is unchanged from decades ago. Despite emerging competition both locally and online, many practices fight the same old fight against these newer, smarter competitors.

FIGHTING BRANDS

In business school, I was first introduced to the idea of *fighting brands* (see **What Is a Fighting Brand?**). In the consumer environment, an enterprise must constantly balance the need to evolve its products or services with defending against low-cost copycats.

While you may not be familiar with the term, fighting brands are all around as you shop for personal goods, electronics, and even food.

One of the most common examples of a fighting brand in action is the dynamic that occurs with men's razors:

Company X introduces a new innovative razor with 2 blades instead of the traditional 1-blade version. In time, low-priced generic versions of 2-blade razors are available at every retailer.

However, Company X responds by releasing a new 3-blade version in addition to the 2-blade version already on the market. The newer version is sold at a higher price, while the older version is sold at a lower price, thereby "fighting" the low-priced competitors.

The cycle continues, and now companies sell razors with trackballs and vibrating handles. But the principle stays the same: to remain relevant in the eyes of its customers and competitive in the market, every business must both evolve and defend against new competition.

What Is a Fighting Brand?

A **fighting brand** is a lower priced offering launched by a company to take on, and ideally take out, specific competitors that are attempting to underprice them. Unlike **traditional brands**—designed with target consumers in mind—fighting brands are created specifically to combat a competitor that is threatening to take market share away from a company's main brand.

COMPETITION IN VETERINARY MEDICINE

Competitive threats in veterinary medicine are not a new phenomenon; many aspects of the profession have been under pressure for decades. As a board certified theriogenologist, I personally have witnessed much of my own specialty being handled by animal scientists and/or lay-trained individuals, who offer my clients similar services but at lower prices. Numerous other examples of growing competitive pressure are evident in equine dentistry, chiropractic care, and basic vaccination services.

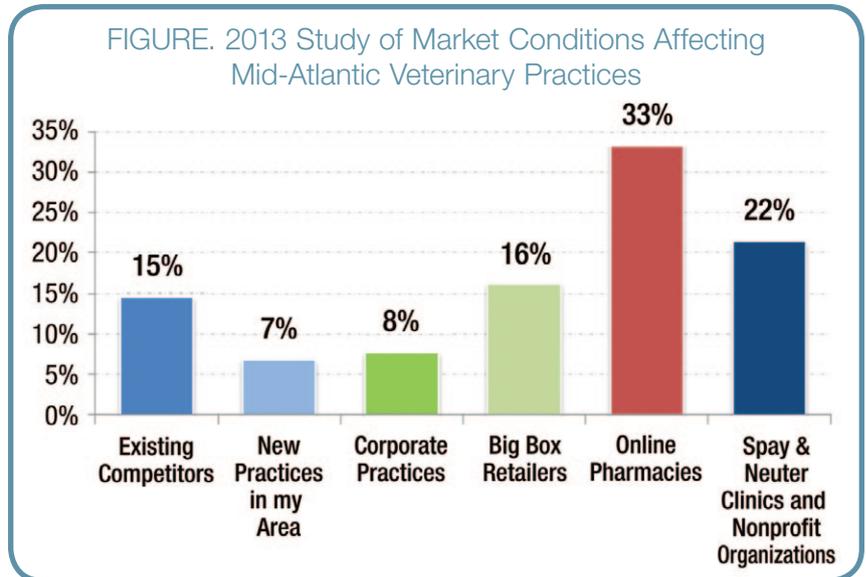
For today's companion animal practice, competitive threats are more prevalent than ever and include:

- Clinics in pet stores (both privately owned and large chains) regularly offer low-cost vaccination and parasite screening, with some now including diagnostic testing.
- Community-subsidized animal control organizations are expanding into full-service veterinary hospitals. In fact, many privately funded animal rescues perform veterinary care even after an animal has been adopted out.

Bayer Veterinary Care Usage Study

Recent studies have confirmed the growth of competitive threats to the traditional veterinary hospital. The Bayer Veterinary Care Usage Study, first published in 2011^{1,2} and updated in 2014,³ identified multiple emerging issues:

- Interviews with veterinary practice owners identified significant concerns regarding increased competition, including veterinary clinics located in pet stores, mobile vaccination clinics, veterinary services provided by animal shelters and rescue operations, and specialty referral practices.



- An online survey of pet owners identified that the respondents had acquired 24% of their pets from animal shelters or pet rescue operations, where all initial care had been provided.

Community Veterinary Partners Study

A 2013 study of market conditions,⁴ sponsored by Community Veterinary Partners (cvpco.com) and encompassing data from 200 practices in the Mid-Atlantic, identified low-cost service providers as a significant threat to veterinary hospitals. Veterinarians participating in the study cited online pharmacies, non-profit organizations, and big-box retailers as the most significant competitive threats to their practices—more than existing competitors, new practices, or even corporate practices (**Figure**).

The industry data is clear that veterinarians believe traditional wellness care in veterinary practices is under threat. Yet for many practices, their business model, service offerings, and manner in which they serve clients looks identical to the way it did 20 years ago.

In far too many practices, caseload and profitability continue to depend only on wellness medicine, general surgery, and the occasional sick animal. In fact, with the rapid growth of specialty and emergency practices in many areas, some practices have actually reduced their service offerings, electing instead to refer more complex cases.

THE NEXT STEP—STRATEGIC GROWTH & INVESTMENT

Ask Yourself

Plenty of articles and continuing education events focus on preserving and even growing wellness and other basic elements of a practice. While this is an important segment of service to defend, how often do you think about ways to change your practice, expand your reach, and meet the emerging needs of your client



Interested in Reading More About the Bayer Veterinary Care Usage Study?

Read the executive summaries (available for free through the AVMA website) at:

- **Phase 1:** avmajournals.avma.org/doi/pdf/10.2460/javma.238.10.1275
- **Phase 2:** avmajournals.avma.org/doi/pdf/10.2460/javma.239.10.1311

Further information can be found in Dr. Karen Felsted's series about the study (see **Box**) and in an interview with Dr. Elizabeth Colleran (The Back Page, January/February 2013), all published in *Today's Veterinary Practice* and available at tvpjournal.com.

PRACTICE BUILDING: **BAYER VETERINARY CARE USAGE STUDY SERIES**

1. Practices That Continue to Grow: What Are They Doing Right? (January/February 2012)
2. Building Strong Relationships Among the Veterinary Team, Clients, & Patients (March/April 2012)
3. Veterinary Teams & Clients: Facing Financial Facts (May/June 2012)
4. Keeping Up with Today's Technology & Social Media (July/August 2012)
5. Reaching Out to the Community (September/October 2012)

base? Where will you add the fifth razor blade that will wow your clients, while utilizing your base services to compete with the copycats?

Proactive Growth

Adding the next level of services is an often underutilized strategic tool for practice growth. As professionals that balance the needs of clinical practice and the responsibilities of a small business, veterinarians are often far too reactive in evolving our practices versus being strategic and proactive.

Every practice is different; thus, the right strategy for each may significantly vary. Service expansion can take many forms, including both clinical and client experience. Nonprofit organizations, such as VetPartners (vetpartners.org), can assist. See **Services to Consider** for some examples.

While each practice faces a variety of competitive threats, operates in a unique market, and serves a spe-

cific clientele, the process of strategic business growth is similar across practices of all sizes and in all markets.

GROWTH—WHAT'S RIGHT FOR YOUR PRACTICE?

When adding the next level of services to your practice, there are 7 questions to ask that will put you in the right position to be successful.

1. Is It My Passion?

Adding the next level of services to your practice requires growth, which can be painful. Choose an element of practice that you and your team can be passionate about—one to which you will commit time and energy and maintain the persistence to see it through to implementation.

Don't expand your feline programs because of industry trends; expand them because your entire team supports the growth of this segment of your patient population. I have visited many practices that were excited about a new initiative, only to see it fail because the team (or more often, the owner) did not fully support it.

2. Is There a Need?

Balance your passion with client demand, and ensure a need exists for the services you want to grow. If you practice in New York City, you probably shouldn't expand the dairy cattle segment of your business.

Choose to expand in areas where you reasonably believe you can be successful and, preferably, have some objective data to support this belief. The expansion may be clinical, such as providing a new surgical offering, or it may be service based, such as expanding hours or opening a new location.

3. What Will Be the Impact for My Business?

Most practices operate in a resource-constrained environment and only have so much time and energy to dedicate to any project. Therefore, expand your practice in areas that will impact the highest percentage of your patient and client population. When deciding between adding a specialized piece of equipment that can be used once a week or a new diagnostic imaging tool that can be utilized daily, compare how each investment will impact your practice's quality of care *and* bottom line.

4. Am I Willing to Adopt It as a Standard of Practice?

Far too many times I have witnessed practices invest in expensive equipment only to see it sit idle. In the early stages of implementing the use of new equipment, practices that focus too much on immediate financial return versus staff training and clinical comfort level often end up unintentionally discouraging its use and adoption. For example, if you invest in an ultrasound machine, allow time for the team to learn about and grow comfortable with the technology. Encourage them to use it at every convenience. Once it becomes part of the daily routine, adjust your prices to account and recoup for its use.

5. Am I Willing to Train the Entire Staff?

Another common cause of failed service expansion and underutilized equipment is the “in-house specialist phenomenon.” Practice owners often choose to train only one member of their clinical team to use advanced equipment. In addition to the obvious limitation in which the equipment is only utilized when the trained individual is available, the equipment’s use is also completely dependent on that one resource.

Associates leave practices—that’s a fact of practice ownership—and when the associate leaving is the only clinician trained to use the endoscope, that equipment sits idle. By training multiple team members to use new and/or advanced equipment, a practice improves its level of patient service and continuity of care, and then realizes a better return on its investment.

6. Will I Market, Market, and Then Market Some More?

Just because you decided to add feline-only examination rooms to your practice, it doesn’t mean your clients (or prospective new clients) will know about the addition. Many troubles practices experience in implementing wellness plans, pet insurance, or preferred client programs can be traced back to client awareness and broader marketing issues within the practice.

Adding the next level of service is *not* enough; it requires a committed marketing message that encompasses your website, social media, on-hold messaging, waiting room experience, examination room discussions, and the many other client communication outlets available to your practice.

7. Am I Adding the Right Building Blocks?

Expanding clinical service offerings is not a single event but a continuous process over the life of a practice. As you add a new service, consider what will be next: Will ultrasonography follow digital radiology? Will therapeutic laser therapy support future orthopedic caseload? Expand your business based not only on today’s needs, but also on your practice’s future.

SUMMARY

Adding the next level of services and expanding your practice does not mean abandoning the core service components of veterinary practice. But by continuing to evolve your clinical and service offerings, your practice will:

- Better meet your clientele’s needs
- Improve the patient experience and client bond
- Make it more difficult for low-priced imitations to undermine your base services. ■

Services to Consider

- **People:** This is the oldest service expansion in the book. Expanding your clinical team enables your practice to increase availability, bring in new ideas and skill sets, and improve the overall client/patient experience.
- **In-house specialty service:** Many practices are now bringing in a specific service provider, such as an orthopedic surgeon or imaging specialist, on a recurring schedule, which allows clientele access to an expert without leaving the comfort of a practice where a bond already exists.
- **Home visits:** House call services (and exclusively house call practices) are growing in popularity in many markets. At home services are a creative way to improve the client experience for older pet owners, those who own multiple pets, as well as those who want to make euthanasia a more compassionate event.
- **Ultrasonography:** As technology continues to evolve, ultrasound equipment becomes more affordable and accessible to practitioners, and its use is becoming a standard of practice in many hospitals.
- **Therapeutic laser therapy:** Use of this technology is a rapidly expanding area in veterinary practices and also creates a recurring cycle of client interaction.

For more information, read **Laser Therapy in Companion Animals: What It Is, How It Works, & When It Benefits Patients**, published in the May/June 2014 issue of *Today’s Veterinary Practice* and available at tvjournal.com.

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4. Community Veterinary Partners. The business of veterinary medicine: challenges and opportunities in the state of Pennsylvania and beyond. Keystone Veterinary Conference, Hershey, PA, August 16, 2013.



Travis Meredith, DVM, MBA, Diplomate ACT, is Contributing Medical Editor of *Today’s Veterinary Practice*; co-owner of Affinity Veterinary Center, Malvern, Pennsylvania; and Vice President of Member Services for Calico Financial, Philadelphia. He received his DVM from Texas A&M University and his MBA from UNC—Chapel Hill.