

Adding services to your veterinary practice

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Abstract

In the evolution of veterinary private practices, it is common for services offered to be added and subtracted over time. The purpose of this paper is to discuss considerations and process recommendations to use when adding a new service within a veterinary practice.

It is important to note that the discussion of adding services is not restricted to the owner(s) of a veterinary practice. While practice owners ought to be involved in the decision-making process, it is often associate veterinarians who have more available time and drive to pursue these new service offerings.

Topics to be discussed include understanding the “why”, performing market analysis on a prospective service, evaluating available time and financial resources, acquiring the skill, marketing the service, and follow-up recommendations.

Key words: practice management, partial budget, veterinary business

Why this, why now?

The first and most important question to ponder with the suggestion of a new service is “why?” Why this service, and why offer it now? In many large animal veterinary practices, the successful addition of a service to clients is driven by one or two individual veterinarians. The nature of the large animal private practice veterinary industry is such that large committees rarely exist and are even more rarely are the driving force behind creating a new service. Knowing this, it is important to understand why an individual will be adding a service because the success or the failure largely relies on that individual’s drive to make it succeed.

Internal motivating factors have the greatest chance of producing a successful new service offering. The veterinarian to be offering the new service must have a strong desire with personal self-interest in order to withstand the trials and tribulations associated with starting anything new. The greatest internal motivating factor is personal interest in service type. When the individual has interest, the hard work involved is enjoyable, which encourages the person to do continue along the path of upfront work required to provide the new service.

Another internal motivation factor includes the desire for new intellectual stimulation. For example, if routine reproductive work has become monotonous to a veterinarian, a new challenge may be what is needed to improve that individual’s desire to face new challenges and achieve competency in a new area. For financially driven individuals, an increase in personal income is a strong drive to create a new service. Another motivation which is specific to large animal medicine is physical self-preservation. The rigors of large animal medicine can be tough on the body, whether it is from a traumatic injurious event or simply the slow wear and tear over years of physical work.

Depending on what drives an individual, any of these motives have the potential to fuel and then to put in the work needed to start a new service.

Motivational studies done in human medicine have shown that to encourage health-improving behaviors (participation in depression support groups, smoking cessation, etc.), that internal motivation provides significantly improved participation and results. To encourage the success of a behavior, the motivation must come from within the individual.^{3,5} One could then extrapolate that requiring an uninterested veterinarian to open a new service has a much higher likelihood of resulting in a failed attempt. Therefore, the addition of a new service should stem from an individual’s motivation in order to achieve the highest likelihood of success, not from a sense of obligation to an employer or a client.

As a general rule, if the discussion around adding a new service includes the word “should”, it is likely doomed from the start: “We should be providing this service” or “I should learn how to do this” implies a sense of obligation (external motivation) and an already presumed outcome of not actually doing the task.

The other “why” to consider is “Why now?” Timing is crucial in the success of most things in business. The service being considered needs to be time-appropriate. To be the first in a new field can be very advantageous to a business. However, if the clients are not yet ready for the progressive new service, it will quickly fizzle.

With the proper “why” in adding a new service, the individual(s) driving the expansion will have buy-in that is more likely to result in a positive outcome. Only after this step should a person move onto the planning stage.

Market analysis

After assessing the “why” of adding a service, the next step is to plan out the process. While this planning phase is meant to explore the feasibility and logistics of the new service, it is also possible that this step may be the reason a decision is made to not pursue the new service further. It includes a market analysis, creation of a value proposition, and an evaluation of available resources such as time and money. Being honest and realistic in this phase is imperative.

A market analysis is an important step needed before offering a new service. The most important part of market analysis is determining what need you are going to meet for the client. Products and services are marketable when they provide a solution to someone’s problem. After determining what problem your service will help solve, a deeper evaluation can begin to investigate the target group for this new service. Which target audience will your service be helping: weekend warrior beef farmers, commercial dairy clients or county fair 4-H families? Understanding the target audience allows an assessment on the expectations of the services and the price points. Is this audience making their buying decisions based on their farming business’ bottom line, or is it based on discretionary household spending?

Market analysis should also include evaluating local competitors offering overlapping services and what their strengths and weaknesses include. If there are many equal competitors, this would indicate the need for competitive pricing or unique additions to set your service apart from others.

During all of these steps, it is important to note that the service may change. It is important to keep an open mind and be willing to change course as more information is learned about the market for the new service.

“Running the numbers”

There are two important resources whose availability needs to be assessed when considering a new service: time and money. Time is a non-renewable resource and is therefore the most crucial. Even if a practitioner has the ability and motivation to start a new service, they will never get it off the ground if they do not have the time to dedicate to the process. Is the new service in completely uncharted territory or is it expanding on a service already being offered? It is important to be honest and realistic with the time assessments.

In a situation where a completely new service is being added, such as breeding soundness exams (BSEs), an entirely new skillset would need to be learned. In a clinic that is already offering BSEs in bulls, the addition of small ruminant BSEs would be a significantly lesser time investment requirement.

Unlike time, money is a renewable resource. While it is renewable, it is a resource that may limit the feasibility of a new service. A partial budget provides a way to financially evaluate the new service. This tool considers resources and cashflows that will change and does not include unaffected resources. By accounting for changing incomes and expenses, a net effect can be determined. A partial budget template on Microsoft Excel has been provided to AABP members at: http://aabp.org/members/resources/VPS-Partial_Budget_Template.xlsx.

Figure 1 shows an example partial budget used for the addition of breeding soundness exam services. Quadrant 1 shows increases in income, which are the anticipated totals of the new income streams from this newly added service. In this real-life example, a single client asked for a veterinary clinic to do BSEs on their 25 Hereford bulls. This was the only expected billable call, thus the single call charge. In this example, the person doing the breeding soundness exams was an associate veterinarian who was hired 6 months earlier and had free time in her schedule. In the case of a veterinarian who already has a full schedule, there would be losses in income if they had to stop providing other services to add this new service. However, if that busy veterinarian were to open their schedule for a new service by sharing some of their routine reproductive work with another vet in the practice who has free time in their schedule, the practice as a whole would have no decrease in income, and their Quadrant 2 would reflect the one in the figure.

In this example, there are no decreases in expenses (Quadrant 3). This quadrant is more often used in the opposite case of using a partial budget in the decision to decrease or cease the offering of a service. Finally, Quadrant 4 shows increased expenses, which includes the cost of new equipment or supplies, educational expenses, rented space, etc.

While this example of added BSE shows a net loss of \$392, it is important to remember that this reflects the first year only. A business owner may find this to be a financially acceptable scenario given that less than 9 BSEs the following year will finish paying for the equipment and everything thereafter would be a net positive cashflow.

It is important to run this scenario several times using best-case and worst-case scenarios in order to make a fully-informed decision.

Execution

After it has been agreed upon to pursue an added service, the process of execution is where the rubber meets the road. This is where knowledge must be gained, marketing must be done and the time has come to start providing the service itself.

New skill mastery

Learning a new skill can be an exciting process for some and a terrifying process to others. The important factor to remember is that nearly everyone will flounder on their first few tries. Acceptance of this will reduce pressure placed on the individual, whether it comes from others or from oneself.

To become knowledgeable in a new arena, Ken Coleman recommends in his book, *The Proximity Principle*, 15 types of people to be on one's team. These include:

1. Professors
2. Professionals
3. Mentors
4. Peers
5. Producers

Each type of person provides a source of support along the way when learning a new skillset. The “Professor” is an instructor in the field. While the Professor may include veterinarians in academia, they can also expand to anyone knowledgeable in the area who enjoys taking the time to educate others on the subject. The “Professional” is someone who is one of the best in this service area. They have walked through the struggles of that expertise and are at the top of their game. The “Mentor” is a trusted individual who speaks with honesty and wisdom. This person provides moral support and/or constructive criticism, based on the situational needs. “Peers” are those walking similar paths and can provide empathy and commiseration throughout the process. The final person is the “Producer”, an individual in the industry who provides jobs in that area. In many private practices, this person is the practice owner and/or the individual providing the new service themselves.

Application

Application of the new service is often the most difficult and the most exciting part of the process. To ease the process, it is advisable to wisely choose the first few clients. If possible, performing the new service on a few “test flight herds” with whom there is already a strong relationship with established trust and credibility, will allow for a smoother process. The test runs can be at little to no cost for the client, which will make them more amenable to the idea, and can also remove pressure to perform perfectly in a process that is still being developed.

Be sure to take notes of anything learned. Also take many photos of the process, these will come in later with marketing. It is important to receive approval from the farm owner before using the photos for any marketing purposes.

Marketing your service

Regardless of how incredible the new service is, current and potential clients will not know to ask for it if they are not informed of its existence. Marketing requires a market analysis to understand who will be most interested in purchasing the new service. There are many ways to market a new service. An organic marketing approach through word of mouth is often the most successful route. However, it is not an efficient way to tell large amounts of people about the service. Direct marketing can be done through mailed fliers to specific clients or prospective clients. If the clinic provides a monthly newsletter, a front-page article about the new service with color photos can be very effective. Utilization of social media platforms, such as Facebook, Twitter and Instagram, are inexpensive marketing approaches. These modalities allow for the use of photos taken in the “test flight” phase to promote the service.

To effectively provide marketing of the service, a value proposition is needed. The value proposition can be described as the “30-second elevator speech.”⁴ It explains why a buyer should hire a business for the service over a competitor. It is best to form a clear and direct value proposition.

Follow-up

After all the preparation, education and execution of a new service, the final step is follow-up. After providing a service to a “test flight herd” or to a regular client, it is important to ask for feedback. Because many private bovine practitioners spend a lot of time driving, calling the first 5+ clients who were provided the new service directly will provide invaluable information. Using open-ended questions allows freedom for the client to expand upon areas they feel are most important. Questions to ask may include:

- What is your feedback in general?
- What is your opinion on the price?
- Is this service valuable to you and why?
- Were you happy with the results?
- Do you have suggestions regarding areas of improvement?
- Would you recommend this service to a peer?

In cases of services where numerical success/failure rates can be determined, these should be tracked closely for the first few years at minimum. Examples include: accuracy of calf fetal sexing diagnoses, viable embryos retrieved, pounds of milk gained, or expenses decreased.

It is also advisable within the business to track the growth and client use of a service. Metrics for this can include billed hours of the service, number of services performed, and revenue generated from the service.

Conclusion

Before adding a new service to your large animal veterinary business, there are many considerations to ponder. Understanding the motivation to the new service is first and foremost. Doing a thorough market analysis and a resource evaluation of time and finances will determine if the concept of an addition should be followed-through with. Learning a new skillset, marketing the new service and proper follow-up with business metric tracking are all steps which should be included with a service addition. Adding new services is important to business growth. This manuscript has provided several thoughts and considerations to use as aids through the process.

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