

# Beef practice model: One practice's perspective and view forward

Arn Anderson, DVM

Cross Timbers Veterinary Hospital, Bowie, TX 76230

## Abstract

Rural mixed animal and beef practices are rapidly and continually being challenged to change and meet the needs of rural communities. Cross Timbers Veterinary Hospital (CTVH) in North Texas has attempted to meet this challenge by recognizing, addressing and overcoming five “road blocks” to adaptation. The “road blocks” are self-imposed by most rural practitioners and include “vapor-locking”, “clairvoyance”, “failing to fail”, “blue-lighting” and “not sharing”. These limitations lock practices into a cycle of non-adaptation leading to eventual failure. CTVH addressed these problems in a systematic approach determining what the clinicians wanted, what the livestock producers wanted and finding what services could be offered for each to make a profit. The practice continues to move forward, not always smoothly, by expanding and changing services, modernizing their fee schedule and adapting to their new role in the livestock industry.

**Key words:** beef, mixed practice, practice management

## Résumé

Les pratiques mixtes rurales d'animaux et de bovins sont continuellement mises au défi de s'adapter et de répondre aux besoins des communautés rurales. L'hôpital vétérinaire *Cross Timbers* au nord du Texas a tenté de répondre au défi en reconnaissant, en abordant et en surmontant cinq embûches vers l'adaptation. Ces embûches sont érigées par la plupart des praticiens ruraux eux-mêmes et on retrouve parmi ceux-ci le grippage par vapeur d'eau, la clairvoyance, l'évitement de l'échec, l'éclairage bleu et le manque de partage. Ces limites entraînent les pratiques dans une spirale d'adaptation déficiente qui mène éventuellement à l'échec. L'hôpital *Cross Timbers* a abordé ces problèmes d'une façon systématique en déterminant ce que les cliniciens et les producteurs de bétail voulaient et en trouvant les services qui pourraient être offerts à chacun pour faire un profit. La pratique continue à aller de l'avant, bien que le chemin soit souvent cahoteux, en élargissant et en modifiant les services, en modernisant la tarification et en s'adaptant à un nouveau rôle dans l'industrie de l'élevage.

## Introduction

Cross Timbers Veterinary Hospital (CTVH) has been serving Montague County, Texas as a rural mixed animal practice for over 50 years. As rural counties go, there is nothing extraordinary about Montague. Our population is relatively static; at one time we ranked 31st in cow-calf numbers in the United States, and 60% of our grade school student population falls below the poverty line. The hospital is a 4-man mixed animal practice that has weathered the rise and fall of the horse industry, the mass exodus of all the dairies and recently a 5-year drought that reduced our cow-calf numbers by nearly 20% and slowed the stocker operations to a crawl. Like other rural practices, we have heard all the warnings for the last several years that beef practice was changing and that we needed to adapt or quit. At AABP and other meetings, the mantra has been clearly stated: the future of beef practice is here, and we as practitioners need to face that reality.

In 1997, CTVH experienced a financial epiphany in relation to the bovine portion of the practice. No longer could the small animal practice subsidize the large. This led to the development of a practice model that has allowed CTVH, albeit not without management speed bumps, to stay in business and to develop an active, profitable cow-calf practice. The model was developed and continues to evolve by addressing 5 basic road blocks to adaptation within rural food animal practice. These blocks include 1) vapor locking, 2) clairvoyance, 3) failing to fail, 4) “Bluelighting”, and 5) not sharing. All rural practitioners face the challenge of meeting and surpassing these problems in order to develop a practical working business model. All 5 are interrelated, and any of the 5 can and will halt your practice.

Writers have writer's block, athletes have slumps, and veterinarians and old cars vapor-lock. Project manager and speaker James Lewis stated, “If you always do what you've always done you'll always get what you always got”. That clearly defines being vapor-locked. As beef cattle practitioners, we are often bound by tradition and what has always been done. The problem with this business model is that our clients and the very nature of providing large animal medical services are rapidly changing. Look around your practice; if the newest book in your library is 20 years old, if your waiting room is

avocado green or if you are still compounding “pink lady” in recycled bottles in the back room, you may actually be vapor-locked. The solution is simple; just not easy. Simply ask yourself why you are a cow-calf veterinarian. After all the standard answers of loving livestock and livestock producers, enjoying the outdoors and relishing the challenge and the pungent odor of extracting a necrotic calf, eventually you will focus on 2 central themes; there is a need for your services and you want to make money. The short answer is, “It sounded like a great way to make a living.” I had a young veterinary student inform me that his goal and reason for paying \$150,000 in out-of-state tuition was to “sleeve a few cows and visit with the good country people”. The problem with his business model is sustainability after the first student loan payment is due. You may practice food animal medicine for your sanity or for peace of mind, but eventually the concept of negative financial returns will catch up with you and “sleeving a few cows” will be less attractive. Ask yourself why you are a veterinarian. If your business model is producing anything less than that goal, it is time to change.

The next basic question to ask is, if you were a producer why would you hire yourself as a veterinarian? What are your strengths and what are your weaknesses as a practice and as a practitioner? If your answer is that you are cheap and easy, please refer to the section below on “Blue-lighting”. The goal here is to identify what your clients see as your strengths and why they would hire you in the first place. If these match your reasons for practicing medicine, then your practice is on the right track. If the answers do not match, you are back to the basic question of why. If you are in a practice model that keeps you from obtaining your goals as a veterinarian you will be dissatisfied, unmotivated, and simply mark time until you can retire and blame your practice’s performance on foreign oil, liberal politics, and the price of beef. Sixteen years ago, this is where CTVH found itself. All 4 partners enjoyed cattle practice but we were broke, bored, and battered by a cow-calf practice that really had zero financial return. The thought of “sleeving a few cows” required 4 Advil simply to think about. Lay people were starting to provide our services at a lower price, and livestock pharmaceutical distributors were offering discount products with questionable client-patient relationships. The question “Why?” was asked at a breakfast meeting and the process began.

CTVH took 4 basic steps to relieve the vapor lock. First, we found that the clients we enjoyed working with generally wanted to produce quality beef, and expected that they would hire CTVH if we could help them reach this goal. Next, we eliminated the large animal in-house pharmacy. This decreased our capital expense, time, and frustration. It also gave us the ability to offer what the drug distributors could not—unbiased product

recommendation. Now our focus is on providing the highest quality care to our client’s herds (one of CTVH’s answers to why), regardless of rebates or sales pitches. Thirdly, we modified the clinic’s method of remuneration from being paid by the service to being paid by the hour. This has simplified our fee structure, placed value on our time, and decreased the frustration with wasted calls. We were no longer hired to catch and move cattle. Lastly in our effort to break the vapor lock, we hired the staff required to offer the services that we offered. Increasing trained staff allowed more time to pursue the individual interest of each doctor and furthered the goal of providing quality production herd health. Asking the question “Why?” of CTVH and our beef clients was the initial step in opening the vapor lock.

Even after answering “Why?” the practice faced another common deterrent by believing that we were clairvoyant. Predicting the future or becoming the Oracle of veterinary medicine is a common error by most rural practitioners. We, as beef practitioners, feel the need to determine what our clients want, need, and are willing to pay for. As practice owners we direct the momentum of the practice, our staff, and our clients without really knowing what each group honestly wants. In 1997, CTVH had a single herd-health protocol, which was simply the vaccines that we had determined were required. Our beef clients looked for help from other “experts”, they were unaware of what we offered and we were unaware of what they thought we should offer. The solution was more than basic; we instituted a cow-calf survey. The questions explored what the client thought of our practice, what the clients wanted CTVH to provide, and what services we thought they might want. Response to the simple questionnaire was 90%. The results pointed at some of our weaknesses, offered a lengthy list of possibilities, and opened our eyes to the fact that our beef clientele consisted of 6 independent sectors, each requiring individual services. We identified commercial cow-calf, seed-stock producers, hobby farmers, stocker operators, cow-calf order buyers, and land-management livestock producers. By recognizing these groups, we are able to offer a wider array of services including nutrition, biosecurity, comprehensive herd health care, product marketing, and record analysis and data collection. Again this increased the value of CTVH, insuring that the client has a reason to hire us in the first place. The survey also identified the need for providing herd health care in outlying areas beyond our standard practice zone. We followed this with the establishment of satellite or cooperator practices. The veterinarians at these operations refer cases to a central hospital and are distance-mentored through face-time and internet. CTVH is now investigating the use of a sale-barn practice to further fund distant options. The option of asking clients what they want and expect is

something that is repeated at least every 3-years, and certainly when a new client segment becomes apparent. CTVH is supplementing the use of questionnaires with the use of small beef producer focus groups. These allow the producer to receive education, and at the same time the practice can listen to their ideas to enhance the practice. Simply asking allows you to evolve and offer services not supplied by non-professionals. Reading palms has never been part of veterinary curriculum. Discover what the clients want, and offer the best service!

The largest obstacle in providing new services and adapting to producer's requests and needs revolves around "failing to fail". Beef practitioners and rural practitioners in general view the failure of a management concept or of a new service as a reflection on their intelligence, their character or their medical ability. Veterinarians are notorious for basing decisions on a trial set of one. "If it did not work in 1985, it will not work in 2012." Basketball superstar Michael Jordan denounced this idea with the simple statement: "I can accept failure, everyone fails, but I can't accept not trying". CTVH was paralyzed by the concept that an idea would not work, and the resulting consequences would severely damage the practice or the DVM. Remember the previous quote by James Lewis. Without new ideas, new services and new procedures, you are always doing the same thing and your practice looks, acts and really is stale. The clinicians at CTVH realized that with a few exceptions of new drugs and vaccines, we actually were not trying to offer new services or to practice in any other format than what had been outlined in the 1970s. As we remembered why we were veterinarians and learned what the clients actually needed and wanted, we began an endless cycle of declining all new concepts under the fear of failure. The negative possibilities of each idea were amplified and though the decision that something needed to be done had been made, the agreement on which way to proceed never got off the ground.

The action taken to relieve the logjam was again simple, but not always easy. Each veterinarian was encouraged to expand their CE undertakings and each was required to offer one new service to the practice each year. The practice reviews each new offering for economic potential, but on a whole most are implemented on a trial basis. Failure or success is determined by client response, staff response, and economic profit. Each new service is assigned an individual implementation and activation time before success or failure is determined for each service. Failures are re-examined and if needed, re-implemented. Routinely, only 20% of all attempted new services remain in their original form. CTVH found that successful or not, each new attempted service often evolves more ideas and more potential sources of income. By allowing partners, associates, staff and at times vet students to present ideas, we circumvent our

predilection for clairvoyance and continue to answer the questions "why" and "what".

In the late 1960s K-Mart developed a marketing and management plan that included "Blue Light Specials". As a kid, we would race to each isle as the announcements were made. In reality, it was merely an in-house loss leader in hopes that the shopper would find more to buy. Food animal practitioners are inherently altruistic and want everyone to be a friend. In Montague County, we have watched as a steady stream of new veterinarians have established practices based on low-cost services. In many cases the services are free and never identified. Within 3 years, these practitioners are working 18 hour days and making less per hour than the high school kid at McDonald's. Their practices become cash-only to their suppliers, their CE is what is sponsored by a local distributor and their ability to successfully realize why they became a veterinarian in the first place vanishes. Our prices in 1997 were "Blue Light Specials". We were broke and too stubborn to quit.

The solution was to work backward, going from what we thought we would like to earn as a salary, through the number of invoices we recorded, to what should be charged as an average transaction fee. We raised prices across the board and eliminated the small-animal subsidy of the bovine practice. Overnight, 20% of the clientele left the practice; we began to pay our bills, earned more money, and had more time to offer more services. Do not attempt to predict the outcome (remember the sin of clairvoyance). If you provide the services the clients need to reach their goals at the level of expertise they require, you will succeed. Realize the clients you lose are the "Blue Light shoppers", and not those that sustain a practice. Value your time and they will value your services. We now have a fee schedule based on professional time for services, consulting, distance consulting (phone, email, face time), process auditing and on-site record keeping. There are fees related to DVM, technicians, and contract service providers. We utilize the concept of not hiring CTVH unless we make your operation a profit.

Making the client a profit may involve getting out of the standard practice of being the total sage, source, and solution for the cattle producers. Beef practitioners are intimidated by any request that may involve someone other than the DVM. If your goal is to provide the absolute best animal health care so that the client can produce the most pounds of quality beef per acre, why discourage requests for range management, marketing, wildlife management, AI, or record keeping? The philosophy of our rural practice was, "if you are not buying it from us, we do not want to help". With the delineation of our goals, the client's goals and what services CTVH offered, we relearned that lesson from kindergarten: sharing. If the service requested by the

client will help reach the goal your clinic has recognized, become part of the production team and find a way to provide the service at a profit. CTVH has taken on the role as a ranch animal health and welfare hospitalist. The final product is beef; if the service meets that goal, offer to organize and incorporate the request. We now outsource wildlife management, rangeland management, soil conservation, AI, and some auditing. The goal is quality beef, and instead of allowing lay competitors to take our place we have chosen to lead management. This also allows quality control and focuses the producer on your health care plan.

Learning to share requires confidence in your own abilities and recognizing your own limitations. CTVH began by using those sources readily available from county extension and NRCS to pharmaceutical companies, veterinary colleges, and local colleagues. Recognize who provides the best care, and offer that to your clients while charging for the coordination. Offer to share your expertise with colleagues, extension, industry, breed associations, and local cattlemen's groups. Sharing goes both ways, and if you are closed to the thought then you cannot expect referrals.

### **Conclusions**

The alarms have been ringing in the demise of the rural beef cattle practitioner for years. Eventually you

will realize the need to change or quit. CTVH met this fork in the road in 1997. Our practice zone is no different than most in economy, population or potential income. Our clients are no better off, no more or less progressive, and we all have suffered from the drought. The ability to realize change is needed, and then agreeing to implement that change is truly an art form. The doctors and staff at CTVH faced the same dilemma, and identified the 5 road blocks stopping the adaptation and evolution of a practice. The goal is easy: why are you in practice, what do you want from practice, and how do you get there? We as a profession, and in particular a segment within a profession, specialize in depreciating our own potential and worth; we cut our own throat. Instead, examine your practice and reach for the potential. The future of beef cattle practice will be in providing unique services that produce income for the beef producer. By doing this, practice owners can take advantage of the evolution of beef practice, pay forward, provide for their retirement and in short, remember why they became beef cattle veterinarians in the first place.