

Idaho's Approach to Marketing Large Animal Veterinary Services

Drs. Shelton, Risa and Glarborg

401 West Collins Siding

Blackfoot, Idaho 83221

208-785-1960

The Idaho PR/PD committee created a 41 page manual entitled Agricultural Lenders Economics: The Influence of Veterinary Services Upon Producer Profits and Ability to Repay Agricultural Loans. This manual is designed specifically for agricultural lenders involved in either beef or dairy operations.

The manual outlines the economic advantages of utilizing veterinary services. It compares:

1. Investment costs.
2. Operating Costs.
3. Return on investment figures for specific operational procedures with and without veterinary input.

It also provides some suggested parameters on how to evaluate existing livestock production units. It is designed with an easy to follow index for quick reference to specific areas of production.

The reason for creating this document stemmed from a mutual frustration of large animal practitioners. Often we are faced with medical or management problems which:

1. Are readily preventable.
2. Have developed to the point of economic hardship effecting producers' ability to pay for veterinary services.
3. Require some capital or operating investment to prevent problems or enhance production.

Lender cooperation in the above would encourage:

1. Increased utilization of veterinary services.
2. Increased funding and payment for veterinary services.
3. Insure ag. loans against common catastrophic production losses.
4. Benefit producer profits and thereby increase cash flow.

When we undertook this project in 1983, lender interest was minimal. The established procedure for making agricultural loans was based on:

1. History of operation.
2. Expected appreciation of mortgaged collateral.

Since its publication, however, we have seen much more interest.

1. The historical financial history of livestock operations, both beef and dairy, is of less value due to high turnover rate and rapidly changing production goals and techniques.
2. The previously expected appreciation of most farms and ranches have now depreciated in value.

The key criteria for the assessment of a potential livestock loan now is CASH FLOW. Will the loan allow the producer to net a cash profit to secure the loan?

Cash flow is proportional to production x price. We have concentrated on focusing the lender's attention to procedures offered by veterinarians which have been documented in dollars and cents to increase production as well as net profit.

How are we establishing communications with lenders?

1. We appeared before the Idaho Ag. Lenders Executive Board with a request to speak at their annual convention.
2. We were granted a 45 minute presentation at Ag. Lenders annual meeting and distributed our manual to all lenders in attendance.
3. We direct mailed a copy plus a cover letter to all ag. lenders registered but not in attendance.
4. We met with executive vice-presidents of all private banks in state and explained concept and program.*
*We hoped to stimulate directives which would encourage use of manual thereby veterinary services.
5. Held meetings with regional ag. lenders of private banks.
6. Held local meetings with veterinarians and branch officers and /ag. lenders.

How are we encouraging participation of our state's veterinarians?

1. We have sent all L.A. and mixed practitioners a copy of the manual with specific suggestions for opening communications with local ag. lenders.
 - A. Lunch meetings.
 - B. Organizing local group meetings with lenders.
 - C. Appear before lenders at already established meetings.
 - D. Invite lenders to producer production meetings or similar continuing educational efforts.

Our major emphasis is to stimulate the lender to include the veterinarian as "insurance" on livestock loans as well as means of improving production.

The ultimate level of cooperation is going to be with the producer. Only by documenting the positive effects of veterinary services on production can we continue to make inroads.

Our progress to this point has been encouraging. We

initiated the distribution of the manual in April, 1986 to Idaho lenders. Since then we have had requests for more manuals by both private banks and veterinarians for further distribution to local ag. lenders.

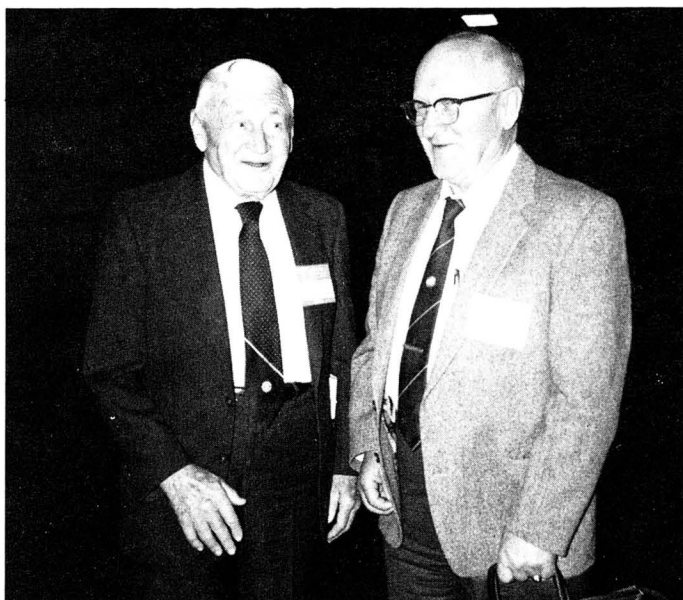
- A. At present four other states have purchased ag. lenders.
- B. A number of private practitioners from around the U.S. have purchased copies by joining our state association.
- C. Omega Corp., active in training lenders from across the nation has received the manual as well as presented it to the FHA in Washington, D.C.
- D. Two drug companies are presently considering underwriting the manual which would allow much wider distribution.

It has been our experience that although ag. lenders are familiar with the practices and economics of farming procedures, the opposite is true of livestock operations. Today's ag. lenders have had little exposure to:

- 1. Evaluating loan potential based on sound medical management.
- 2. Evaluating livestock operations in terms of optional production parameters.
- 3. Predicting cost/benefit figures as applied to various veterinary services.

It is our contention that today's veterinarian is the best qualified person to assess the limiting factors on most livestock operations. By combining lending power with veterinary expertise, the producer should be the winner.

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