

Exploring value-added dairy services for clients

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Abstract

As the dairy industry continues to consolidate, veterinary practices must adapt the services offered to meet changing needs and challenges of their clients. One part of that can be to develop and offer value-added services to complement the technical services already provided. Examining the strengths and weaknesses of the veterinary practice team members, and the opportunities and challenges facing clients, can help to align practice strengths with opportunities for clients when deciding what value-added services to incorporate into your services. Any new service offered needs to be evaluated for the value it can bring not only to the client, but also to the veterinary practice. Determining a fee schedule for new services must also be considered, as a fee-per-service or time model may not be the most appropriate way to charge for all types of services. Incorporating new services that provide value outside of technical services can help a practice to diversify the services offered to clients.

Key words: veterinary practice, new services, value-added services, dairy

Résumé

Alors que l'industrie laitière continue sa consolidation, les pratiques vétérinaires doivent adapter les services offerts pour répondre aux besoins changeants et aux défis de leurs clients. Un aspect de ceci peut être le développement et l'offre de services à valeur ajoutée pour compléter les services techniques qui sont déjà offerts. Un examen des forces et des faiblesses des membres de l'équipe de la pratique vétérinaire de même que des opportunités et des défis auxquels font face les clients peut aider à aligner les forces de la pratique avec les opportunités des clients lorsque vient le temps de décider quels services à valeur ajoutée il est possible d'incorporer à votre offre. Tout nouveau service offert doit être évalué pour déterminer la valeur qu'il apporte non pas seulement au client mais aussi à la pratique vétérinaire. Déterminer une grille tarifaire pour les nouveaux services doit aussi être considéré car un tarif par service ou selon le temps n'est peut-être pas la manière la plus appropriée de charger pour tous les types de services. L'ajout de nouveaux services fournissant des avantages qui vont au-delà des services techniques peut aider à la diversification des services qu'une pratique offre aux clients.

Introduction

As the dairy industry continues to consolidate and more technical procedures are performed by on-farm staff, veterinarians serving the industry must adapt the services offered. Poultry, swine, and feedlot give us some insight into the future of the dairy industry, with veterinarians transitioning from providing primarily technical services to some combination of consulting and technical services. But this transition can be intimidating and frustrating for many veterinarians and producers alike. How can we begin to develop consulting or value-added services within a traditional dairy practice, and get paid for it?

Identifying Opportunities for Value-added Services

Potential sources of new value-added services can include new regulations with which your clients must comply, including the FARM program, FDA regulations, PMO regulations, and cooperative or processor requirements. When reviewing these new regulations, look for the opportunities, not just the headaches. Can you help your clients plan and prepare for them? Do they potentially open access to new and different areas of farm management where you historically haven't been involved?

Your power of observation should make you an essential asset on your clients' farms. Pay attention to what management struggles with and identify ways you can help them. Some examples might be making data recording more streamlined or simple, and helping to monitor inventory and data entry errors. People management is often a source of a lot of anxiety and becomes very expensive with high turnover. How can you help to address that, with owners, managers, and/or workers? A big source of new services that is often overlooked is simply asking your clients what their goals are for the next 6 months or year, and working with them to develop a plan to reach those goals.

While we often get bogged down in the day-to-day challenges on our clients' operations, keeping a big picture view of the industry can help to identify new challenges, or, I would argue, opportunities. Changing consumer tastes and demands are putting pressure on all segments of agriculture to provide a safe, wholesome product that consumers want to buy. How can you help to make sure your clients have access to markets, keep their social license to produce food, meet the growing welfare concerns of consumers, or even position them to potentially earn a premium for the milk they produce?

Implementing Value-added Services

Evaluate the value proposition for not only the client, but also the veterinary practice. Value for the client can be real, in that they will save or make x dollars, or potential, in the same line as an insurance policy. If a client doesn't perceive a value to the service, the cost is ultimately irrelevant. It is important to ensure that the practice has the resources available to follow through with the new service. This may require getting additional training, hiring technical assistants, or rearranging work to ensure a veterinarian has time available to meet the demands of a new service. Determining the costs, real and opportunity, to the practice associated with offering new services are also important.

Charging for New Services

Most traditional dairy practices charge clients based on a fee-per-service or fee-per-hour model. While this has historically worked well for both the veterinary practice and their clients, it may not be the best model for new or value-added services. How can you align your charges so that your best day is not your clients' worst day? Meaning, the day that you spend all day doing necropsies and collecting/submitted samples from a wreck in the calf barn is your best day in the sense of charges and your clients' worst day in the sense of veterinary expenses.

- Fee-per-service: separating out each activity involved in a value-added service can start to look like "nickel and diming" on an invoice.
- Fee-per-hour: charging by the hour can make it difficult to spend time simply observing, as you only have 24 hours in a day, and this takes time away from billable hours
- Fee-per-time period: can be daily, weekly, monthly, or quarterly; must be very clear on what is included and what is not

- Fee-per-head: determine what animals to include, what rate per animal type, and how to count (head days or average number for a month); lactating cows, dry cows, heifers, calves on milk, etc.
- Fee-per-product marketed: for example, pounds of fat-corrected milk shipped; be sure to consider how producing more efficient milk might impact you and the client

Regardless of the method you ultimately choose, work to ensure that it is fair to the practice and the client and to align the charges so that as the client is more successful, the practice is also more successful. This can be difficult to achieve all the time, but if it's always your goal and your clients know that, it will tend to lead you in the right direction.

Conclusion

Identifying, implementing, and determining fee methods for new services can be a challenge; however, these new services are an opportunity to diversify client services beyond the traditional technical services offered by many practices. Your observation of challenges and opportunities on your clients' farms may be your greatest skill, and help you to identify new ways to bring value to them. It is also helpful to remember that new services may not be appropriate for all the clients of a practice, and taking time to match the service to the client can be a worthwhile investment of your time. If they do not see the value in the service, they will never be happy with the cost of the service. As Dr. Mark Hilton says, you should end every farm visit with the question, "What else can I do for you?"