

Growth Strategies for Avian Practitioners

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Formulating a successful growth strategy for an avian practice requires different skills than those we are traditionally taught in veterinary school. As veterinarians we evaluate whether a particular mode of treatment is likely to be successful by focusing on studies where the same treatment was used successfully to treat similar cases. In contrast, successful growth strategies are often developed by focusing on providing services that are different from those that are offered by our colleagues or by taking a different career direction while still drawing on the experience of a veterinary education.

In developing your own growth strategy, you need to understand the markets in which you operate and have an overall vision of what you wish to achieve but you need to be flexible enough to take advantage of unique opportunities that may arise. Success is often the result of careful planning and perseverance coupled with being ready to capitalise on whatever serendipity happens your way. Having confidence that you will be able to achieve your goals and projecting this confidence to others is also important.

A framework for analysing growth strategies

Growth is about encouraging greater use of existing and new services and attracting new clients to use those services. It may also be about diversifying into other fields. In the initial stages of developing a growth strategy a broad brush approach should be taken to consider the options available to you. In subsequent planning you need to consider market research and financial forecasts to define your priority markets, 'there may be a gap in the market but no market in the gap'. Having selected your target areas carefully, develop a practice management plan to meet the needs of this priority market, then 'promise a lot and deliver even more.'

The following table gives an overview of growth strategy options available to practitioners. It is not exhaustive but it gives a framework from which to embark on lateral thinking about options that may be appropriate for an individual enterprise. This table formed the basis for a survey of growth options being used by Members and Fellows of the Avian Medicine Chapter of the Australian College of Veterinary Scientists, the results of which are included as an addendum to this paper and have been drawn on as part of the basis for the discussion below.

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Growth strategy options

CLIENTS		
SERVICES	EXISTING	NEW
EXISTING	<i>Improving practice efficiency</i> <i>Pricing policy</i> <i>Market segmentation</i> <i>In-house marketing</i>	<i>Target marketing</i> <i>Advertising</i> <i>Talks to clubs, colleagues etc</i> <i>Collective marketing</i>
NEW	<i>Upgrading qualifications</i> <i>Upgrading facilities</i> <i>Upgrading equipment</i> <i>Species specialisation</i> <i>Expanding other services</i>	<i>Diversification into related fields</i> <i>(eg fauna park management, pharmaceutical etc)</i> <i>Diversification into unrelated fields</i> <i>(eg real estate, share market, collectables)</i>

Existing services and clients

Improving practice efficiency:

Growth strategy as part of a practice management plan

A growth strategy should be one aspect of an overall practice management plan. There are a number of possible approaches to developing a practice management plan but one that the author has found useful is a 'Management by Objectives' approach. With this system practice functions are split into 'key result areas' in which a practice needs to achieve success, objectives are established in each of these areas and performance is reviewed regularly. Key result areas I use are:

Patient care;
Client relations;
Purchasing;
Profitability;
Staff performance;
Public responsibility;
Research; and
Growth.

Benchmarks against which to compare a practice's performance can be gathered from a variety of sources, for example information from the Financial Management Research Centre's, 'Small Business Profile for Veterinary Practices'³, ASAVA hospital standards², American Veterinary Medical Association publications¹, Veterinary Economics magazine, organisations such as *Vetmark* or discussions with colleagues.

An advantage with this style of a management plan is that it is an integrated approach where more than just the financial parameters of a practice are considered. It can be used in an informal manner for a single person practice or it can be more formally set out for larger organisations. These are some points to consider.

Bigger is not necessarily better

In developing a growth strategy, options apart from expanding the services you currently offer at your practice should be considered. Information coming out of the Financial Management Research Centre, 'Small Business Profile for Veterinary Practices'³ suggest that busy two or three veterinarian practices can return as high or higher hourly incomes to their principal(s) as do practices with more veterinarians. Very small practices do not generate high profits, but

once practices pass a critical size, higher staff numbers and higher practice gross figures do not always equate with higher hourly incomes for principals. With the largest practices a law of diminishing returns may come into effect and the cost and effort involved in attracting more clientele may not generate as good returns to the principals as could be achieved by investing the same time and money elsewhere. This is particularly so when high marginal rates of taxation are taken into consideration.

Consumer needs should be the focus

Growth is about attracting new clients, bonding them and making them advocates of your practice. It is also about having fun. Your practice should provide a high quality of service but the focus should always be on the needs of the client and the simultaneous improvement of cost, quality and delivery of service. This is quite a different philosophy to the procedure orientated approach we are traditionally taught in veterinary school.

Thinking outside the nine dots

In developing successful growth strategies classic analysis is important but so too is creative, lateral thinking. Applying classic, traditional modes of analysis doesn't necessarily yield a correct answer while taking a fresh approach and looking at a problem from a completely different angle can sometimes give a flash of inspiration and lead to instant resolution.

Try this puzzle:

"Thinking outside the nine dots"

Connect the following nine dots using no more than four straight lines and without lifting your pen from the paper.

* * *
* * *
* * *

The solution is simple (see p 113) but it requires thinking outside traditional patterns.

S.W.O.T. analysis

In developing a growth strategy you need to know 'where you are now', 'where you want to go' and 'how you are going to get there'. A S.W.O.T. Analysis (which is an acronym for 'strengths, weaknesses, opportunities and threats') is a good system to help answer the first question. Get a sheet of paper and spend ten minutes listing the strengths, weaknesses, opportunities and threats that affect your own practice and then do likewise for other practices in your geographical area and areas of interest. Focus on possible gaps in the market and where you might best be able to position yourself to take advantage of these.

Pricing policy

Pricing policy was one of the most commented upon aspect of the avian practitioner survey with the vast majority of respondents discouraging price discounting except for research purposes or bulk surgical sexing. Information from the Financial Management Research Centre³ suggest that practices with high profitability charge slightly, but not greatly, above average fees and they derive a greater percentage of their gross takings from professional fees rather than drug sales or other services.

Break-even analysis:

Impact of fixed vs variable costs and constant vs elastic demand

In considering pricing, the impact of fixed vs variable costs and constant vs elastic demand should be understood. These are illustrated by simplistic examples (surgical sexing and chlamydia testing) as shown in Table 1 and the break-even charts based on the data from Table 1.

Definitions

Fixed costs are those that must be met regardless of how many procedures are carried out, for example the cost of equipment such as an endoscope for surgical sexing or a heating block for chlamydia testing.

Variable costs are those items which are directly related to how many procedures are carried out, for example the cost of disposable items, nurse's time or chlamydia test kits.

Total costs are the sum of fixed and variable costs,

A **constant demand** is where the demand for a service does not vary depending on price (not a very realistic situation but used for illustration in examples 1a and 1b).

An **elastic demand** is where demand alters when the price alters (examples 2a and 2b).

Total revenue is the product of the price charged for each service times the demand (ie the number of services purchased).

Profit is the difference between total revenue and total costs.

The break-even point occurs where total costs equal total revenue.

Table 1

The effects of high vs low fixed costs and constant vs elastic demand on profitability (illustrative examples, see text and break-even charts)

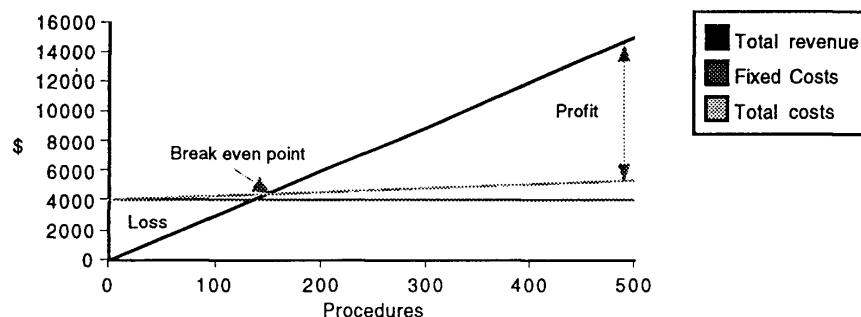
Example	Procedures	Price per bird	Total revenue	Fixed costs	Variable costs per bird	Total costs	Profit
		\$	\$	\$	\$	\$	\$
1a. Constant demand, high fixed and low variable costs (eg surgical sexing)	500	30	15000	4000	3	5500	9500
	400	30	12000	4000	3	5200	6800
	300	30	9000	4000	3	4900	4100
	200	30	6000	4000	3	4600	1400
	100	30	3000	4000	3	4300	-1300
	0	30	0	4000	3	4000	-4000
1b. Constant demand, low fixed and high variable costs (eg <i>Chlamydia</i> testing)	500	20	10000	200	10	5200	4800
	400	20	8000	200	10	4200	3800
	300	20	6000	200	10	3200	2800
	200	20	4000	200	10	2200	1800
	100	20	2000	200	10	1200	800
	0	20	0	200	10	200	-200
2a. Elastic demand, high fixed and low variable costs (eg surgical sexing)	500	10	5000	4000	3	5500	-500
	400	20	8000	4000	3	5200	2800
	300	30	9000	4000	3	4900	4100
	200	40	8000	4000	3	4600	3400
	100	50	5000	4000	3	4300	700
	0	60	0	4000	3	4000	-4000
2b. Elastic demand, low fixed and high variable costs (eg <i>Chlamydia</i> testing)	500	10	5000	200	10	5200	-200
	400	15	6000	200	10	4200	1800
	300	20	6000	200	10	3200	2800
	200	25	5000	200	10	2200	2800
	100	30	3000	200	10	1200	1800
	0	35	0	200	10	200	-200

Example 1a

Impact of high fixed, low variable costs, constant demand (eg surgical sexing) Profit can increase dramatically once fixed costs have been covered if the procedure being undertaken has minimal variable costs associated with it. Surgical sexing is an example of this, initial investment in equipment is high but the cost of performing the procedure on an individual bird is minimal. Several of the survey respondents commented on how cost effective investment in endoscopy had been, but this only occurs after enough procedures have been done to cover the cost of the equipment.

In this simplistic analysis the break-even point occurred when about 150 birds were sexed. Once this point was passed, profitability increased rapidly and there would be scope for discounting while still retaining profitability. The analysis doesn't take into account general practice overheads, nor the veterinarian's time, nor the many birds that needed to be done first to perfect the technique before offering the procedure commercially, nor the fact that demand for this service is elastic (see below).

1a) Break even analysis - High fixed / low variable costs, constant demand (eg Surgical sexing)



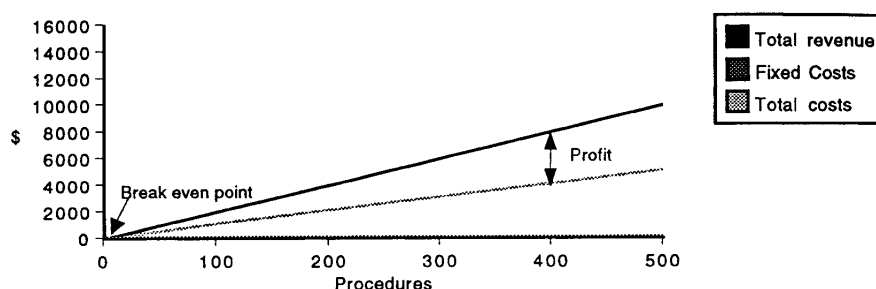
The total market for avian veterinary services in a particular area should be considered as the size of the avian case load is critical in whether expensive specialised avian equipment will be cost beneficial. If technology changes and DNA testing for sex determination begins to be marketed in Australia, new purchasers of endoscopy equipment may have difficulty covering the cost of their investment. Comments about electrosurgical units, another high priced piece of equipment, varied, with some practitioners feeling that they were able to use their units sufficiently to justify purchase while one respondent did not feel that this had occurred.

There is a 'Catch 22' here because there are several high priced items of equipment that are needed to practice avian medicine at a world best standard but until you get sufficient avian caseload it is difficult to justify the investment required. For practices that are just starting and have low avian case loads it is probably wise to exercise caution in investing in equipment having high fixed costs as there is potential for loss. However, keep the items on the 'wish list' and be ready to purchase if a bargain crops up or when you think you will be able to attract enough case load to justify the high price tag.

Example 1b

Impact of low fixed/high variable costs on profitability (eg Chlamydia testing)
 Considerations are different when making decisions on whether to invest in and how to price services that have low fixed and high variable costs, for example Chlamydia testing. Break-even analysis here shows that there is little risk of losing money if case load is low but the scope for increased profit once the case load increases is less than occurs when there are high fixed and low variable costs. It is important that the cost associated with each individual test is covered and there is less leeway for discounting and still retaining good profit levels.

1b) Break even analysis - Low fixed / high variable costs, constant demand (eg Chlamydia testing)

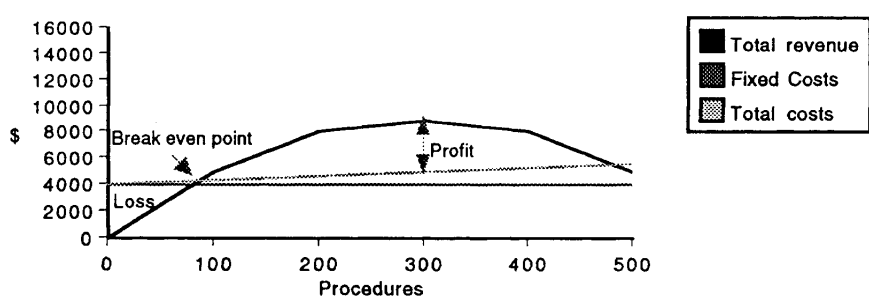


Examples 2a and 2b - Impact of demand on profitability

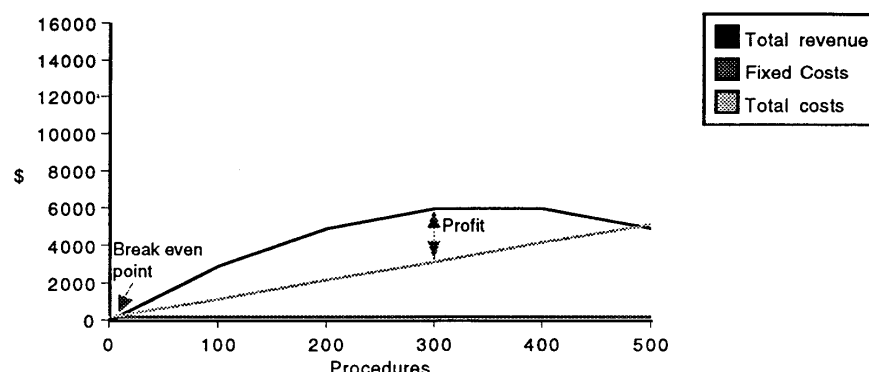
Potential demand for services must be considered as well as cost. The objective is not necessarily to maximise the number of procedures carried out but rather to maximise profit. The following examples consider the impact of an elastic demand on the break-even analysis charts discussed earlier. Disregarding the effect of competition, if the price of a particular service is set high, fewer clients are likely to use the service than if the price is low. (This is not always the case but for the purposes of this example assume this is so.) Total revenue depends on both the price and the number of services carried out. Pricing too high or too low can both adversely impact on total revenue and on profitability. See break-even charts 2a and 2b.

In both of these examples the aim would be to try to have the pricing policy structured so that profitability (really contribution to general practice overheads) is maximised. In the imaginary examples shown this would be at around \$30 per bird (300 procedures) for surgical sexing or \$20 per bird (300 procedures) for chlamydia testing, going higher or lower would drop profitability.

2a) Break even analysis - High fixed/low variable costs, elastic demand (eg Surgical sexing)



2b) Break even analysis - Low fixed / high variable costs, elastic demand (eg Chlamydia testing)



As most of the services that we offer in veterinary practice are elastic in demand, the same general principles apply. It is generally most profitable to try to keep to the part of the demand (total revenue) curve where the separation from the total cost curve is maximum, it is much harder to make a profit if you are working near the top or bottom end of the curve. The challenge, of course, is to accurately assess where the curve lies. In the absence of hard market research data, the positioning can only be guessed at by client response and discussions with other practitioners. Once equipment has been paid off profitability is much improved but consideration needs to be given to the cost of eventual replacement.

Competition

If near by practices are charging low prices, you may be forced to lower prices to preserve practice profitability. Lowering prices may increase the total number of procedures carried out but care needs to be taken as it can also impact very adversely on profitability and limit your ability to carry out practice improvements. One avian practitioner noted that he saw a remarkable surge in revenue when he dropped spay and surgical sexing prices in response to competition. Part of this was due to clients buying other, non discounted, items when they came to the practice, a 'loss leader' strategy. The advantage was eroded when further practices opted to do likewise.

It is best to stay on good terms and market collectively with other practices rather than trying to compete against each other. There are many bird owners who never use veterinary services and it is these people who should be encouraging to use our services rather than competing amongst ourselves for existing clientele.

Matching market needs

If clients are happy with the care that they are given they accept paying reasonable fees, whereas price is often the first aspect about which they will complain if they are not satisfied with service. In a pet owner survey carried out by the author in the 1970s⁴ 'price' and 'waiting time' were the factors that pet owners changing veterinary practices most frequently rated as 'bad' in practices that they left. 'Explanation of treatment', 'the vet's concern for my pet and me' and 'effectiveness' were features that clients indicated as showing greatest improvement when they switched from one practice to another while 'price' was most likely to remain static compared with ten other factors. Cost, quality and delivery of service are all important: selling yourself on price alone can be fraught with risk and hard on the self esteem.

Market segmentation

Different market segments are brought sharply into focus in avian practice because of the divergent values that people place on birds. While a few owners are prepared to spend hundreds of dollars to save their pet budgie, many others balk at \$60. It is possible to adapt a strategy of keeping prices high and dismissing the lower end of the market, but in the author's experience there is considerable elasticity in the demand for avian veterinary services and if costs can be contained more owners will opt for treatment. How adept an individual veterinarian is at selling the benefits vs the costs of the services proposed will bear heavily on whether owners will choose to go with optimal treatment. These are some techniques that have been found useful in dealing with the broad spectrum of clients that use avian veterinary services.

Catering to different market segments - be prepared with alternatives

It is inappropriate to prejudge what a particular client will or will not wish to pay to have their bird treated. Individuals on low incomes often choose more expensive treatment whereas individuals on high incomes may choose not to do so. As a first option, all clients should be offered what the veterinarian considers to be optimal treatment for the pet for a particular condition and the benefits of adopting this treatment should be emphasised. However, within legal bounds, it is the client's right, not the veterinarian's, to decide how their bird is to be treated and it is in the veterinarian's interests to respect this right and genuinely try to determine what owners wish rather than force views upon them. In marketing it has been said "*Never try to sell what you want to sell but sell what people want to buy.*" The concept is equally valid when marketing avian veterinary services as it is in other areas.

Discuss the benefits vs risks of different treatment options as well as price from the time of the initial consultation and be prepared with alternatives depending on the owner's views and budget. It takes skill in diagnostics, mental arithmetic and interpersonal relations to be able to do this well but it is a procedure that is in demand every day. Avian practitioners should be able to derive as much pride in doing this well as they do in performing complicated, expensive surgical procedures which only a portion of their clients will elect to undertake.

Step-wise charging

Use of in-house bacteriology at our practice increased dramatically when we started to offer owners an initial gram stain a plate set up for \$11 and only charge for a complete culture and sensitivity if suspected abnormal organisms were picked up on the initial testing. This encouraged owners to routinely commence bacteriology studies before treatment was started and improved our treatment success rate. It also improved profitability because of the economy of scale that the greater throughput of bacteriology cases allowed.

Bulk testing discounts

Offering a discount on bulk testing can encourage owners to do a battery of tests on their bird on initial presentation. Screening tests can often pick up abnormalities that might not be considered most likely on initial examination but if not recognised early may result in death. Procedures that have low variable costs, such as radiography, lend themselves well to bulk testing discounts as the cost to the veterinarian of performing the individual procedure (ie the variable cost) is low and if more clients are encouraged to use the service, profitability increases substantially. A typical battery of tests that we would encourage owners to have performed on a bird with diarrhoea and

sick bird signs would include *Chlamydia* testing, faecal flotation, gram stain and plate and radiography for possible heavy metal particles. Blood biochemistry and haematology are given less priority because the other tests listed are usually more cost effective in yielding definitive information as to appropriate treatment.

Use of technology - computers

Successful businesses make effective use of technology for strategic advantage and they also develop close relationships with their suppliers. While other survey respondents were less positive about the benefits, in my experience computerisation has enabled staff reduction while at the same time increasing practice gross. This improved efficiency has enabled more cost effective delivery of service.

Staff performance

Successful businesses have human resources policies that promote continuous learning, teamwork, participation and flexibility. These ideals are also worth striving for in a veterinary practice. Having well trained and competent nursing staff to whom you are able to delegate routine laboratory testing and hospital care is essential if you wish to offer quality veterinary care at a reasonable price and still maintain a high net income and work reasonable hours. *"Every area should be everybody's responsibility"* when it comes to ensuring the delivery of good quality patient care and client centred service. In-house as well as external training is essential if these goals are to be realised.

In-house marketing

This includes such things as point of sale advertising, newsletters and mail outs to existing clients. While some veterinarians have done well from retailing, it can be very time consuming and the profitability of handling open selling lines of products is much less than for providing veterinary services. Collective marketing through Vetmark, which is being discussed in another paper at this conference, appears to be addressing problems that veterinarians encounter in trying to deal in this retail market on an individual basis but survey responses as to the effectiveness of some of the Vetmark initiatives were mixed.

Attracting New Clients

There is overlap between strategies used to encourage existing clients to continue to use practice services and those used to attract new clients to a practice. In the present survey avian practitioners rated 'talks to clubs and colleagues', 'word of mouth' and 'yellow pages advertising' as most effective means of attracting new bird owning clients.

In a previous survey carried out by the author⁴, pet owners rated 'conveniently located', 'recommended by someone' and 'dissatisfied elsewhere' as the reasons most often given for using a new or different veterinary clinic. Pet owners considered 'professional competence', 'kindness towards animals', 'good reputation' and 'interested in the type of animal that I own' the most important characteristics of a veterinary practitioner. Location is very significant but the human side, the perception of competence and the 'soul' of a practice appear to be at least equally important to clients as the facilities from which the practice operates.

Analysis of our own practice records show that bird owning clients travel far greater distances to use our practice than do dog or cats owners, probably because there are so few other practices that specialise in birds. If you are thinking about setting up a new practice with a significant avian component Vetafarm P/L is a good source of advice as to where there are gaps in veterinary services available for bird keepers in Australia. In suburban areas it is probably best to locate in populated areas away from other competent avian practices. Results are rarely seen overnight. Be prepared for it to take several years for the avian side of the practice to build up and enjoy alternative interests along the way.

Promotion by letter box drops, direct mailing, newsletters etc have met with mixed success and the cost and time effectiveness of these techniques need to be carefully considered. Focusing on other aspects of practice management may be more time and cost beneficial. Whatever procedures are used, professional competence, concern for animals and being interested in the specific type of animal that an owner possesses should be emphasised. Direct mailing promoting an avian special interest/specialisation to other veterinarians has, in the author's experience, been cost beneficial.

Providing New Services

Upgrading qualifications

Acquiring M.A.C.V.Sc. and developing expertise in avian medicine through attending lectures and workshops, joining A.A.V. and working with other avian veterinarians were growth strategies that survey respondents most frequently mentioned as having been successful for themselves and ones that they would recommend to veterinarians wishing to enter this field. Some survey responses indicated that acquiring M.A.C.V.Sc. on its own did not guarantee success in avian practice. The benefits vs the cost of acquiring F.A.C.V.Sc. were even less clear cut.

Upgrading facilities

Survey responses were mixed as to whether upgrading facilities increased profitability. The author is not aware of any studies that have been made comparing the financial performance of A.S.A.V.A. accredited hospital with non-accredited hospitals but the low number of practices that have chosen to seek accreditation and the recent liberalisation of accreditation guidelines suggest that there is some market place resistance to heavily capitalised and consequently high priced facilities. Less ambitious practice renovation plans have generally resulted in improved staff and client satisfaction and improved practice profitability.

In the pet owner survey previously mentioned⁴ 'Knowledgeable staff', 'prompt attention' and 'emergency service' were ranked most highly in terms of important features of a veterinary clinic. 'Modern professional equipment' ranked lower. For an avian practice, cost considerations are likely to be equally or more important compared with a general small animal practice. Recent history of climbing interest rates and then recession have highlighted the need for caution if large sums are to be borrowed to service any growth strategy. Reducing debt and avoiding more debt were mentioned as important considerations by one of the respondents to the avian veterinarian survey.

Personal computers have dramatically simplified analysing projected cash flows and these are excellent tools to help assess the financial viability of capital investment projects. However, the reliability of the results depends on the reliability of the underlying assumptions. Every effort should be made to try to get initial assumptions as accurate as possible.

Upgrading equipment

Successful businesses make effective use of technology for strategic advantage and they also develop close relationships with their suppliers. Endoscopy, Reflotron, Clearview chlamydia testing, isoflurane anaesthesia and intensive care units were items of equipment that were rated most highly in terms of benefits compared with price. Increased profit had also been noted with ultrasound and CAT scans in a university setting. Cost vs capacity to use the equipment is clearly important.

Species specialisation

With any specialisation there is considerable time commitment in keeping up with the literature and marketing yourself to owners. Specialisation in ostriches had made a dramatic impact on practice profitability for one practice but it meant working very long hours and a lot of travelling, things that would not necessarily suit other avian veterinarians, particularly those with child care responsibilities. The comments survey respondents made about pigeon specialisation were negative but there are some veterinarians who have been successful in catering to this market.

Other services

Boarding birds was not seen to be profitable and disease transmission was a concern. Overseas avian practices have expanded their clinical pathology expertise and catered for the needs of other general practices. This has not yet happened in Australia and there is clearly a gap in the market but how much market there is in the gap has yet to be tested.

Diversification

Initial capital investment in starting a veterinary practice can be considerable and, in the early days of practice, diversification may be neither appropriate nor prudent. At this stage of development a strategy of 'Putting all your eggs in one basket and then watching the basket' is often the best approach to take. Priority markets should be identified and your practice management plan and 'wish list' prioritised accordingly. Take one step at a time and keep chipping away at the 'To do' list but don't lose sight of where you are heading long term.

As the overdraft becomes proportionately less daunting, consideration can be given to options for diversification. Efficiently run veterinary practices provide their principals with a good cash flow but taxation is always a major consideration. Whether it is more advantageous to finance growth strategies out of cash flow or on borrowed money is a complex area and depends on the nature of individual projects. Financial advice should be sought but be cautious about the cost of obtaining such advice and possible vested interests of the adviser.

Spouses' interests can play a role in appropriate diversification strategies. Joint projects drawing on the skills and life experiences of both partners can form the basis of enjoyable and successful diversification strategies and help to counteract mid-career doldrums.

Related fields into which survey respondents most frequently indicated diversifying included writing, consultancy work, teaching and avian related sales. 'Unrelated' business enterprises mentioned also drew on skills acquired as avian veterinarians. These included ostrich farming, microchip industry, hospital cage manufacture and the tourist industry. Only one respondent, who indicated that he had diversified into fauna park management, had been disappointed by the experience.

In considering possibilities for diversification search out possible ideas and run projected cash flows through on a computer spread sheet. Even if you choose not to pursue a proposed scheme it gives you experience in the analysis process. The effort will not be wasted and when a really good opportunity does crop up you should be able to recognise it as such. Don't be in a hurry to embark on a project but be willing to persevere with your ideas. Always consider tax implications and if the numbers don't crunch, don't do it.

Adopting a holistic approach with your growth strategy

Lifestyle

You need to place your practice and personal growth strategy within the context of your whole life style. It may be that you enjoy working long hours at your practice and that your family commitments are such that you are able to do this. Alternatively, you may have small children and a spouse who also works so that, even though you may be committed to providing quality patient care, you also need to be able to spend time at home. Pressure to utilise your working hours efficiently, to delegate tasks and to focus on strategies that will yield greatest benefits compared with time invested is much greater in the second situation.

Life Stage

Stage of life is also important. The startup phase of any business holds a lot of challenge but once an enterprise is running efficiently and you've been doing the same thing for a number of years the challenge can become less and mid-career doldrums can set in. Recognising that mid career crisis is a common problem and taking steps to forestall its occurrence is useful. These are some suggestions.

- Consider pursuing other career interests before acquiring equity in a practice.
- Post graduate studies, business seminars and diversification projects are strategies that can be useful to help maintain motivation if you find yourself going stale after many years in practice.
- Develop alternative interests.
- Teach. Contact with younger colleagues can be motivating for both teachers and students.

Global Concerns

Our world currently faces overwhelming global environmental problems, particularly habitat loss, pollution and species extinction. In dog and cat practice we deal primarily with a limited range of species that are significant because of the close bonds that they form with humans. In avian practice we deal with many more species including wild and endangered birds. We have the opportunity and knowledge to make a significant impact on the way our generation deals with the pressing environmental issues that face us. Take a step back and look at the growth strategy you have developed in a wider context. Try to 'think globally but act locally' and leave the world a better place having passed this way.

Action list

1. Where are you now?

Do a S.W.O.T Analysis on your practice (see p 3), think about your current practice management plan and review your financial performance.

2. Where do you want to go?

Consider growth strategy options in light of¹ and review specific options that appear to have most merit. Focus on appropriate options for more detailed market and financial analysis.

3. How are you going to get there?

Prioritise your target markets and reassess your practice management plan so that it will best enable you to achieve your goals.

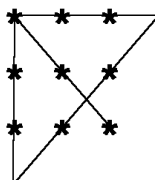
P.S. Don't forget to have fun along the way.

Further Reading

1. American Veterinary Medical Association 'Marketing and Practice Strategies' 1987
2. Australian Small Animal Veterinary Association 'Manual of Hospital Standards 1994'
3. Financial Management Research Centre, 'Small Business Profile for Veterinary Practices', published annually by University of New England, Armidale, N.S.W.
4. Richardson, PJ (1976). A survey of the attitudes of Sydney pet owners to veterinary services. *Australian Veterinary Journal*, **52**: 105-108.

Answer to the puzzle:

'Thinking outside the nine dots'



Addendum:

Results of a Survey of Growth Strategies of Avian Practitioners

Fifteen questionnaires were sent to Members and Fellows of the Avian Health Chapter of the Australian College of Veterinary Scientists in April 1994. These answers are based on the twelve surveys that were returned.

Throughout these results asterisks (*) after a comment indicate that it was mentioned by more than one respondent.

When asked to '**Rank in order of priority the growth strategies that you have found most successful for you personally**' the following factors were most frequently mentioned.

Avian special interest and MACVSc (gave me the knowledge and confidence to promote my avian expertise and interest)****

Word of mouth advertising - talks to bird clubs etc****

Bird club involvement

Surgical sexing

Constantly updating facilities & equipment (client perception that it improves)

Mail outs

Business plan - defining your priority market, finding staff to meet it and equipping for it

Successful marketing through Vetmark

Practice renovation and equipment

Use of improved equipment and technologies

Ostrich speciality and involvement in ostrich industry

Willingness to go overseas and increase exposure and education

Information sheets

Writing articles

Teaching

Quality service
 No fee cutting
 Talks to veterinary colleagues eg AVA meetings
 Personal presence, effort, 'posture'
 Avoid any more debts, rearrange present debt
 Improve efficiency
 Not restricting growth options to veterinary practice alone but pro-actively investigating other fields of interest.

When asked **'What advice would you offer a new veterinarian entering the field as the best way to increase his or her avian clientele?'** the following points were most often mentioned.

Join/speak to bird clubs, learn the aviculturists language by reading their magazines*****
 Seek MACVSc or FACVSc in Avian Medicine/Surgery***
 Develop knowledge and expertise, attend lectures and workshops***
 Lecture to fellow vets*
 Generally let it be known that you are a 'bird vet'*
 Deliver a good service cost effectively - to do this take on formal study to teach yourself
 Read widely
 Contact colleagues for advice when getting foxed by a case - never rest a case, clients appreciate it if you don't know but try to find out something. Have a go (within your limitations) especially using basic principles and cross species knowledge which will see you through a lot of things.
 Seek increased practical skills
 Join AAV and attend meetings
 Visit/ stay in contact with AAV members
 Work experience with recognised specialists
 Put name in Birdkeeper
 Show particular interest whenever/whatever
 Get P. McWhirter (sic) to take out an add in the yellow pages, don't set in Springvale South or Burwood!
 Be available

Looking at specific options, respondents were asked to indicate which growth strategies (as outlined below) they had used in their own practice or business endeavours, which they felt had increased profit and what they saw as the advantages and disadvantages of each. Most respondents highlighted and commented on the strategies that they felt were most important but may not have filled in sections of the questionnaire they felt were less relevant to them.

Improving Practice Efficiency

Formal business planning was used by 5 of the 12 respondents, all of whom indicated that they felt it had increased profit. Comments included:

"Done by Armadale"
 "Done by private consultants, hard to rate cost effectiveness, very expensive"
 "Should do so - one day planning to do so"

Computerisation was used by 8 of the 12 respondents. Comments included:

"Do not believe that it has increased profitability"
 "More consistent pricing (? without compassion)"
 "I love my computer, it has increased the efficiency of my practice substantially and allowed me to reduce my staff yet increase my gross turnover."

Staff training. All respondents indicated that they had staff training. Comments included:

"Joined Vetmark when it began. Through the use of efficient staff training and marketing, efficiency has improved tenfold."

"A job description/manual is in development"

"Receptionist technique, merchandising, customer relations, stock control (through Vetmark)"

"Improved the ability to see more people in a limited time"

"Upgrading nursing staff skills in bacteriology, laboratory techniques and patient care has increased the nurses ability to generate profit for the practice, as well as stimulating their own interest and enable me to use my own time more efficiently"

Improved stock control was indicated by 7/12 respondents. Comments included:

"Financial ratios published by Armadale are useful as a benchmark against which to compare practice performance in this area, as well as many other areas"

Debt management 3/12 respondents indicated that they had used this but no comments were made. It didn't seem to be a significant issue.

Pricing policy

Lowering prices 5/12 respondents indicated that they would NOT use this strategy, 1/12 indicated that he used it for small animal desexing and bird sexing only. Other respondents didn't complete the question. Comments included:

"Pricing policy constant with regard CPI, however bulk prices cheaper for sexing"

"If you lower price 10% you need to do 20% more work. Doesn't make sense!"

"Attracts 'cheaper' clients, bad debtors etc."

"We have to keep consult, spay and vac prices down due to prox to Lost dogs home"

"Do not believe in lowering prices to compete"

"Occasionally lower prices for research purposes"

Raising Prices 10/12 indicated that they used this strategy, 2 didn't complete the question. Comments included:

"Whenever we raise prices we find increased cash flow and no client resistance. We don't do enough of it"

"Try to keep ahead of inflation, 2 -4 times a year across the board % increase"

"Increased fees with membership of the College. Our fees are marginally higher than other competing practices"

"We have kept at the top end of the scale"

"Very few complaints, quality service for a good price"

"Now prepared to charge more for my surgery, especially avian. One loses self esteem if not recompensed for one's efforts."

"Standard price increases. Avian consultations are increased over and above normal dog/cat consultations. Ostrich prices are above normal avian fees."

"People expect to pay for what they get"

In-house marketing

Most respondents noted that they were using point of sale displays or educational material, 3/12 indicated that they send out practice newsletters (2 of these were the Vetmark Newsletter), 5/12 used client mailings.

"Envisage a practice newsletter in 12 months"*

"I've done practice newsletters from time to time but I have a hard time psyching myself up to write them, I enjoy writing articles & education material more"

"Send out Vetmark Newsletter, minimal response"

"Client mailings - reminders etc, good response; Program campaign gave fair immediate response but not worth the cost."

"Educational material does not increase profits but it saves time in explaining and allows more clients to be seen."

"Point of sale displays, educational material and the Vetmark newsletter have been very effective"

"First practice newsletter was this Feb/Mar, still too early to really tell - however already some

feedback re subject matter - dental disease & Program for fleas. I find clients already aware and more receptive to sales or prophylaxis"

"Will increase client mailings once computer 'bedded in'"

Providing New Services

Upgrading qualifications

Most respondents didn't tick a box as to whether College Membership/Fellowship made any difference to profitability but these comments were made.

"MACVSc good for the ego? Not for extra dollars"

"I don't think that MACVSc has helped get more clients at all - as a Q coastal town the market is limited to my area anyway."

"Can impress people at talks, attracts referrals from other vets"

"Market expertise"

"M.A.C.V.Sc. increased profit directly by getting more people through the door, indirectly clients perceive the enthusiasm."

"F.A.C.V.Sc. was a lot of pain and agony and I was very disappointed in the politics of the institution, but the qualification increased practice income as well as my own credibility."

Upgrading facilities

Practice renovation/New hospital construction

All but one of the respondents had indicated that they had been involved in practice renovation, 3 had been involved in new hospital construction. One respondent indicated that he didn't think practice renovation had increased profitability, two indicated that they did and the rest didn't tick either box. Comments included:

"Needs renovation all right but can't afford it"

"Improve practice image"

"Increased car parking facility"

"Provide better services with less hassles, quicker and with better, quicker results. A better working environment. I encourage clients to come in and look/visit."

"We are about to renovate the surgery to hospital standards - we are sure this will have a positive economic effect."

Acquiring new equipment

9/12 respondents indicated that they had acquired new equipment. Comments included:

"Not acquiring new equipment at present but envisaged (ie purchases prioritised)"

"Endoscope v.v. cost effective"

"Ultrasound, endoscope, isoflurane GA equip have all generated income"

"Reflotron has increased profits & allows better timing"

"Reflotron has increased profits but I probably don't use it as much as I should"

"New equipment does not always pay for itself, eg electrosurgery gear doesn't, pathology gear does. Ellman Surgitron - no cost benefit seen. Endoscope used more for small animals due to largely Australian bird population in District - please send Victorian exotic bird fanciers further north than Toowoomba! Isoflurane anaesthesia and intensive care unit both increased profit definitely."

"Clearview has increased profits"

"I would prioritise items of avian equipment that we use in the following order in terms of usage and cost effectiveness: crop needles, Machiavelli and Gram Stains, Kwikstop (it's hard to get in Vic), Clearview chlamydia test, isoflurane anaesthesia, endoscopy, electrosurgery unit, in-house bacteriology gear, Reflotron, Lefeyber specula."

"Automatic processor, time saved, tied up less developing x-rays"

"Reflotron essential for bird biochemistry"

Species specialisation

Ostriches

"I couldn't afford to be away from the practice."

"**Dramatic** impact on practice income."

"Booming at the moment."

Pigeons

"They'd be great if you didn't deal with the fanciers/flyers"

"Time consuming."

Other services

"Increased hours have increased practice profitability, boarding has not. Clinic is open reasonably early in am & later in pm. I personally am working very long hours with mobile phone availability."

"Ultrasound and CAT scans have increased profitability"

"I board cats and occasional client caged budgie. It's a good idea if you have the facilities. I'd be a little worried about disease transmission."

Attracting New Clients

2/12 respondents indicated doing market surveys,

3/12 indicated doing direct mailing, one of whom was satisfied with results and 2 of whom were equivocal about the cost vs benefits

9/12 respondents indicated using advertisements, 10/12 indicated giving talks to bird clubs,

2/12 indicated taking part in collective marketing exercises. These comments were made:

"Work with Parks and Wildlife on a voluntary basis treating injured birds. Effective use of media (esp papers) when treating interesting cases."

"Difficult to assess any increase or decrease in profit as a result of advertisements or talks to clubs."

"When I first set up I advertised in the local paper and on a Quickfind Calendar. I kept a record of why every new client appeared and found not one came thanks to the calendar and only 1 due to the paper. 90% come due to yellow pages and word of mouth. Recently due to our avian specialising ad I'm seeing several new clients weekly."

"New clients indicate where they heard about our practice on the initial form that they complete. Referrals from other practices (often from the nurses rather than the veterinarian), recommendation from breeders or pet shops, heard the vet speak at a meeting and yellow pages are the most frequently mentioned reasons for bird owners using the practice."

Diversification

Into related fields

The following number of respondents indicated that they had tried diversification into the following related fields (comments, if any are added in quotations):

Writing - 7

Consultancy work - 6. "Aviary inspections"

"Overseas and Australian consultancy to quarantine stations, farmers & companies"

Teaching - 6. "Teaching vets and ostrich producers in seminars"

Avian related sales - 6. "Printed material, posters, microchips, crop needles"

"Something to think about in the future, just now I refer client back to the pet shop"

Pharmaceutical sales - 3

Commercial bird breeding - 2. "Some farming of ostriches, can relate to farming clients"

"With my wife, just low key but has given me some experience"

Research - 2

Fauna park management - 1. "?Get out?!"

Radio talk-back - 1

Unpaid related employment - 1. "Working for Australian Ostrich Association & Company"

Branch practice in demand area - 1

Into unrelated fields

5/12 respondents indicated that they did not have any other investment/business interests apart from their practice. The following number of respondents indicated that they had tried diversification into the following unrelated fields (comments, if any are added in quotations):

Other business enterprises - 3

"Microchip industry, expand farming interests, involvement with off shore enterprises?"

"Hospital cage manufacture."

"Tourist industry, 1850's National Trust registered homestead with wetlands on a Bay frontage."

Collectables - 1

Share market/ other investments - 1

Real estate - 1. "Too early to tell, have only just bought, hopefully to renovate and resell but this is with my wife who is an architect."

Paid unrelated employment - 1

Other growth strategies

The following comments were made by respondents

"Business and other tapes and books"

"I have only had the practice 4 years and it is still growing during this time. I've undertaken extensive renovations and am still coming to terms with running a business, getting out of debt, starting a family and avoiding provisional tax. I have yet to have any funds to sink into other ventures but it is coming, I hope. My little trip overseas last year took care of any surplus."