

# Understanding a Diversified Livestock Veterinary Business

Daryl Olsen, DVM

*Audubon-Manning Veterinary Clinic, Audubon, IA 50025*

## Abstract

It is widely understood that every business must evolve and change to survive. Veterinary practices are not immune to this normal evolution. The consolidation of the livestock agriculture in the past twenty years has created a client that has new and specialized needs that differ from the needs of past smaller clients. This change has forced large animal veterinarians to develop specialized skills and to provide new and innovative services to survive in a highly competitive environment.

## Résumé

Tout le monde s'accorde à dire que les entreprises doivent évoluer et changer pour survivre. Les cliniques vétérinaires ne font pas exception à cette évolution normale. La concentration de l'industrie du bétail des 20 dernières années a transformé notre clientèle, qui a des besoins nouveaux et spécialisés que n'avaient pas nos anciens clients, plus petits. Pour survivre à ces changements et à la concurrence accrue, les vétérinaires pour grands animaux ont développé des compétences et des services innovateurs et adaptés à ces nouveaux besoins plus diversifiés.

## Discussion

When I joined the Audubon Veterinary Clinic in 1982, it would have been difficult to envision that the clinic would grow to become a diversified business that today represents the tenth largest pork production system in the United States. Audubon, Iowa is located in a livestock rich region in southwest Iowa. Abundant crops, soils needing nutrients, farmers accustomed to livestock production, close proximity to packing facilities, and a strong livestock support system made Audubon, Iowa look like a very good location for a young veterinarian whose main interest was livestock production. In 1982, our veterinary practice was very similar to every other practice in the midwest. You went to work six to seven days a week, waited for the phone to ring, and worked your tail off servicing the abundant customers that lived within a 20 mile radius of your business. The practice continued to grow and in 1990, a satellite clinic in Manning, Iowa was purchased and two additional veterinarians were hired. The Audubon Veterinary Clinic then

became The Audubon-Manning Veterinary Clinic or AMVC. Also in 1990, AMVC Nutritional Services was formed to provide customers with least-cost formulation of livestock diets.

In the early nineties, a trend in agriculture continued to gain momentum. All of agriculture, including livestock production, was consolidating and many producers were exiting the business. Producers became larger and more specialized. The telephone did not ring as loud or as often. Some of our producers even started to provide facilities and labor for large integrated livestock companies and discontinued ownership of the livestock. These companies were good companies, but unfortunately had good company veterinarians who oversaw the livestock and did not need the services of a local veterinarian. Several good customers came to us requesting that we work with them to find a source of livestock, specifically pigs, so they also could take some risk out of their business or just expand their livestock business. They were interested in working with someone who was just a few miles away instead of a few thousand miles away. Other customers discussed their concern that their genetics were not competing with larger customers and asked what we could do to help them improve their genetics.

In 1994, AMVC entered into a relationship with a breeding stock company to provide management support for the finishing division of their production. In the same year, two swine customers requested that we provide management support for their farrowing facility. In 1996, a gilt multiplication facility was constructed to provide superior genetics for AMVC customers. In 1997, five new farrowing facilities and a new boar stud were constructed for customers. Growth of the AMVC business has continued through acquisitions and new construction and today, AMVC either owns or manages 80,000 sows in five different states. In addition, a support system has been developed to provide complete oversight of production including employees, biosecurity, nutrient management, marketing, accounting, maintenance, health, and genetic improvement. All of these services are grounded in strong veterinary support that continues to be the foundation of our business.

All businesses will change. Veterinary businesses are not immune to this change and in reality, may be more susceptible to change. In evaluating our customer base, none of AMVC's top 10 volume customers in 1985 even make the top 25 customers in 2010. In 25 years,

our customer base has evolved so that if we had not changed, one could question whether our business would have survived.

Many lessons can be learned from the evolution of a business. AMVC was able to adapt and be successful primarily because of the strength of the people in the organization. Strong organizations continue to attract strong individuals who are attracted to dynamic companies. Jim Collins, in his best-selling book *Good to Great*, contends that their research indicates that good to great companies also live by a concept he calls the Hedgehog Concept.<sup>1</sup> These companies were successful because they lived by three basic fundamentals:

1. Do what you can be the best in the world at.
2. Do what drives your economic engine.
3. Do what you are deeply passionate about.

AMVC attempts to live by these fundamentals.

A good friend of mine once said, "Learning to listen can be hard work". Learning to listen to customers instead of telling them what they need may be the most important key to developing a successful business. Most

of the services that AMVC provides today are the direct result of customer requests. Customers were asking for more support. We just took time to listen.

### Conclusions

The Audubon Manning Veterinary Clinic was similar to most large animal veterinary clinics in the early 1980s. The transformation that followed was the direct result of listening to client requests and providing services that helped them compete. In the past 30 years, AMVC has evolved from a traditional veterinary practice to a diversified livestock veterinary business that currently ranks as the tenth largest swine production system in the United States.

### Reference

1. Collins J: *Good to Great*. New York, New York, HarperCollins Publishers, 2001.