

# Charging what you are worth

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Veterinarians are notorious for undervaluing what we do and undercharging for our knowledge, advice and services. The “whys” of this are discussed elsewhere. Our focus is on the “hows” to value what you do and to be paid for the value you bring to your clients.

**Key words:** value, excellence, asset, emergency, business

## Be excellent

If you want to set yourself apart from the crowd, choose excellence. I could not tell you how many times I have heard a phrase like, “I’ve asked Doc Kadiddlehopper numerous times about helping me with our calf scours issue, but he just keeps asking me to try some new medicines.” LAZY!! If I hear a phrase like this from one of your clients I will fly, drive, bicycle or walk to your practice and kick you in the rear!

Mediocrity is unfortunately the norm in our profession (and maybe in many professions). I love quotes, so here are a few:

“Effective leaders can never be content with mediocrity. They make excellence a priority.”

Gift Gugu Mona, *The Effective Leadership Prototype for a Modern Day Leader*

“Mediocrity is a pit that swallows people who have rested on seats of complacency for long.”

Israelmore Ayivor, *101 Keys to Everyday Passion*

“If you stay passionate and committed, mediocrity will never be eager to befriend you.”

Israelmore Ayivor, *101 Keys to Everyday Passion*

“People simply feel better about themselves when they’re good at something.” - Stephen R. Covey

You were accepted to veterinary college and many others were NOT. You graduated from veterinary college. You must be brilliant and you must have something that someone saw in you that made you stand out from the crowd. Why the &%%\$\*! would you choose to be mediocre?

In “The Wizard of Oz” when Dorothy asked Glenda the Good Witch, “Can you help me. Will you help me?”, Glenda responded, “You don’t need the help . . . you’ve always had the power.” My point is that you already have what you need right inside of you. Excellence is already in you. Just do it!

A few more quotes:

“If we all did the things we are capable of doing, we would literally astound ourselves.” - Thomas Alva Edison

“Trust yourself. Create the kind of self that you will be happy to live with all your life. Make the most of yourself by fanning the tiny, inner sparks of possibility into flames of achievement.” - Golda Meir

“If you are insecure, guess what? The rest of the world is too. Do not overestimate the competition and underestimate yourself. You are better than you think.” - T. Harv Eker

“Twenty years from now, you will be more disappointed by the things you didn’t do than by the ones you did do. So, throw off the bowlines. Sail away from the safe harbor. Catch the trade winds in your sail. Explore. Dream. Discover.” - Mark Twain

Question: When should you hit your peak as a veterinarian? Year 5? 10? 25? None of the above?

## No one complains about value

People complain about cost all the time, but it is very difficult to complain about the price of something when you feel you have received value. Strive to provide value. Is it always possible? Nope. A 3am calving in a feedlot heifer with a dead, emphysematous fetus may not be an investment that provides value to the owner if the heifer must be euthanized. Hopefully this is the exception in your practice.

Always try to under promise and over deliver. When I pregnancy check cows, rarely do I just shove my arm in and say “bred” or “open”. Most times I am trying to stage the pregnancy (I always give an estimate in a range, e.g. 160-180 days), body condition score the cow, look at her feet and udder, check for cancer eye (on white-faced cows) and trim the tail. Then I email the owner my spreadsheet that summarizes the pregnancy data, make a histogram of the expected calving dates, and shows BCS average and range. This can lead to discussions about nutrition, fertility and genetics of the herd. I always told the students on ambulatory calls with me that I frequently made the client more money after we finished pregnancy checking than while we were pregnancy checking.

Do NOT rush away to the next call. The call you are on is the most important one of the day. Take time to ask questions, especially if the results are disappointing. If the owner is upset with the results, this may NOT be the time to have a discussion. Wait a few days and call and say, “Susan, I’ve been thinking about your pregnancy check results. Is that something you would like to discuss?”

What are you doing in your herds to add value? Look at EVERYTHING you do and see if there is something you can do to add more value.

## What is the cost of veterinary medicine and services?

In a beef cow-calf business, the cost of all veterinary services plus medicine is ~\$20-40/cow. That represents 2-5% of the total cost of production for a beef cow.<sup>1</sup> Dairy producers do not use this metric, but rather use the cost to produce 100# of milk. In the U.S. in 2021, total cost was \$27.50/cwt milk with veterinary and medicine costs at \$0.80/cwt milk produced.<sup>2</sup> So, this puts veterinary services and medicine at 3% of the cost of production, squarely in the same range as beef cow-calf.

I was at a cow-calf seminar when I was in practice in Iowa where two agricultural economists from the University of Nebraska presented data on numerous years of studying financial data from cow-calf businesses across Nebraska. They wanted to

discover the differences in profitability of the top, middle and bottom third of producers in the state. They analyzed the data and presented their findings. They showed that controlling costs, especially feed costs, was the most important aspect of profitability. Fertility, timing of calving and percent weaned were also significantly associated with those with increased profitability.

After their 45-minute presentation, they asked for questions. Not only did the first questioner raise his hand, but he also stood up. As he stood, he asked confidently, "You didn't say anything about 'veterinary' costs!". The one presenter looked at the other and said, "Bill, how many times have we given this presentation?" "Oh, about 20 times, Dave," was the response. Then Bill asked, "How many times have we been asked this question?" "All 20 times," he responded with a bit of a laugh.

Bill then advanced to the next slide, assuming this question would arise. He explained the data on the slide and concluded that if veterinary and medicine costs doubled, it would have zero impact on the profitability rankings. At that moment I stood and started clapping. The presenters asked if I was a veterinarian. I responded, "Yes, and I am his veterinarian" pointing to the questioner who was now sitting.

Do not feel guilty about charging what you are worth. Science says your costs are insignificant to the overall profitability of the farm, ranch or dairy.

Don't let complaining clients keep you from charging what you are worth!

I know veterinarians who base their prices on complaining clients. Do any of your suppliers use this philosophy on how they price their products and services?

When I interviewed with Dr. Bill Speer at the DeWitt Veterinary Clinic, I noticed that his medicine charges seemed lower than expected. I asked about this a bit worried that he might be selling a lot of product, and possibly to non-clients to increase profitability. He appreciated my question, took a bottle off the shelf, and handed it to me while saying, "I've never thought it took much skill to take a bottle off the shelf and hand it to the producer. We charge a reasonable mark-up on drugs and we make a small profit. We make most of our money from our services, selling what we know and what we can do. Penicillin is penicillin. Anyone can sell that. Our goal is to provide the best service possible and make our money there. That is hard for others to compete with."

When clients complained about our charges, we listened carefully. There was a chance we made an error. If we did, we immediately fixed it. That was not the case most of the time. Sometimes we would just smile and nod, knowing we were about to get ourselves into a no-win situation. Most of the time we asked a series of questions like:

- When you have an emergency, do we always come out?
- Do you expect our trucks to always be in working order so we can respond quickly to your calls?
- Do you appreciate our excellent staff?
- Do you want us to be up to date on the latest in veterinary medicine?

These "yes" questions allow their brain to be more open and receptive. Questions hijack the brain and the person cannot think of anything else.

Here is an example summary after they have answered "yes" to our questions. I am just like you. I want to have what you need, have a reliable vehicle, be up-to-date on all things bovine and have a tremendous staff. I know it is no surprise to you that all of these things cost \$\$\$. I want you to be successful and it appears you want me to be successful, so we are on the same page, Susan.

NEVER tell them how much it cost to go to veterinary school. They will answer, "Do I have to pay for all of it?" Now you are on the defensive. Stay positive and YOU need to control the discussion.

Also, you will never be able to please everyone. Read your veterinary oath. It says nothing about pleasing everyone.

My partner and I looked at our fees at least twice yearly and nearly always raised some of our fees. Trip fees were tricky as that needed an external reason to raise them. Rising fuel prices was an easy way to do this. We never raised trip fees right before or after we obtained a new vehicle. By far the most common fee we raised was our hourly fee. This fit perfectly with our philosophy of being excellent and being paid for our brains.

## What are the major profit centers in your business?

If you charge by the procedure and perform a procedure only a few times a year, that is insignificant to your bottom line. Adjust fees for things you do frequently. If you palpate 10,000 cows/year and raise the fee by \$0.50/cow, that adds \$5,000 to your bottom line. We charged for our time for doing a BSE and added a \$10/herd fee for the maintenance of our equipment. We also had a charge that was #7176 on our billing form. This was for "medicine and supplies used". This was for items like syringes, needles, lube, sleeves, etc., things that many do not add to the bill. This item added thousands of dollars to our bottom line because nearly every call had a #7176 charge.

## How to charge?

Everything we did in our 80% farm animal practice except spaying and neutering dogs and cats was charged by the hour. I am biased. I think that is the best way to charge. It rewards clients that have excellent facilities and are ready when you get there. It also "encourages" clients at the opposite end of the spectrum to improve their efficiency. I am also fully aware that charging a retainer fee/animal in the herd and by the procedure works for many. If you are frustrated because you waste time playing cowboy/cowgirl, waiting on people to get ready, etc. and you charge by the procedure, maybe a switch to an hourly fee will decrease your stress level. Practice should be stimulating, financially rewarding and FUN.

If you do charge by the hour and you receive questions on the fee, simply say confidently, "We charge \$XXX/hour." And then be quiet. You don't need to apologize or justify your charge.

## Are you overworked?

Pick up a few veterinary journals and you will see a plethora of pages dedicated to this subject. We will not take a deep dive as you can read much more if this is your primary question.

Day one of economics class introduces the concept of supply and demand. As demand increases, price increases. So, if demand for your services is increasing, you should be able to

increase your prices. Your supply (time available) may increase as some will decide not to buy your services. If you have increased demand and you have not increased prices, this seems like a logical place to start.

I do not want to leave this subject with you thinking, “all I have to do is increase prices and everything will be great”. In fact, I can guarantee that will not happen. Your veterinary business is a complex system where many factors need to be addressed if working fewer hours is a goal. The default answer is to hire additional veterinarians and they may be part of the solution. Other ideas are to have a business consultant come in to evaluate your business efficiency, hire a registered veterinary technician and delegate all technician work to the RVT, stop offering services that are not a profit center, etc.

## How to make your services become a profit center for the client

When I started the Total Beef Herd Health Program, I charged the clients \$8/cow/year for the records service. At our meeting where I launched the program, I explained that IF they communicated their short and long-term goals for their beef business AND they acted on our recommendations, we would guarantee that we would save them at least \$8/cow/year and help them improve revenue by \$8/cow/year, so a doubling of their investment that first year.

Why did I do this? First, I was confident after 6 years of practice and learning from my best clients that each herd had areas where they could improve. Second, I wanted someone to join the program and I thought this no-risk guarantee was a way to get those from the “considering” stage to the “commitment” stage.

Where were these areas of almost certain cost savings and profit?

## Cost savings

- Testing winter feedstuffs and making a ration – save thousands of \$\$
- Limit feeding hay – saves 10-30% of hay<sup>2</sup>
- Feeding Rumensin® during the winter – saves 10% of hay/winter feed<sup>3</sup>

## Adding profit

- Sell freezer beef – add up to \$1000 (or more)/slaughter animal
- Add heterosis – worth \$150/cow/year vs. straightbred cow, 1<sup>o</sup> due to 1.4 years added productive life<sup>4</sup>
- Implant suckling calves – adds ~22# weaning weight<sup>5</sup>
- Precondition calves – adds ~\$80 profit/head<sup>6</sup>
- Implant backgrounding calves – adds ~33# to sale weight<sup>7</sup>

So, if you have producers where your influence causes them to increase profitability because you recommended services and technologies such as these, you will become a profit center for them. You are no longer an expense, but an asset!

“If it is worth doing, it is worth charging for it.” You are NOT the extension service and you are NOT Mother Theresa. You are leading a business and the goal is to make a profit. It is ok to make a profit!

“Determine what services your clients need and position yourself to deliver those services.” - John Groves, DVM

“We find it easy to do what we are asked to do and find it harder to do those things that need to be done.” - Franklyn Garry, DVM, MS

We must provide services the client wants, needs and will pay for. And we need to charge what we are worth.

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For the prevention and control of coccidiosis due to *Eimeria bovis* and *Eimeria zuernii*: Feed at a rate of 0.14 to 0.42 mg/lb of body weight/d, depending upon severity of challenge, up to a maximum of 200 mg/hd/day.

Growing beef steers and heifers on pasture (stocker, feeder, and slaughter) or in a dry lot, and replacement beef and dairy heifers: For increased rate of weight gain: Feed 50–200 mg/hd/ day in at least 1.0 lb of Type C Medicated Feed. Or, after the fifth day, feed 400 mg/hd/day every other day in 2.0 lbs of Type C Medicated Feed. The Type C Medicated Feed must contain 15–400 g/ton of monensin (90% DM basis). Do not self feed.

For the prevention and control of coccidiosis due to *Eimeria bovis* and *Eimeria zuernii*: Feed at a rate to provide 0.14–0.42 mg/lb of body weight/day, depending upon severity of challenge, up to a maximum of 200 mg/hd/day. The Type C Medicated Feed must contain 15–400 g/ton of monensin (90% DM basis).

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