Rolling The Dice And Not Thinking Twice
The socio-economic considerations in veterinary consolidation, merger and acquisition monopoly.

By Chloe Mitchell

Trends in global consumerism have considerably pushed the improvement of product quality and quantity. This has indirectly caused consolidation, merger and acquisition movements in veterinary practices to become more commonplace. Larger corporations continue to dominate the industry monopoly board using a plethora of methods. It is plausible to suggest that this business model offers considerable socio-economic advantages; however, its overarching impact on smaller private practices, individual veterinary professionals and students and its extensions to the wider community should be of thorough consideration today and for future players.

The financial strategy was well showcased by Mars Inc, involving a decade long acquisition of major veterinary enterprises. This included Banfield 2007, BluePearl in 2015, Pet partners in 2016 and the most recent investment of Veterinary Centres of America (VCA) Inc, in 2017 by the Candy house landlords, Mars Inc. Extending into multiple pet care and diagnostic industries including Pedigree, Whiskas and Antech Diagnostics Mars. Inc also dominated private equity backed veterinary consolidators including Midwest Veterinary Partners and Shore Capital Partners (PE) and WellHaven PetHealth and Capricorn Healthcare (PE).

Undoubtedly, this innovative business space poses a competitive edge in this money-making game. Combining equipment, technology platforms and facilities there is potential to reach economies of scale; in reducing overheads, streamlining procedures, increasing training and certification opportunities, expanding resources and thus providing of greater animal treatment variety. With these advantages, merger, acquisition and consolidation events can also enable corporate cost-cutting measures, driving consumer prices to incredible, affordable lows.

As larger corporations continue rolling the dice with this financially aggressive strategy, owners and associates in the veterinary private practice industry endure enormous monetary pressure. Despite treatment pricing between private and corporate medicine often differing, the overall quality of veterinary care between the business models can be severely contrasted with the physician, client and animal, relationship examined. This is the relationship aspect of medicine, which is vital to upholding compliancy, gold-standard care, and securing client happiness and engagement. Although seemingly less important than the technical factors of running a business, the client relationship underpins the integrity of work as a veterinarian. The difference between securing a client long-term with gold standard treatment regularly comes down to an extra five minutes with the right veterinarian and a caring attitude; a small investment that is often lost or punished in a business-focused environment. This is solidified in Dr. Nutt's statement, “If you compare well-run, up-to-date practices, both private and corporate, I think most clients feel more of a connection to the private practice—those who have skin in the game and are committed to the community”. Whereas corporations may be able to outcompete independent practices at transactional medicine, independents hold the edge at relationship medicine. Put simply, it can be argued that the human-animal bond is often lost in the focus of fuelling the money trains along the corporate board game.

This factor is further emphasized by the considerable restraints merger, acquisition and consolidation models impose on individual veterinary professional development and its associated implications for veterinary student learning. Privately, there is extensive opportunity to advance industry specialist skills and business expertise, including “Human resources, marketing, finance, informations technologies, contract negotiation, revenue cycle management [and] facility management.” Alternatively, these skills and the ability to express creative or entrepreneurial talents are often suppressed using standardised red hotel approaches. Following mandated medical protocols, practitioners have elaborated that corporations
often "don't allow the veterinarian and the client enough wiggle room to negotiate a treatment plan that's best for the pet and the client." It is that the "high overhead costs are passed on to customers whether or not they need any of the high-end products or services being offered." As I currently stand in a unique student position vis-à-vis with all walks of veterinary medicine, I believe it is fair to suggest that these limitations threaten my professional development; filtering my learning experience to only encountering specific treatment regimes and workplace, health and safety standards. Although corporate enterprises may reach or even exceed national industry standards and offer adequate developmental training; I consider my own adaptability to be compromised in being exposed to a business methodology that is inherently insular.

Conclusively, consolidation, merger and acquisition business model transitions have guided economic growth in the veterinary medicine marketplace; however not without repercussions. Effects to stakeholders and associates involved in private practice are most noteworthy. This includes compromise to the veterinarian's relationship with the client and the human-animal bond, suppression of necessary variability in veterinary treatment to accommodate all budgets and filtering the student developmental experience.

Unfortunately, development of the ultimate professional does not occur with a censored education; it's only after we've long passed go and begun looking backward, through a variable and unfiltered experience, that we are able to connect the dots. This is an experience that is arguably belittled by corporate medicine; as a professional that has been restricted from other walks of medicine has limited dots to connect. At the end of the day, we joined this fight to help those without a voice, armed with veterinary knowledge and an understanding that the money may never be ideal. Enforcing this notion is the opinion of some of my future colleagues, "We've been bought by a corporation. Our fear is corporate 'medicine' means corporate money. I love my job, but hate the direction it's going." I have to question - is this my future, if I continue to invest my time? Is this career path now a gamble, with the odds so convincingly stacked against the new players?

References


