Scenarios of the future: The evolving veterinary practice

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Introduction

Looking back, US agricultural industries changed dramatically over the past decade. Given mounting political, social, technological and economic pressures, it is safe to assume not only that change will continue, but could even increase in rapidity. Looking forward then, how will future veterinary practices succeed? For example, how will vets respond if:

- States, facing ever-increasing budgetary shortfalls, effectively eliminate enforcement of their veterinary practice acts?
- New technologies, administered by non-DVMs, replace current practices?
- Large-scale corporate ownership of dairies outpaces the current rate of consolidations in the poultry, swine and feedlot industries, with these mega-operations employing their own veterinarians, foreign and domestic?

Good strategies seek "sustainable competitive advantage", as Michael Porter outlined in the 1970s. While any business can meet short-term needs by cutting costs, reducing offerings or playing cash management games such as extending accounts payable while driving ever more stringent accounts receivable terms—these are at best short-term responses to changing markets or increasing competition. More to the point, strategies that succeed over the long-term answer 2 questions:

- Where to Play: what markets, channels, geographies are we focusing on?
- How to Win: within those target markets and segments, why will anyone choose us over the competition?[1]

Players in all markets struggle with these questions. For example, Cisco in April 2011 closed down its Flip video business—an operation it bought a mere 2 years earlier for $590 million—in order to "align operations in support of our network-centric platform strategy," according to John T. Chambers, Cisco's chief executive. As reported laconically by the *New York Times*, "Even in the life cycle of the tech world, this is fast."[2]

What could ***really*** change in the future? And are we ready to respond? As Nassim Taleb asks in his provocative book, *Black Swan*, just because we have not seen a black swan does not mean they do not exist...and unfortunately, those "unforeseen" events are just what really challenge the likelihood of ongoing survival and prosperity.[3] When looking forward and trying to understand where to focus and how to win, as Jeff Bezos, CEO of Amazon, said, "There is a tendency for executives to think that the right course of action is to *stick to the knitting*—stick with what you are good at. That may be a generally good rule, but the *problem is the world changes* **out from under you**..."[4]

Scenario Planning

Failures of strategy are too often failures **to anticipate a reality different from what we are prepared or willing to see**. So how best to challenge "prevailing wisdom" and assess emerging opportunities and threats? One tool is Scenario Planning.

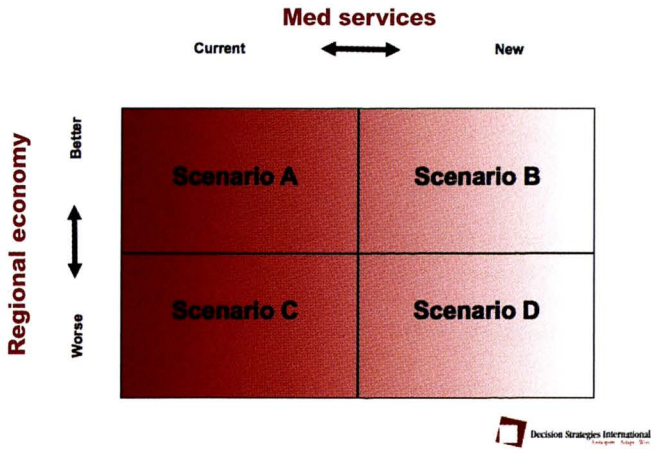
Scenarios are portrayals of a series of plausible alternative futures. Each scenario tells a story of how various forces might interact under certain conditions. They are designed to open up new ways of thinking about the future, providing a framework for **strategic dialogue**—new questions, new conversations—as the basis for **strategic action**. Scenarios are ***not*** a predication or forecast; rather, they seek to create a reasonable range of "future worlds" that allow for testing the risks and rewards of current direction.

Case Example: Scenarios of the Future for Veterinary Practices?

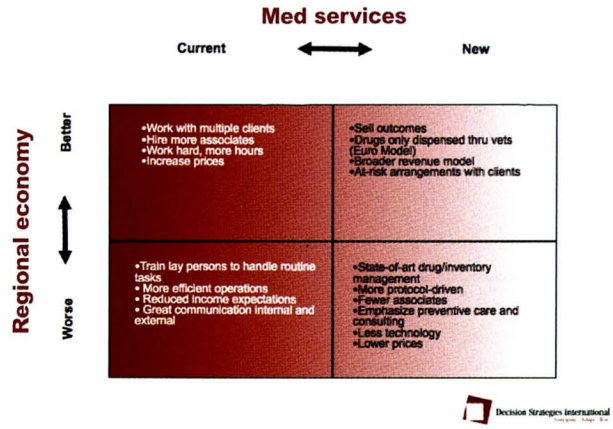
Veterinary practices in most areas of the US face ever-increasing challenges with the evolution of domestic livestock and dairy industries. As an example of how scenarios can help strategy decisions for veterinarians specifically, below is 1 possible range of futures for large and small veterinary practices in the US. Even though there are literally thousands for potential futures, 2 major uncertainties that will certainly affect the growth potential for veterinary practices are **regional agricultural economies** as well as the **level and type of veterinary medical services**. These 2 uncertainties—Regional Ag Economy and Medical Services—"frame" 4 potential futures, as illustrated below.

Scenario A, for example, would be similar to today's environment, projected forward into 2020. However, Scenario D, possibly the most challenging to current veterinary practices, outlines a diminished economic environment for dairy or other livestock operations and much more competitive, low-cost medical services, in-

Veterinary market, 2020



Veterinary market, 2020–The successful vet practice



creasingly employed by and for large animal operations themselves. Scenario B, on the other hand, envisions a potential future where livestock and dairy producers are doing well, buoyed by rising milk/beef prices, lower feed costs, and growing demand for their output products (possibly as a result of efforts to reduce soft drink consumption, for example). Yet, new medical technologies such as lower-cost disease identification and treatment options, could disrupt current veterinary operations. Scenario C is likewise not a "happy" world: dairies struggle, livestock margins erode, ag communities face increasing environmental pressures...all impacting the growth and margins of veterinary operations.

The typical reaction when presented a range of potential futures is to try and guess which future is more likely, especially if they challenge what we see today. But, as indicated, **scenarios are not predictors**; rather, they outline a range of possible outcomes for veterinarians and their clients to assess:

- Where might there be unforeseen opportunities and threats?
- What should my practice be prepared for...and how might we be "blindsided"?
- Given our current strategy, is it sustainable across multiple different futures, or is it really predicated on "running harder" in the current world? What happens if things then change?

Implications

Coming up with different future "worlds" is fun and challenging...but the real value in scenario planning is in helping expand the possibilities for growth, while protecting against "external shocks." The chart below summarizes how veterinary practices might respond to the different futures outlined by the 4 scenarios.

Specifically, in Scenario A—

- Work hard, possibly adding staff members
- See if you can raise prices and expand your client base.

Assuming your operation is profitable today, Scenario A—really today's world projected forward into 2020—is clearly the "best" of the futures presented. According to several practicing vets, it is also the **least** likely of the 4 futures. The most challenging one—Scenario D—has very different implications for success:

- Emphasize consulting and preventative care, targeting a few, large customers
- Employ fewer, less expensive staff members
- Focus on more protocol-driven practices, possibly located on-site of major clients
- Seek to establish "value" for your customers, as they define it. What can you do to make them successful? And which customers are the best ones...the ones that seek a high-value, mutual partnership...not the lowest-cost provider of services.

As for the other 2 scenarios, in Scenario B, successful vet practices may be built around flexible contracting and delivery arrangements between veterinarians and their main clients. Should veterinarians look to do more than simply supply medical services, such as expanding into management and operational advisors, adding staffs in milking operations and quality, for example? In the world outlined by Scenario C, where dairies and other animal producers are struggling, lowering the costs of support for primary customers will be critical. Potential winning strategies might involve agreeing to outcome measurements (herd fertility rates or milk outputs per cow) tied to payments.

The question then is not—"Which of these worlds will happen?"—but rather, "What do we need to do (or be ready to do) to be successful **no matter what the future brings**?" And are we ready to move if Scenario A—where we are today—starts morphing into one of the other scenarios? Given the potential for continued feed

cost increases and lower milk and/or beef prices over the next several years, prescient veterinary practices will want, at the very least, to experiment with some of these options.

Conclusions

In conclusion, scenario planning does 3 things:

- Starts the strategic discussion by looking at a reasonable range of alternative futures;
- Across those futures, asks the question: what is the "ideal" organization—and its specific characteristics—that will enable the vet practice of the future to prosper **no matter which future occurs**; and,
- Finally, "tests" the current organization against that "ideal" to develop a set of strategic priorities for the (uncertain) future, helping owners think through "what if" options.

Wayne Wagner writes that when faced with rapidly changing environments, "We walk backward into the future, with our minds anchored by the imprinted lessons of the past."

Scenario planning starts from the future and works back, and in that process ideally reveals more creative opportunities for sustainable veterinary practice success.

Ackowledgment

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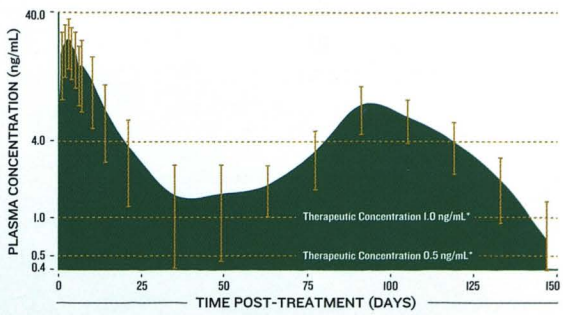

Pharmacokinetic studies of LONGRANGE in cattle indicate that effective plasma levels remain for an extended period of time (at least 100 days).[2]

*Plasma concentrations between 0.5 and 1.0 ng/mL would represent the minimal drug level required for optimal nematocidal activity.

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IMPORTANT SAFETY INFORMATION: *Do not treat within 48 days of slaughter. Not for use in female dairy cattle 20 months of age or older, including dry dairy cows, or in veal calves. Post-injection site damage (e.g., granulomas, necrosis) can occur. These reactions have disappeared without treatment.*

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[1] **Dependent upon parasite species, as referenced in FOI summary and LONGRANGE product label.**

[2] LONGRANGE product label.
[3] Morley FH, Donald AD. Farm management and systems of helminth control. *Vet Parasitol*. 1980;6:105-134.
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LONGRANGE® (eprinomectin)

Extended-Release Injectable Parasiticide
5% Sterile Solution
NADA 141-327, Approved by FDA for subcutaneous injection
For the Treatment and Control of Internal and External
Parasites of Cattle on Pasture with Persistent Effectiveness

CAUTION: Federal law restricts this drug to use by or on the order of a licensed veterinarian.

INDICATIONS FOR USE

LONGRANGE, when administered at the recommended dose volume of 1 mL per 110 lb (50 kg) body weight, is effective in the treatment and control of 20 species and stages of internal and external parasites of cattle:

Gastrointestinal Roundworms	**Lungworms**
Cooperia oncophora – Adults and L_4	*Dictyocaulus viviparus* – Adults
Cooperia punctata – Adults and L_4	
Cooperia surnabada – Adults and L_4	**Grubs**
Haemonchus placei – Adults	*Hypoderma bovis*
Oesophagostomum radiatum – Adults	
Ostertagia lyrata – Adults	**Mites**
Ostertagia ostertagi – Adults, L_4, and inhibited L_4	*Sarcoptes scabiei* var. *bovis*
Trichostrongylus axei – Adults and L_4	
Trichostrongylus colubriformis – Adults	

Parasites	Durations of Persistent Effectiveness
Gastrointestinal Roundworms	
Cooperia oncophora	100 days
Cooperia punctata	100 days
Haemonchus placei	120 days
Oesophagostomum radiatum	120 days
Ostertagia lyrata	120 days
Ostertagia ostertagi	120 days
Trichostrongylus axei	100 days
Lungworms	
Dictyocaulus viviparus	150 days

DOSAGE AND ADMINISTRATION

LONGRANGE® (eprinomectin) should be given only by subcutaneous injection in front of the shoulder at the recommended dosage level of 1 mg eprinomectin per kg body weight (1 mL per 110 lb body weight).

WARNINGS AND PRECAUTIONS

Withdrawal Periods and Residue Warnings

Animals intended for human consumption must not be slaughtered within 48 days of the last treatment.
This drug product is not approved for use in female dairy cattle 20 months of age or older, including dry dairy cows. Use in these cattle may cause drug residues in milk and/or in calves born to these cows. A withdrawal period has not been established for pre-ruminating calves. Do not use in calves to be processed for veal.

Animal Safety Warnings and Precautions

The product is likely to cause tissue damage at the site of injection, including possible granulomas and necrosis. These reactions have disappeared without treatment. Local tissue reaction may result in trim loss of edible tissue at slaughter.
Observe cattle for injection site reactions. If injection site reactions are suspected, consult your veterinarian. This product is not for intravenous or intramuscular use. Protect product from light. LONGRANGE® (eprinomectin) has been developed specifically for use in cattle only. This product should not be used in other animal species.

When to Treat Cattle with Grubs

LONGRANGE effectively controls all stages of cattle grubs. However, proper timing of treatment is important. For the most effective results, cattle should be treated as soon as possible after the end of the heel fly (warble fly) season.

Environmental Hazards

Not for use in cattle managed in feedlots or under intensive rotational grazing because the environmental impact has not been evaluated for these scenarios.

Other Warnings: Underdosing and/or subtherapeutic concentrations of extended-release anthelmintic products may encourage the development of parasite resistance. It is recommended that parasite resistance be monitored following the use of any anthelmintic with the use of a fecal egg count reduction test program.

TARGET ANIMAL SAFETY

Clinical studies have demonstrated the wide margin of safety of LONGRANGE® (eprinomectin). Overdosing at 3 to 5 times the recommended dose resulted in a statistically significant reduction in average weight gain when compared to the group tested at label dose. Treatment-related lesions observed in most cattle administered the product included swelling, hyperemia, or necrosis in the subcutaneous tissue of the skin. The administration of LONGRANGE at 3 times the recommended therapeutic dose had no adverse reproductive effects on beef cows at all stages of breeding or pregnancy or on their calves.
Not for use in bulls, as reproductive safety testing has not been conducted in males intended for breeding or actively breeding. Not for use in calves less than 3 months of age because safety testing has not been conducted in calves less than 3 months of age.

STORAGE

Store at 77° F (25° C) with excursions between 59° and 86° F (15° and 30° C). Protect from light.

Made in Canada.
Manufactured for Merial Limited, Duluth, GA, USA.

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