VBA's Mission Statement

Veterinary Business Advisor's supports members of the veterinary industry as they navigate the complex web of risk management, business strategy, and the growth and development of their organization. As highly qualified professionals with a broad spectrum of experience, we provide the highest level of comprehensive business and legal advice in the profession.

Student Extern- Jill Giunco

- Jill is currently a fourth year student at the University of Pennsylvania. She is expected to graduate May 2018.
- After graduation, she plans to complete a small animal rotating internship and then work in an emergency setting. Ultimately, due to her interest in business principles and management she hopes to eventually plans to become a practice owner or practice manager.
- She was a student extern with Veterinary Business Advisors from May 22nd 2017- June 18th 2017.

JILL AND OLIVIA
How the Exercise will work:

- Everyone will split into 12 tables
- There will be a total of 4 scenarios to work through and discuss
- Consider these scenarios from the perspective of a veterinarian, the state association (its mission), and the customer
  - 8 min to think about your designated perspective pros and cons
  - 3 min per table to share your designated perspective

Scenario #1

Shelters are expanding their reach to treat owned animals. Veterinarians are asking their State Associations to advocate for state restrictions on non-profit entities treating animals that are owned by the public.

Such state restrictions include “means testing”, and limitation of services.

How should we proceed?
- Veterinarian?
- Association?
- Consumer?

Scenario #2

Members are concerned about lay persons engaging in activities (alternative and complementary therapies, rehabilitation, nonanesthetic dentals) that most would consider the practice of veterinary medicine. The veterinary licensing board in your state is reluctant to get involved citing concerns raised by the North Carolina Dental Board Supreme Court Case.

- Veterinarian?
- Association?
- Consumer?
Scenario #3
Your board president believes telemedicine will harm the traditional practice of veterinary medicine and wants your board to adopt a policy opposing telemedicine.

• Veterinarian?
• Association?
• Consumer?

Scenario #4
Many veterinarians are approaching their State Associations to inquire about corporate consolidation. Some of these individuals are expressing a desire to stop corporate from infiltrating into the industry. They believe that the corporations are taking over the entire industry and are diminishing opportunities for veterinarians.

• Veterinarian?
• Association?
• Consumer?

Scenario #1
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How should we proceed?

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Scenario 1: Veterinarian Viewpoint

• **Cons**
  - Sources of revenue for "low end/wellness" services being diverted away from private practices
  - Non-profit tax advantage
  - Loss of opportunity to develop trusting relationship and educate client on wellness visits
  - Patient welfare…medical issues being missed b/c of limited exam and history taking

• **Pros**
  - Animal welfare—provide care for underserved
  - Opportunity for synergy and growth of consumer interest and consumption
  - Employment opportunities for the shelter veterinarian
  - Education of importance of veterinary care

Training Grounds for Veterinary Students

• Veterinary schools in collaboration with shelters can provide educational experiences to veterinary students, allowing them to perfect their basic surgical and medical skills
• Branding and public relations opportunity for veterinary schools serving the local community
• Career opportunities for shelter veterinarians
Scenario 1: Association Viewpoint

• Alabama Veterinary Practice Owners Association—nonprofit clinics are interfering with their business and that only animal clinics owned by a veterinarian should be licensed by the ASVMEB
• ASBVME (with AVPOA) introduced a bill to tighten oversight and restrict services of spay/neuter nonprofits
  • SB 25 enacts measures to ensure extensive board oversight of nonprofit clinics with additional inspections, reports and license requirements, and it limits the clinics to spay-neuter services only.
  • It also prohibits nonprofit clinic veterinarians from possessing any drugs or equipment not related to the spayneuter process.


• ALVMA had anti-trust concerns and introduced HB 188 that narrowed the restrictions of the ASBVME bill
• ASBVME President, Robert Pitman, DVM, sued the ALVMA June 2013, stating that the association engaged in “conduct not in the interest of members.”
• The lawsuit was filed after the legislative session ended leaving both sides without a victory, either for the ASBVME-backed Senate Bill 25 or the ALVMA backed House Bill 188.
Dr. Michael Blackwell, Senior Director of Veterinary Policy at the Humane Society stated, "By blaming nonprofits, veterinarians are barking up the wrong tree. They are seeking even more government regulation on the most highly regulated industries. In fact, what the veterinary profession needs is not more government interference but tolerance for free-market principles."

These non-profit organizations and low cost services are reaching a new audience of pet owners and introducing them to veterinary services for the first time.

### Scenario 1: Consumer Viewpoint

#### Pros

- Lower entry point-cheaper care for consumers
- More health care for pets
- Consistent and uniform standard of care
- Better educated about need for routine care/wellness
- Do they view this as replacement of a veterinary hospital?

#### Cons

- "Lower end" medical care
- Limited services
Scenario #2
Members are concerned about lay persons engaging in activities (alternative and complementary therapies, rehabilitation, nonanesthetic dentals) that most would consider the practice of veterinary medicine. The veterinary licensing board in your state is reluctant to get involved citing concerns raised by the North Carolina Dental Board Supreme Court Case.

• Veterinarian?
• Association?
• Consumer?

Scenario 2: Veterinarian Viewpoint

• Cons

• Pros

Scenario 2: Veterinarian Viewpoint

• Negative Perspective
  • Loss revenue
  • Patient welfare
  • Cyclic process of vets not making money and being in debt
    • Decrease demand of vet → less profits → less money in industry → less salary → less student loan repayment
  • Reduces “touches” with pet owners

• Positive Perspective
  • Focus our services on “high-end medical” service
  • Increase specialization → do less and charge more
Scenario 2: Association Viewpoint

• Public relations and the veterinary brand
• Invest in protectionism
  • Increase regulation
  • Better define regulation
• How should member resources be allocated?
• Invest in the fight versus reinventing the delivery of veterinary medicine
• Fostering education, collaboration and synergy


• The NC Dental Practice Act provides that the NC State Board of Dental Examiners is the agency for the regulation of the practice of dentistry.
  • Its principle duty is to create, administer, and enforce a licensing system for dentists.
• The Act did not specify that teeth whitening was considered the practice of dentistry but when dentists began to complain that non-dentists were charging lower prices for services, the board sent out at least 47 cease and desist letters to non-dentists whitening services.
• Ruling: The NC State Board acted in a manner that restrained trade in violation of antitrust law
Scenario 2: Consumer Viewpoint

• Cons
  • Misunderstanding of the role of veterinarians in the context of animal health. What is fungible and what is not
  • Delayed and inappropriate diagnosis and treatment

• Pros
  • Accessibility
  • Potential for receiving service for less money and time
  • Convenience
  • Collaboration with other service providers. Synergy

Scenario #3

Your board president believes telemedicine will harm the traditional practice of veterinary medicine and wants the board to adopt a policy opposing telemedicine

• Veterinarian?
• Association?
• Consumer?
Things to Consider with Scenario #3

- Description of the model
  - DVM to DVM; DVM to Owner
- Patient specific advice vs. generic info
- Should VCPR require physical exam in all cases?
- Temporal meaning of VCPR? What is an existing client?
- Maintaining minimum standard of care
- Increase availability of veterinary care
- Extrapolate from human medicine

Scenario 3: Veterinarian Viewpoint

- Cons:

- Pros:

Scenario 3: Veterinarian Viewpoint

- Cons:
  - Lower barrier for veterinarians from other states
  - Increased liability of std of care

- Pros:
  - Provide more care to more patients
  - Elevate the role of technician/nurses
  - Expand scope of services
  - Flexible jobs for veterinarians
Scenario 3: Association Viewpoint

- Pros
- Cons

Scenario 3: Consumer Viewpoint

- Pros
  - Convenience in terms of location and speed
- Cons
  - Increased risk of misdiagnosis
  - Don't get to speak to DVM
Scenario #4

Many veterinarians are approaching their State Associations to inquire about corporate consolidation. Some of these individuals are expressing a desire to stop corporate from infiltrating into the industry. They believe that the corporations are taking over the entire industry and are diminishing opportunities for veterinarians.

- Veterinarian?
- Association?
- Consumer?

Scenario 4: Veterinarian Viewpoint

• Cons

• Pros

Scenario 4: Veterinarian Viewpoint

• Cons
  • Rubber stamp approach to veterinary medicine
  • Competitive advantage from consolidating expenses and superior bargaining power with vendors
  • Uniformity in salary offers and fee schedules
  • Less opportunity for veterinarians to partner in an established practice

• Pros
  • More marketing and education dollars
  • More dollars to invest in innovation
  • Salaried jobs in "structured" environments and mobility
  • Great sale prices for sellers
Scenario 4: Association Viewpoint

- **Cons**
  - Decrease in accessibility for associate veterinarians to purchase larger practices
  - Loss of association membership and diversity

- **Pros**
  - Partnership opportunities
  - Corporations have more money → More money into marketing schemes → more visibility for veterinary industry → Increase animal welfare
  - Standardization and efficiency within the industry

Scenario 4: Consumer Viewpoint

- **Cons**

- **Pros**
Scenario 4: Consumer Viewpoint

• Cons
  • Not appealing to the consumer that wants the “Mom & Pop” single-doctor practice feel
  • Many consumers have a negative opinion of corporate veterinary practice – via experience or word of mouth
  • Less flexibility in terms of client decision making.
    • Example: bargaining power and treatment protocol

• Pros
  • Consistency of care, experience and pricing
  • Many corporately run practices are not obvious. Consumers do not know difference

What is the common theme?

Protectionism: What is it?

• Protectionism refers to government actions and policies that restrict or restrain trade, often done to protect local businesses and jobs from competition
• The primary objective of protectionism is to make local businesses or industries more competitive.
• Can be imposed through different means:
  • Increasing in barriers to enter a particular industry
  • Competitive pricing schemes
Protectionism and its Application within the Veterinary Industry

- Anti-trust federal and state laws are designed to promote competition and regulate the conduct of business corporations.
- Industries that are starting to implement protectionism:
  - Dental
  - Teeth cleaning and whitening policies
  - Occupational therapy
  - Nurses
  - Resistance against popular field of physicians assistants emerging
  - Beauty Industry
  - California you need to have 9 months experience +/- pass a test to wash someone’s hair

- The current veterinary industry already has implemented means to protect its own industry:
  - Example: Licensing examination
    - Without a license the practice of veterinary medicine cannot be performed
    - To obtain a license one must complete four years schooling post graduate as well as take a standardized exam
    - Requires time, money, and massive commitment
  - When veterinarians feel as if their industry and ability to earn revenue is being threatened → have tried implementing more and more regulation

- Is it wise to involve state boards to advocate for governing laws to restrict non-veterinarians practicing “acts of veterinary medicine”??
  - How effective is creating barriers to access consumers?
  - Should veterinarians continue to try and make more money through performing the same series of tasks?
    - Consider new tasks and innovation components of veterinary medicine
  - Are veterinarians always better suited for the task?
    - Behavior, Dental Hygiene, Physical therapy?
The Future of the Veterinary Medicine Industry

• What will happen to the veterinary industry if we continue to try and protect ourselves?
  • Will history repeat itself? Disruptive Innovation?
  • There have been industries that have died trying to protect themselves rather than reinvent themselves

• Are veterinarians going to continue just thinking in the same manner?
  • Task X, Y, Z = Profit
  • What are new and innovative means for vets in the industry to divulge into??
  • Are there tasks Q, R, S that could result in a profit as well?

Disruptive Innovation

• Disruptive Innovation is a powerful means of thinking about innovation driven growth
• Disruption describes a process whereby a smaller company with fewer resources is able to successfully challenge an established incumbent business
  • These smaller companies originate in low end or new market footholds
  • They are originally overlooked by incumbents
• Term defined by Clayton M. Christensen in 1995
• Disruptive innovation tends to be produced by outsiders and entrepreneurs rather than companies

Examples of Disruptive Innovators

• Netflix and Blockbuster
  • Netflix is a perfect definition of a disruptive innovator
    • Niche market—started as DVD mailing service
    • Appealing to a different consumer pool compared to Blockbuster
  • In 2000, Reed Hastings approached former Blockbuster CEO John Antioco and asked for $50 million to give away the company he founded — Netflix.
    • Antioco turned down this offer
Netflix vs. Blockbuster

• Another characteristic of disruptive innovators—slowly taking over. The Netflix takeover occurred over at least 10 years. Netflix was founded in 1997

Examples of Disruptive Innovators

• Uber has disrupted the taxi cab industry
  • Not as safe of an experience as the taxi cab
  • To get a taxi cab medallion was originally to protect the public safety
  • Notion that a customer is paying for a safer experience is an important part of the taxi value proposition
  • Uber as less reliable and less predictable in terms of safety and understanding directions
  • Yet Uber is more convenient, cleaner and cheaper

Uber vs. Taxi Cab

• Business drives innovation and the law is forced to evolve. An industry cannot keep out more “cost effective” or “desirable” alternatives.
  • When an industry turns to protectionist regulations to keep a more cost-effective solution out of the market, it becomes a death spiral.
  • Example: horses vs. automobiles in the early 1900s’s
    • Law in PA stated: “Any motorist who sights a team of horses coming towards him must pull well off the road, cover his car with blanket or canvas that blends in with the countryside, and let the horse pass. If the horse appears skittish, the motorist must take his car apart, piece by piece, and hide it under the nearest bushes.”
Disruptive Innovation

- Generally, the role of government regulation is stabilization
- Often, when a product is superior in meeting the needs of the consumer, it will prevail over the incumbent. Forcing the incumbent to adapt or go extinct
- Regulation suspends the change for a short time

Disruptors in Veterinary Medicine?

How should established businesses in the market respond?

Do You REACT or Do You Respond?
Ultimately.....

- At the end of the day, like most professional services, the veterinary industry is largely a “compulsory” service and pleasing consumers is the predictable constant
- Priority of instituting/funding regulations that protect the public and patient medical care fluctuates

#5 Veterinary Student Viewpoint

- **Cons**
  - Job dilution
  - Increased competition for jobs post-graduation

- **Pros**
  - Could lead to more opportunity to go to veterinary school
  - Very competitive to get in and now more options
  - Potential for more financial assistance to more students—more opportunities to offer scholarships for students
  - Larger applicant pool—more competitive students accepted to more competitive schools
Scenario 5: Association Viewpoint

- Is this a Self-limiting Issue?
  - The state is really going to sponsor two schools? If not one will become privately funded and could be more difficult to implement the school in general.
    - Private school would result in higher tuition, potentially less desire for high achieving students to attend. Harder to maintain without state funding. Need to find a major funding source.
    - If state is going to sponsor both schools—will the other school have a decrease in supplies and materials? If so, this school might diminish in quality of students produced if not adequate supplies to maintain high functioning status.