

Where is money being left on the table for beef cattle veterinary practitioners? Finding New Clients

Dr. Bob Larson
Office of Veterinary Continuing Education and Extension
Commercial Agriculture Beef Focus Team
University of Missouri, Columbia

In introductory economics classes, students are taught that there are only three ways to improve income for a business, including a veterinary practice: 1) increase volume, 2) improve margin, and 3) reduce overhead. Veterinary practices that increase the income they generate from serving beef clients and the beef industry will improve some or all of these three aspects of their business. Likewise, beef industry clients that increase their income will capitalize on improvements in one or more of these areas.

Increasing volume for your veterinary practice means that you add clients or increase billable hours/services for existing clients so that more income is generated. Improving your margin means that you create more income per unit of fixed and variable costs (your time, your facilities, your employees, etc.). Knowing which of your current services or potential new services generate the highest margin provides guidance for areas of your practice where you want to increase volume to the greatest degree. Reducing overhead means matching your costs to their income generating ability and to avoid having capital tied up in non-income generating activities.

For beef producing clients, the animal factors that impact their income (volume, margin, and overhead) are reproduction, growth efficiency, and market value. Finding services and products that meet both the needs of the client and your practice to increase volume, improve margin, or reduce overhead is the goal for your veterinary business.

Finding new clients

One method for increasing income is to add clients to your practice. These clients may be cattle producers that are new to the cattle business, transplanted from other geographic areas, or currently utilizing another veterinarian. Based on the services you want to provide, you can determine the geographic area you want to cover; or you may decide to offer one set of services for clients that are within close traveling distance and another set of services for clients that are increasingly distant from your residence. Once you have decided on the geographic limits for your practice area, you should find all the producers that meet your requirements for becoming a new client. Herd size, willingness to pay on a per-hour or retainer basis, herd type (purebred, cow-calf, stocker, feeder) are all criteria that may influence whether or not a particular producer is a potential new client. Cattlemen's association membership lists, breed association membership lists, recommendations from lenders, feed suppliers, or livestock markets, and reputation and word of mouth are all methods to identify potential clients within your practice area.

Once you have identified potential clients, you must position yourself as the logical choice to provide their veterinary services. Being involved with and providing leadership and information for the associations and organizations to which your potential clients belong, through attendance at meetings, educational speaking, and writing for newsletters and publications can accomplish this. You may need to contact producer groups and offer your

speaking or writing services. Whenever you provide an educational meeting for your clients in partnership with a pharmaceutical/biologic company, you or someone in your practice should provide a substantial portion of the program. To demonstrate your depth and breadth of knowledge, you may want to hold small, targeted client meetings for both existing and potential clients that provide the greatest income (or income potential) for your practice. Any method that fits your strengths and personality should be used to promote your knowledge and skills to existing and potential clients. Remember that the reason you are participating and leading these activities is to add clients and add services provided to existing clients.

In addition to traditional veterinary clients, there are probably other businesses in your community that would benefit from your veterinary expertise and are therefore potential clients. Lenders, feed suppliers, pharmaceutical suppliers, genetic companies, livestock markets, and integrators/alliances all provide services to beef producers and the success of their relationships is influenced by animal health and productivity – your areas of knowledge.

Local lenders are often involved with community development and your expertise is very valuable to them as they work to attract new, or expand existing beef operations and businesses. In addition, as lenders investigate the business plans for new or existing loans, your expertise in animal health, production efficiency, and the beef industry are necessary components for a complete evaluation. Some lenders may want to utilize veterinarians to offer suggestions to improve the economic position of problem cattle/ranch loans through improvement of reproduction, growth efficiency, and market value of the cattle produced. In many rural communities, veterinarians serve on bank boards and may even offer some of these services without generating income for the practice. Other professionals, including lawyers, accountants, lenders, and physicians routinely charge professional fees when providing expertise for other professionals, and veterinarians should be no different.

Local feed suppliers often have frequent contact with your clients and potential clients. By establishing a relationship with one or more feed suppliers you can, not only generate income from the feed company, you can also gain exposure to potential producer clients. A relationship with a feed supplier may involve being on retainer to investigate complaints from their clients, providing consulting services to train their employees about health-nutrition interactions, or a dual promotion relationship where you promote each others' services. Ethical questions about remaining free of influence to provide unbiased advice so that producer clients receive the best nutritional, health, and economic guidance must be dealt with in a professional manner.

A successful relationship with a local feed supplier may evolve into a similar relationship with the regional or national aspects of that company. If the relationship is mutually beneficial and professional, you would have the opportunity to be exposed to an even greater number of potential new clients as well as generating another income stream for your practice.

Pharmaceutical companies, integrated agriculture companies, livestock markets, and beef alliances also have a presence in your local area. By searching out the decision makers locally or regionally, you may be able to position yourself as an outside expert on retainer to investigate problems, evaluate production systems and individual farms, and to serve as an intermediary between producers and the larger company.

Genetic companies are currently involved in estrous synchronization systems and semen sales. In the near future, they will be involved in genome evaluation, cloning, and other biotechnology. By establishing yourself as a resource for local and regional genetic company representatives, you can help them transfer both established and new technology to beef producers within your practice area. If you are involved in this completely new service area for

veterinary medicine, you will differentiate your practice from other veterinarians and service providers that your clients contact.

The list you develop of beef producers, lenders, and local agribusinesses that are potential new clients will be fairly long. You only need to land a few new clients from the list to begin noticeably increasing practice volume. And by establishing yourself and the services you provide to a new range of clients, word of mouth and reputation advertisement for your practice will follow.

Add clients (increase volume)

1. Find the farms that meet your criteria (number of head, etc.) within practice radius (multiple practice radius)
 - New to the cattle business
 - Transplanted operations from other states
 - Currently utilizing another veterinarian
2. Be visible – make yourself the logical choice
 - Be active in the Cattlemen's associations
 - Write for area or national publications
 - Speak to cattlemen's groups – call and ask to be put on program
 - Speak to your clients when partnering with a pharmaceutical/biologic company for a client meeting
 - Hold small (targeted) client meetings where you provide most or all of the education (consider inviting future clients)
 - REMEMBER THE REASON YOU ARE DOING THIS IS TO ADD CLIENTS AND TO ADD SERVICES TO CURRENT CLIENTS
3. Expanded client base
 - Local lenders
 - Community development – attract new business, expand existing businesses
 - Business plan development for new or renewed loans
 - Business plan evaluation
 - "Saving" problem accounts
 - Are you already giving this service away for free (sitting on board) while other professionals (i.e. lawyers) are charging (rightly so) lenders and other businesses for their expertise?
 - Local feed supplier
 - Problem investigation
 - Year to year / month to month advice on changing forage conditions, supplement needs
 - Dual promotion – share clients
 - National/regional office for feed supplier
 - Problem investigation
 - Year to year / month to month advice on changing forage conditions, supplement needs
 - Dual promotion – share clients
 - Pharmaceutical companies, Ag integrators, Alliances
 - Local problem solver – intermediary between producers and companies
 - Genetic companies
 - Semen sales / storage
 - Embryo transfer
 - Problem investigation
 - Breeding program setup and monitoring
 - Introduction of new technologies: gene assisted selection, cloning, etc.

WHO DO YOU HAVE COFFEE WITH? DO YOU HAVE A PLAN TO PRESENT YOURSELF TO POTENTIAL CLIENTS?