



## WHAT MAKES A SUCCESSFUL PRACTICE?

### CASE REPORT:

Recently I had the pleasure of assessing a companion animal practice in a smallish country town (population approximately 3,000 in the district) and the practice, although still small, was showing good signs of growth. Ordinarily, this number is at the lower limit of population required to support one full time vet (40 hours) on a full time basis. So how was this practice surviving and planning to grow?

The town had no single major industry to ensure a supply jobs but like the vet, the community was fighting back despite the rural recession to a point that it was almost self-sustaining. In other words, due to a high support of its local businesses and a great community spirit, this town was thriving in its own economy. Caught up in the community spirit was the local vet of course who was active in a number of local associations.

The two lessons that can be learned from this is firstly, that if you chose to open a practice in a country town, make sure the town is going ahead and not slowly dying. Secondly, you must become involved with your local

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community to the point that everyone in the district knows that there is a vet in town who can look after their animals. Community networking is vital in country towns.

The other reason that this practice was continuing to grow was the vet's commitment to professional excellence. Not only was the practice well equipped and offering a wide range of services to the clients and their pets; the veterinarian had undertaken additional training in an area of special interest (surgery) and had created a referral business with neighbouring practices. The lesson to be learned here is that if client numbers are low in your primary catchment area then provide a service that will draw clients from a wider area. People in the bush are used to travel.



## DIRECTOR'S COMMENTS

*Dr Tony Thelander  
Director ValuVet*

**Disasters** – Dare I say Happy New Year! What a start to 2011 for many of us and our communities. Being a Queenslander, I am acutely aware of the plight of many of our colleagues due to recent floods and cyclones. Added to this are floods in NSW & Victoria and the disastrous fires in WA and the year has only just begun – things can only get better one would hope. If your business or your family have been affected adversely by the recent turmoils, don't suffer in silence – your association (the AVA) is available to help in a number of tangible ways. If you need help or if you know of someone who does, please give them a call (ph: 02 9431 5000).

**The marketplace** – We are often asked by potential vendors 'are any practices selling at the moment' and the answer to that is always 'yes' but with the following caveat. Practices in the cities will always sell faster (on average) than those in provincial areas just by the sheer weight of available buyers but there are often more opportunities to be found in rural practices. Just as in real estate, there is always one buyer for every property, so too this is the case for vet practices. To speed the sale of your business up you need to actively market your practice. Remember that you have to tell buyers that you are in the market before they will make an inquiry, so sit down and work out a marketing plan. You need to think about what to say (the opportunities) and who to say it to (who will buy your practice) then advertise appropriately.

**Townsville Seminar** – Our first 'Building Practice Value' seminar will be held in Townsville on Thursday 24th March (the evening before the AVA QLD Division Conference) so if you are coming to town for the conference, why not come the night before and spend an evening with Valuvet finding out how to improve the value of your practice? I can guarantee that you will cover the cost of the trip many times over. Enquiries to Dr Tony Thelander (ph: 07 3831 5555)

**Practice offers** – At Valuvet, we get many enquiries from prospective partners and practice buyers who have been given an 'offer' price to buy into a practice or purchase it outright so 'what is a fair price?' In many situations it is not possible for the buyer to get his/her own independent valuation of the practice in question so how do you know you are being offered a fair price? Valuvet (in conjunction with our chartered accountant, David Sharp) are available to assess offers to see if they fit into the realms of reality. In addition we can give our 'veterinary perspective' on the strategic aspects of the sale and give buyers some idea of the all-important 'payback period'.

**Tony holiday** – Yes, even veterinary practice consultants have to have holidays – I shall be away from 26th Feb to 27th March so in my absence, you may contact my colleague Dr Hugh White for any enquiries regarding valuation, practice assessments or our web page service (ph: 0412 668 067).

**Catch us if you can** – 2011 will be another busy year for the Valuvet consultants and conferences. Hugh and I will both be attending the AVA Conference in Adelaide in May; I shall be at the AVA Qld Division Conference in Townsville (25-27 Mar); the ASAVA Conference at Surfers Paradise in August and (hopefully) the Brisbane Practitioners conference in Hobart in November. Hugh as Director, will be at many CVE seminars and conferences throughout the Country so feel free to catch up with us – we are always happy to have a yarn over a beer or a cup of coffee – see you there!

I am constantly surprised by the enterprise of some veterinarians who seem to be able to make 'something out of nothing' which makes you realise that most things are possible if you have the vision and the energy to make it all happen (seemingly against the odds). Successful enterprises in the more remote areas do not happen by accident however – as with this case, the two major ingredients for success are a commitment to excellence in your chosen field and a high involvement in the local community in which you work. ■

*Dr Tony Thelander (Director, ValuVet)*

## POSITIONS VACANT!



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# VET'S PRACTICE MARKET PLACE

Further details may be seen on our website [www.valuvet.com.au](http://www.valuvet.com.au) or by contacting Hugh White on 0412 668 067

Property ID: VIC S221 - Hurstbridge



## Opportunity to make a good clinic brilliant!

Our small animal clinic is located 37 kilometres northeast of Melbourne, within an area known as the green wedge.

We have been here for 29 years and have built an excellent reputation. We continue to grow every year, but now wish to pursue other interests.

This is a busy clinic, which has not reached its full potential. This year the clinic will gross over \$1M, with only 2 FTE vets, no website, no ultrasound or endoscope, no after hours, closing at 6 pm (week days), 1 pm on Saturdays and not opening on Sundays.

**Opportunity awaits you.**

Property ID: VIC S220 - North Geelong



## Vet 2 Pet Mobile Veterinary Practice.

Established 7 years, with leased surgical premises and fully equipped veterinary van.

Property ID: VIC S219 - Ballarat



## Vacated Veterinary Premises For Lease.

Great opportunity to establish a new practice in a high traffic area with great exposure.

Property ID: WA S217 - Busselton



## Vacant, purpose built Veterinary Premises.

Great business opportunity.

Property ID: WA S212 - Avon Valley (North of Perth)



## Great Opportunity!

1 vet mixed small animal practice in an attractive rural setting. Well staff with immediate potential for expansion.

Property ID: NSW S214 - Tamworth



## Long established, small animal practice.

Excellent nursing staff and loyal clientele.

Property ID: TAS S210 - St Helens



## East Coast - Great opportunity!

1 vet mixed practice, owner wished to retire.

Property ID: SA S139 - Port Lincoln



## Amazing Lease Opportunity!!!

Vacated Vet premises. Rent free until 1/7/2011 and then half rent until 1/7/2012

Property ID: QLD S178 - Longreach



## Dynamic expanding mixed practice.

Well established with monopoly within the district. Has enormous scope for expansion.

# Practices For Sale

This edition features practices that are currently **For Sale or Lease**. Further details may be seen on our website [www.valuvet.com.au](http://www.valuvet.com.au) or by contacting Hugh White on **0412 668 067**

## VET'S PRACTICE MARKET PLACE

### BUYERS

These buyers have all signed confidentiality agreements and are genuine buyers in their preferred areas and may be reached by contacting Valuvet on 07 3831 5555

#### EASTERN SEABOARD

Buyer 407: **Capital cities/ major regional centres** 2 vet SA  
Buyer 415: 2 hrs of **major regional centre or metro** 2-3 vet SA  
Buyer 432: **Capital cities/ major regional centres** 2-3 vet SA  
Buyer 434: Mixed practice within 4 hours of airport or major centre  
Buyer 450: **VIC / Southern States** 2-3 vet SA/Mixed

#### VICTORIA

Buyer 176: **Melb SE Suburbs** 2-3 vet SA  
Buyer 220: **Melb metro area** 2+ vet SA  
Buyer 300: **Melb NE Suburbs** 1-2 vet SA  
Buyer 424: **Melb and surrounds** 1-2 vet SA/Mixed  
Buyer 427: **Melb metro area** 1-2 vet SA  
Buyer 429: **Melb metro area** 2-3 vet SA  
Buyer 439: **Melb metro area** 1-3 vet SA  
Buyer 443: **Geelong area** 2-3 vet SA  
Buyer 444: **Melb metro area** 1-3 vet SA  
Buyer 446: **Outer East Melb/SA/QLD** 1-2 vet SA  
Buyer 448: **Melb metro or Large Regional** 2-3+ vet SA  
Buyer 449: **Melb/Cairns/Brisbane** 1-3 vet SA  
Buyer 452: **Melb metro area** 1-3 vet SA  
Buyer 455: **Geelong area** 1-3 vet SA

#### TASMANIA

Buyer 456: **North West Tasmania** 2+ vet Mixed

#### NEW SOUTH WALES

Buyer 309: **Syd metro area** 2-3 vet SA  
Buyer 342: **Syd metro/Canberra** 3-4 vet SA  
Buyer 394: **Syd/Central Coast** 2-3 vet SA  
Buyer 418: **South Coast** 1-2 vet SA/Mixed  
Buyer 430: **Hunter/Syd/Gold Coast** 3+ vet SA  
Buyer 431: **Syd metro area** 2 vet SA  
Buyer 436: **Syd metro area** 2-3 vet SA  
Buyer 438: **Central Coast/Hunter** 2-3 vet SA  
Buyer 440: **Central Coast** 2-3 vet SA  
Buyer 442: **Sydney** 2-3 vet SA

#### QUEENSLAND

Buyer 287: **Gold Coast/Sydney** 1+ vet SA  
Buyer 370: **SE QLD/Gold Coast** 1-2 vet SA  
Buyer 409: **Sth Brisbane/Gold Coast** 2+ vet SA  
Buyer 425: **Gold Coast** 1-2 vet SA  
Buyer 426: **Brisbane metro area** 2-3 vet SA  
Buyer 428: **SE QLD/Northern Rivers NSW** 2-3 vet SA  
Buyer 433: **Gold Coast** 2-3 vet SA  
Buyer 445: **Brisbane metro area** 1-2 vet SA  
Buyer 447: **Sunshine Coast** 2-3 vet SA  
Buyer 451: **Gold Coast** 1-3 vet SA  
Buyer 453: **Nth Sunshine Coast** 1-3 vet SA

#### SOUTH AUSTRALIA

Buyer 441: **Adelaide southern suburbs** 1+ vet SA

#### WESTERN AUSTRALIA

Buyer 454: **Perth Metro** 2 vet SA

### SELLERS

These practices are for sale and information is available from Valuvet by calling 07 3831 5555

- ♣ Valuvet valuation available
- ★ Excellent facilities
- ✱ Website Listing
- ✓ Valuvet report available
- ▲ Purpose built facility

#### TASMANIA

Seller 210: **East Coast TAS** – 1 vet Mixed practice ♣ ✱

#### NEW SOUTH WALES

Seller 179: **Western Syd** – 1 vet SA ✱  
Seller 184: **Southern Syd / Sutherland Shire** – 1 vet SA  
Seller 195: **Warners Bay** – PETstock vet clinic ▲  
Seller 204: **Central Coast** – 1/2 vet SA ✱  
Seller 214: **Tamworth** – 1 vet SA ✱

#### WESTERN AUSTRALIA

Seller 200: **Perth** – 1 vet SA  
Seller 212: **North of Perth** – 1 vet SA ♣ ✱

#### QUEENSLAND

Seller 178: **Central QLD** – 3 vet Mixed practice ✱  
Seller 183: **Sunshine Coast** – 1+ vet SA ✱  
Seller 189: **Wide Bay area** – 1+ vet SA ✱  
Seller 198: **Bundaberg** – 2 vet SA ♣ ✱  
Seller 199: **East Darling Downs** – 1 vet SA ✱  
Seller 203: **Cairns** – 1.5 vet SA ✱  
Seller 208: **Brisbane Metro** – 1.5 vet SA ✱  
Seller 215: **Brisbane Metro** – 1 vet SA ✱

#### VICTORIA

Seller 196: **Bendigo** – PETstock vet clinic ▲  
Seller 201: **North Melb** – 1 vet SA ✱  
Seller 207: **NE VIC** – 2 vet Mixed practice  
Seller 220: **Geelong** – 1 vet SA ✱  
Seller 221: **Hurstbridge** – 2 vet SA ♣ ✓ ✱

### LEASE

These practices have premises to lease, for further information please visit profiles on the website.

**SA** Seller 139: **Port Lincoln** – Premises for Sale or Lease  
**WA** Seller 217: **Busselton** – vacant premises – for Sale or Lease

**NSW** Seller 187: **Upper North Shore Syd**  
Centrally located specialist centre

See website advertisements on [www.valuvet.com.au](http://www.valuvet.com.au)



# LOOKING AFTER YOUR (AND YOUR STAFF'S) FAMILY'S FINANCIAL SECURITY.

As accountants we spend most of our time working to assist clients build and manage their businesses...however...there is more to a comprehensive financial strategy than just looking after the businesses and your personal accounts and tax.



The 3 things most people do not want to talk about....

## 1. Superannuation

## 2. Personal Insurance

## 3. Wills & Estate Planning

Here are some simple reasons & straightforward suggestions of how to deal with these important issues.

### 1. Superannuation

**Why** – Most people do not understand super, how it works, what it can do and how to make it work harder for you. Not all superfunds are equal, some perform badly, some have very high fees and sometimes it is as simple as having a wrong investment strategy.

**How** - Actually it can be an easy problem to understand and to fix for both you and your staff. Get some references and testimonials then find a good financial planner. They should be happy to come to the practice when it suits and spend time ( 1-2 Hours) educating you and your staff on the basics of superannuation. If necessary they should be prepared to spend time with each staff member individually to make sure their super is set up correctly for them.

### 2. Insurances

The key ones are Life, Total and Permanent Disability, Trauma and Income Protection.

**Why** – So if something happens you know your family will be financially secure, and for your staff; if something happens to them you have a level of comfort that their family has some security.

**How** - Again your Financial Planner or Insurance Broker will advise both you and your staff individually of the appropriate insurances available. Insurance is a personal thing but you can at least provide the opportunity to your staff. The key opportunity here is that life insurance can be provided through the superfund. It does not come directly out of the staff's wages rather it can be funded from the 9% Super that the Practice pays as the employer. The Financial Planner/Broker can complete all forms and manage the process for you.

### 3. Wills and Estate Planning

**Why** – If you die without a will your estate immediately becomes the responsibility of the Public Trustee. As a result, it may take years and significant fees to resolve your affairs and for your family to receive any money. In the interim Bank Accounts can be frozen and your Practice may not be able to operate.

**How** – A simple will is better than no will and remember it must be signed by 2 independent witnesses who are not beneficiaries under the will. You can get a will kit from the local newsagent. Of course wills can be quite sophisticated and it is often said "death is a great tax planning opportunity" so how they are set up can make a big difference to your family. Wills with Testamentary Trusts can be drafted to protect your families' wealth and provide for that family wealth to be maintained for the benefit of your children rather than someone else's.

The other significant issue is to have an up to date Power of Attorney. If you were to become incapacitated, your Practice may not be able to continue to operate if no one has your Power of Attorney. It is generally a straightforward document and there are many ways to make sure it is never abused; your Lawyer will assist in preparing one and it need not be expensive.

Finally you will appreciate the above information is provided as general financial information only...everyone should consult with their own advisor to make sure they receive advice that suits their personal situation.

The key point is that it is not hard to be well organized financially.... A few phone calls... A few meetings and you can sleep well at night.

## How organized are your affairs?



*David Sharp B Econ, ACA  
Director DFK Richard Hill*



*Dr Hugh White MVSc MACVSc  
ValuVet Consultant*

## APPEARANCES ARE EVERYTHING!

How long is it since you last had an objective look at your building and facilities? For many of us, it seems like only a few years ago that we built or renovated our premises, but in fact it often turns out to be ten, fifteen or twenty years. Ouch!

As practice consultants, we visit practices all over Australia and we often notice how tired some veterinary premises appear-

- the carpark may be potholed;
- the gardens are overgrown or neglected;
- the signage is dated, damaged, peeling or even incorrect;
- the waiting room feels like something from the sixties;
- the paintwork is tired;
- the furniture is damaged;
- and the flooring may be cracked or just plain worn out and dirty.

I know this would not describe your practice, but exactly how long is it since you made an objective assessment of how an outsider would see your premises?

The problem is that we grow all too familiar with our everyday surroundings and before you know it, the years have slipped by and things just wear out. While many of your existing clients may overlook

the obvious, clients visiting your premises for the first time may not be impressed. Regardless of the level of service and professional care, they may make a subconscious decision to try a more attractive clinic elsewhere.

Remember that 'client perceptions are reality' and a substandard building presentation can conjure the perception that perhaps the service is sub-standard too.

We are all consumers, so next time you are visiting a professional premises, take the time to look around and see how well the building and facilities compliment the business. Do you prefer premises that are clean, freshly painted and tastefully set out, or are you happy to settle for second best with tired, depressing and dated facilities? Your own perceptions are no different from those felt by your clients.

If you cannot see anything wrong with your own premises, ask a friend (preferably female and who is not a

client) to visit your practice and to make a critical assessment from the public's point of view. If you get full marks and a gold star - well done! If not, it is time to set a building or repair program in place. Your clients and your team members will all appreciate the investment and you will be rewarded in many different ways, including a suitable return on your investment.

At ValuVet, we recommend that every practice be committed to a rolling budget for regular repairs and maintenance. Equipment on the whole should be replaced about every 7 years and buildings should be refurbished at least every 10 years. For major renovations or rebuilds, some thought needs to be given to keeping the business running while work is taking place. Rather than being faced with the prospect of closing the practice or relocating while major renovations are being carried out, you could consider the possibility of staging the refurbishment. Most clients will be patient and will put up with a few inconveniences when they know that the practice is moving ahead. ■



# ASSESSING AN OFFER

As a practice owners, what do you do when you are approached by a potential buyer or given an offer to purchase your practice?

Sometimes these offers come along at the right time and sometimes not, but the same questions always arise:

What is my practice really worth?

Am I being offered a fair price?

How much information am I required to give up?

Regardless whether the offer comes from a neighbour, a corporate buyer or a private individual, most buyers will be looking to pay a 'market value' in order to get a good return on their investment. Occasionally you may be lucky and be offered what you think is a 'premium price' but a savvy buyer will most likely have done his/her homework and determined the opportunities that make commercial sense in spending extra money.

So, you have been given an offer to sell your practice and you are considering your options – what should you do?

Firstly, be aware of the opportunities that your practice might have to potential buyers – understand these and exploit them if you can. Remember that you can realise opportunities and take advantage of them to your own benefit or you can pass them on to the buyer so he/she can exploit them. We see many practices that are undervalued from the vendor's point of view, just because opportunities were not capitalised upon beforehand – buyers will be looking for these opportunities.

Secondly, you should get your own independent valuation to determine if the offer being made is a fair one. There are numerous valuation methodologies and unless you understand what method is being used to value your practice, you may be unwittingly accepting the 'buyer's value' thereby missing the elusive 'true market value' of your practice.

Thirdly, once you have had a valuation done on your practice, you then have a benchmark on which to negotiate with your buyer and if you are equipped with the

opportunities or 'selling points' of your practice, you are in a much stronger position to negotiate a better price. Most serious buyers will always be willing to negotiate.

Finally, how much information should you release to a prospective buyer who has given you an offer? This very much depends on the state of the negotiations and to some extent who the buyer is. You may be approached by a corporate buyer who has considerable resources as regards accounting knowledge and market research or a neighbouring practice owner who could directly benefit from intimate knowledge of your practice. Regardless of who the buyer is, all interested parties should sign a confidentiality document (preferably drawn up by your own solicitor) before any information on the practice is released. Buyers will respect this condition and will probably make the offer 'subject to due diligence' knowing that the vendor will be unlikely to release information on the practice prior to confidentiality being satisfied.

Other personal issues to consider when you have been given an offer to purchase may include 'will I have a future in the new practice?'; 'If so, is the package to my liking?'; 'Is this the right place and the right time for me to sell? and 'where to from here?'. If you are unsure of the answers to these questions, you need to seek professional advice before signing your practice away for good.

As ValuVet consultants, we must deal with all these questions in our valuations and practice assessments because we realise that selling a practice is a defining event for the vendor, often something we only do once and you need to get it right first time. ■

*Dr Tony Thelander (Director, ValuVet)*



# VALUVET SEMINAR IN TOWNSVILLE

## ‘Building Practice Value’

ValuVet in conjunction with Tynan Mackenzie and DFK Richard Hill, will be holding a seminar at Rydges in Townsville on Thurs 24th March at 6.30pm (the night before the AVA Conference)

**Come to our seminar and stay for the AVA Conference.**

**For more information and to secure your seat visit: [www.valuvet.com.au](http://www.valuvet.com.au)**

## AVA QUEENSLAND DIVISION CONFERENCE 2011



**Friday 25th to Sun 27th March – Rydges Conference Centre, Townsville**

**Come join us for a conference  
designed to benefit every  
member of your practice.**



**Small animal veterinarians** – will be delighted to discover all they ever needed to know about the gastrointestinal system from nose to tail.

**Nursing staff** – will partake in a hands-on workshop based program, as well as hearing from some experts in the nursing field in both small animal and large animal practice.

**Large animal veterinarians** – will enjoy an exciting cattle program, with speakers addressing many interesting facets of beef and dairy cattle production.

**Quality local speakers and an exciting international speaker – there's something for everyone!**

**Please contact AVA Qld Division for full details on 07 3423 1844 or [avaqld@ava.com.au](mailto:avaqld@ava.com.au)**  
Also, you can view the full conference brochure and registration form online [www.ava.com.au/Events](http://www.ava.com.au/Events)



- Practice and Equipment Valuations
- Practice Assessments
- Partnerships
- Career Advice
- Benchmarking
- Practice Marketing and Strategies

## VISITING SCHEDULE

In order to defray travel costs, our visiting schedule will allow clients to co-ordinate with our inter-state movements.

MAR	SA & WA	JUN	NSW
APR	QLD & NT	JUL	SA & WA
MAY	VIC & TAS	AUG	QLD & NT

**Regardless of the proposed schedule, our consultants are available at all other times as the situation demands.**

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