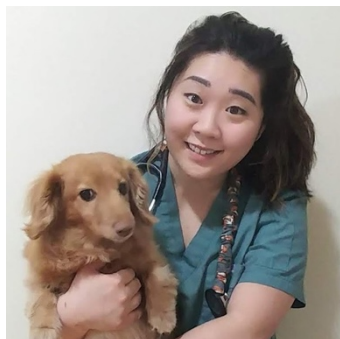


## **A Big Fish in a Big Pond** *The Impacts of Practice Consolidation on Veterinary Medicine*

*By Joanne Yi*



My earliest childhood memories were spent at my mom's convenience store. I used to run to see my mom after school, feeling like I had an all-access pass to Willy Wonka's candy shop. Her bribe of a Mars bar came with the promise to practice piano and I happily obliged. This convenience store in the small community of Riverside in Ontario, Canada, was our livelihood and what survival looked like for an immigrant mother and her child. It was not until I was in my teens that I had a full appreciation of the 'mom and pop store' that my mom owned. By then, a 'new kid' had come into town and he had shiny, new toys that everyone wanted to see. Customers that my mom had served for 15 years were not coming around as often anymore. She saw them go across the street to see his wall-to-wall Slurpee machines and shelves full of magazines. The following year, she had lost the battle to the rising corporation of Mac's stores and we closed our doors.

The story of my childhood is a classic tale of big fish eats little fish. Is this tale being retold under a different guise in veterinary medicine 10 years later? Based on the 2018 American Veterinary Medical Association Economic Report, there was a 51% increase from 2013 to 2016 in the number of veterinary groups with more than 100 employees<sup>1</sup>. This figure is to no surprise for those who recall the acquisition of VCA Inc. in 2017 by Mars, which added another 800 veterinary clinics to the existing acquisition of Banfield Pet Hospitals<sup>2</sup>. The current state of practice consolidation is only rising as Mars swims to the top of the food chain with 2000 practices and National Veterinary Associates well below with 400<sup>3</sup>. According to Brakke Consulting, it is projected that half of all veterinary visits in North America will be performed by corporate-owned clinics which will represent a quarter of the industry<sup>3</sup>. This projection may extend beyond North America as we start to see Mars' international acquisitions in Brazil and the United Kingdom<sup>2</sup>. What does this surge in practice consolidation mean for current practice owners, associate veterinarians, pet owners, and the veterinary industry as a whole?

Three trends will impact the effect of practice consolidation on my generation of veterinarians and the profession when we enter the industry. Firstly, despite the generational shift of baby boomers looking to retire and sell their practice, I believe young associate veterinarians will show hesitation when faced with the opportunity to become a practice owner. New graduates have higher educational debt and insufficient tools from school on entrepreneurship and business management<sup>4</sup>. Additionally, as more importance is placed on maintaining work-life balance and combating compassion fatigue, young veterinarians may not be interested in the long hours and stress accompanying practice ownership<sup>5</sup>. Lastly, this mentality may be magnified as more females enter the profession, many of which will need to consider the number of hours in their ideal work week if they plan on child rearing<sup>4</sup>. The impact of these trends leaves practice owners with fewer opportunities when considering their exit strategy. With corporations courting owners with attractive offers and immediate pay-out, consolidation may be the most viable or, in some cases, the only available option. Despite these trends, there are still those aspiring to become practice owners for the immense career and financial rewards that ownership brings.

The overall effect in the rise of veterinary practice consolidation is unknown, with both positive and negative changes apparent in the industry. Consolidated practices with higher capital are advancing the access animals can have in specialized healthcare technology. Many corporations have taken a step further by understanding that there is a return on investment in veterinary professionals by offering associate veterinarians attractive perks such as competitive wages, accommodating work schedules, high continuing education allowances, and room for career growth. Despite these benefits, there is a concern that makes many practice owners and veterinarians hesitant to sell or work under corporations. As consolidated clinics become more brand-centric and use technology-based services, such as third-party call centers or even Amazon Alexa pet care<sup>6</sup>, the identity and values in which a privately-owned clinic honor in their daily practice may be traded for different standards when bought under a consolidator with a new agenda.

Is this another big fish eats little fish tale? I am hopeful that there is another ending to this story than the one my mother and I experienced many years ago. There is a place for both independent and corporate practices to not just live in the same ocean but also thrive together in it. Corporations with greater purchasing power are providing opportunities for clinics to practice veterinary medicine with a wider range



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of diagnostic and treatment tools, advanced training programs, and effective human resources and management services. Meanwhile, independent practices can continue to flourish and differentiate themselves during a time when disposable income for pets increases 8% annually by serving a unique niche in their community, such as mobile, boutique or alternative medicine services<sup>7</sup>.

In either structure, veterinarians remain the sole provider of veterinary services and must maintain professional autonomy to uphold leadership and decision-making roles for the future. When it comes to consolidation, our greatest concern as veterinarians is whether the emphasis placed on maximizing financial returns for investors will commoditize our profession into an industry driven by pricing and production pressures and not on veterinary autonomy and integrity. Veterinary practices, both privately owned and consolidated, must understand and appreciate that our primary obligation is to practice quality medicine in the face of compassion for animals and clients. Ideally, consolidators will recognize that success in our industry will only come when we help animals and people before profits. As long as veterinarians are able to practice with integrity, pet owners will be happy to have the choice of where to cast out their line. Afterall, the ocean is big enough for every fish to shine.

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