



BUYING A PRACTICE

Now is a great time to buy a practice!

With the Baby Boomers wanting to step back (work less) or to retire, as never before, there are plenty of opportunities for younger veterinarians who wish to step up and start their career by owning their own practice. With the current shortage of veterinarians in many areas of Australia, we see many wonderful opportunities across the Country so the choice is extremely wide – in fact, I would go as far to say that it is currently a buyers' market in certain sectors.

Traps for young customers

What should you look for if you are buying into a practice?

- The practice should be realistically valued by an independent valuer
- Have a clear view of what the practice has to offer as far as career advancement, type of work involved, growth opportunities, lifestyle for owners and remuneration
- Most important: 'Where can you make a difference'?

IN THIS ISSUE

- Buying a practice
- Implementing positive communication into your work culture
- How good are we at embracing change?
- Building the value of goodwill – an accountant's perspective
- Investment in plant & equipment

How to buy in:

There are several scenarios available:

- Buy the practice outright (this may or may not involve real estate)
- Work as an associate for 6 months first before outright purchase
- Work as an associate for 6 months before partnership

Which scenario adopted is up to the requirements of each party but 'try before you buy' offers protection for both parties.



EDITOR'S COMMENTS

*Dr Tony Thelander
Director ValuVet*

2009 has been an excellent year for top quality conferences. In November I attended the AVPMA's Womens' Conference in the Hunter Valley. Far from being a 'girls only event', the conference made an extremely valuable contribution to our profession on womens' issues and was relevant to workmates and employers of female veterinarians alike. Congratulations to the AVPMA for having the courage to run such an event.

In the last 3 months since our last newsletter, Hugh White and I have had work in all states of Australia except the Northern Territory. I can say that almost without exception, all practices we visited were doing as well as if not better than this time last year and we see that trend continuing in the lead up to Christmas.

In my recent travels, I was once again reminded of the tremendous opportunities existing in rural and provincial areas for veterinarians. Most remote area practices enjoy an absolute monopoly, a wide variety of interesting work, a good income and a great lifestyle. The main limiting factor on the scale of operations is not drought or distance but the inability to attract professional staff.

Last month, in conjunction with WHK Horwath EIS (accounting firm) we ran a financial survey with 10 Brisbane practices to establish some financial benchmarks for our profession. We intend to extend this survey to other states in the coming year with the aim of eventually providing a financial benchmarking service to assist veterinarians to monitor the financial health of their businesses.

How to finance the purchase

Provided the practice has been professionally valued, many lending institutions will now lend against the 'goodwill' of the practice. Further more, many vendors are happy to personally finance an incoming partner because they know they are providing security for their own succession. As a double check for a practice buyer, there are 'payback formulas' which can be employed (accountants and financial institutions employ these tools) which can reassure the affordability of the purchase. Our industry is reasonably happy with a 3 to 5 year payback period taken from the borrower's share of profit, having allowed for tax.

Buying opportunities: Where should you buy?

Some of the most profitable practices we see are situated in the hinterland areas of major population centres and in rural areas, particularly if that area is supported by a major industry.

Rural practices often have many attractions such as a great sense of community; although many are mixed practices, they often have a growing component of companion animals; often they have a monopoly with little or no competition and the country is a great place to raise a family

If you are thinking of purchasing a practice or entering a partnership and you would like some guidance or advice, please feel free to call Tony Thelander on 0409 478 762 for assistance. ■

POSITIONS VACANT

NEW!

Looking for a partner or an associate for your practice?

Forget "Seek" and "Career One" – listing your position vacant on ValuVet's website, will give you targeted exposure to over 6,000 industry professionals and over 350 – 2008 new graduates.

3 competitive pricing packages to suit your level of budget and exposure.

Create your listing today!
www.valuvet.com.au





HOW GOOD ARE WE AT EMBRACING CHANGE?

Recently, it has been interesting on my travels to find out how many practices have changed their vaccination protocols. Given that there has been considerable attention paid to this issue in the popular print media and that some vaccine manufacturers have been advocating a change for some years now, it appears that the profession in Australia is slow to change.

At the recent CVE Feline medicine and surgery conference in Cairns, Mike Lappin asked the audience how many came from practices that had changed to 3 yearly vaccinations for core vaccines – the response was in the order of 25%. In the USA over 70% of practices have changed to three yearly vaccinations, which begs the question: why have Australian vets been resistant to change?

This would appear to represent something of a paradox, as the profession here is widely regarded as being at the forefront of change, particularly when it comes to embracing new technology and treatments.

For years now management consultants have been advocating yearly or twice yearly health checks or wellness examinations, which do not rely on vaccinations as the driver for clients to seek veterinary advice. The aim is to get the public to see veterinarians as the animal health care professionals, yet many vets seem reluctant to let go of the old annual vaccination crutch.

Surely we have come far enough as a profession to be confident in our ability to help our clients and retain them through good advice, thorough physical examinations and the appropriate use of diagnostic aids? When we visit a practice and the vet ducks out to “just do a vaccination” that takes a few minutes, there is little wonder that clients become disillusioned with high fees for what appears to be scant attention to the animal or the client’s concerns.

When we examine a practice in detail we look at the number of new clients seen annually, but also the client retention rate and annual visitation rate. Are you able to measure these

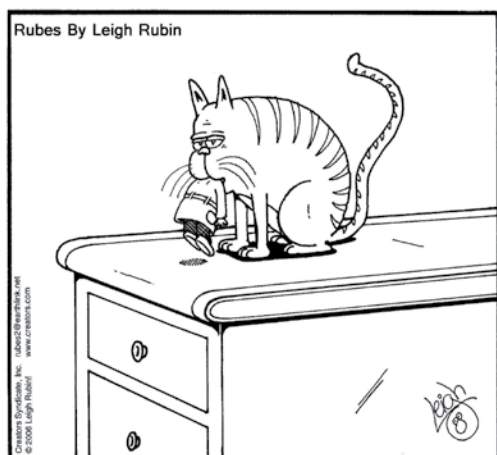
indicators? If so, how often do you look at them critically and consider how much time you spend nurturing your existing clients to make sure the best interests of both the client and animal are being met – not just some of the time, but all of the time?

The most common reason cited for not changing vaccination recommendations is a fear of loss of income, yet those who have made the change invariably tell of no negative impact on fees generated, yet greater job satisfaction as the emphasis has changed from jabbing pets to looking at the whole wellness of the animal.

Good practice managers embrace change. Highly profitable practices seek to provide the best philosophy, equipment, facilities and staff to ensure the best possible outcome for their patients and the clients. ■



Dr Hugh White MVSc MACVSc



Henry knew there were certain occupational hazards when he became a small animal vet.

***Is your practice stagnating?
Has your income reduced?
Have you run out of ideas?
Are you thinking of selling at some stage?***

A visit by a Valuvet consultant and a Practice Assessment Report may be a great investment in these hard times. Why not visit our website www.valuvet.com.au for more information or contact us directly and we will explain how we can help your practice? References are available.



VET'S PRACTICE MARKET PLACE



Carlingford, SYDNEY: Unique opportunity... premises FOR LEASE and equipment FOR SALE.

A modern 3-bedroom, 2-bathroom residence (with long-established veterinary clinic attached) located on a prominent corner block is now available for single-unit lease on Pennant Hills Road, Carlingford - a major arterial route carrying 60-70,000 vehicle movements daily.

Property ID: NSW S185



FOR SALE – Griffith, NSW: This highly profitable 2.5 vet mixed practice is for sale as the principal wishes to retire.

This highly profitable 4-5 vet mixed practice situated in the Murray Shire is for sale due to the principal wishing to retire.

Property ID: NSW S166



FOR SALE – Sydney: Dual small animal veterinary practices in South Western suburbs of Sydney.

Long established with an excellent reputation and profitable, Casula Veterinary Hospital and Elizabeth Drive Animal Hospitals are located in a high growth corridor of South West Sydney. This practice comprises two, fully-equipped high exposure locations backed by advanced information technologies and dedicated employees.

Property ID: NSW S057



FOR SALE – New England Tableland, NSW: Single vet, mixed animal (60% SA, 25% equine, 15% bovine) practice, and 3 bedroom residence for sale.

Modern mixed practice predominantly small animals, cattle & horses. Loyal client base with room to grow. Includes newly refurbished 3 bedroom residence above the practice - live in or rent out. Great potential.

Property ID: NSW S190



FOR SALE – Central Queensland mixed practice.

An excellent opportunity exists to acquire a dynamic expanding mixed practice (40% sheep / cattle, 40% small animals, 20% horses) in central Western Queensland. The practice is well established and has been expanded from 1 to 3 full time vets. It is the only practice in the district and it has enormous scope for expansion.

Property ID: QLD S178



FOR LEASE - Brisbane/Gold Coast: Premises of long established practice in high traffic area. Great opportunity!

Property ID: QLD S193

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 432: **Capital cities/ major regional centres** 2-3 vet SA

Buyer 434: **Mixed practice** within 4 hours of airport or major centre

VICTORIA

Buyer 049: **Victoria** any size SA

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 437: **NE VIC/Rural VIC** 1-2 vet Mixed

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

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 435: **Brisbane metro area** 2-3 vet SA

Buyer 445: **Brisbane metro area** 1-2 vet SA

SOUTH AUSTRALIA

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

SELLERS

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

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

NEW SOUTH WALES

Seller 057: **SW Sydney** 4 vet SA practice ✱

Seller 166: **Riverina** 3 vet Mixed practice ✚ ✓ ✱

Seller 179: **Western Syd** – 1 vet SA ✱

Seller 184: **Southern Syd / Sutherland Shire**
– 1 vet SA

Seller 190: **Northern Tablelands** – 1 vet Mixed ✱

Seller 195: **Warners Bay** – PETstock vet clinic ▲

QUEENSLAND

Seller 171: **Central QLD** – 2 vet Mixed practice ▲

Seller 178: **Central QLD** – 3 vet Mixed practice ✱

Seller 181: **Nth QLD** 1-2 vet 85% SA / 15% Equine

Seller 183: **Sunshine Coast Hinterland**
1 vet 85% SA / 15% LA ✚

Seller 189: **Wide Bay area** – 1+ vet SA

VICTORIA

Seller 196: **Bendigo** – PETstock vet clinic ▲

LEASE

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

NEW SOUTH WALES

Seller 185: **Carlingford** – Vacant SA Premises on main road

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

QUEENSLAND

Seller 193: **Beenleigh** – Long established SA hospital

See website advertisements on www.valuvet.com.au



David Sharp B Econ, ACA
Director DFK Richard Hill

BUILDING THE VALUE OF GOODWILL – AN ACCOUNTANT'S PERSPECTIVE

There are 3 main types of
Goodwill;
Location Goodwill
Personal Goodwill
Name or Brand Goodwill

In reality there is little you can do about the location of your practice short of moving and personal goodwill has little value as it disappears when you do. So the goodwill to focus on building is the name, brand or reputation goodwill. This goodwill is tied to the practice and is always most valued and saleable because it is very transferable and creates strong ongoing profits.

So what is a Brand - A brand identity represents a mental or emotional association in the mind of a customer. It is initiated by the images used in the presentation of your practice and by the words used to describe your services. After sufficient impressions, the customer will remember these associations and a brand is born. Large corporations spend hundreds of millions of dollars building their brands for good reason.

Brands will help clients remember your practice, build customer loyalty and lead to repeated purchases, make it easier for current clients to refer you to others, send a message to your clients about what they can expect, and convey an emotion.

Most importantly, the thing to remember is that a brand is a promise. Essentially, branding is a process in which a practice creates and delivers on client expectations. When someone buys your service, they count on those expectations to be fulfilled. The components of your brand promise are based on:

1. Consistent image

At the most basic level, to build a brand you must develop a strong brand image. Consistency extends to your logo, colours, type faces, décor, employee uniforms and more. Consistency does not have to be expensive it just has to be consistent!

2. Consistency of experience

This is the building block of a brand. Every client's visit should feel the same as the last. This includes the same type of greeting, reception processes, attitude of the vets and nurses, billing procedures, post treatment contact etc.

3. Consistent quality

It is not sufficient to deliver a consistent experience to only your client. The service must also be of a certain level of quality. McDonald's

French fries don't have to be the best French fries in the world, but they have to be good French fries. And they have to be good every time.

4. Distinct competitive position

A brand must stand for something and distinguish you from your competition. Your practice does not have to be unique, it just has to be different from your immediate competitors so potential clients have a reason to choose you rather than the other practice near by.

5. Repeated exposure

To remember your brand, customers must hear it or see it over and over again. The objective should be to clearly and narrowly define your target market, generally on a geographical basis. The next step is to make sure you expose those potential clients by repeating advertising messages including advertising in local papers, local club magazines etc.

In summary success in building your brand will equate to a better work place, higher profits and a greater sale price and it does not have to cost the earth! ■



IMPLEMENTING POSITIVE COMMUNICATION INTO YOUR WORK CULTURE

Having good communication skills contributes to the success of an individual's work and personal life.

These skills will lead to job satisfaction and promotion, contribute to customer satisfaction and you will earn the respect from colleagues, management, friends and family.

A Positive Speaker can collaborate with their listener so the conversation flows naturally with mutual respect from both parties. They are flexible and interact with everyone differently by starting with a direct, positive approach and adapting to each individual's style. For example, with some people, the less you say the better. Positive Speakers concentrate on fixing problems not dwelling on them and they respect their listener by understanding that the people you deal with today remember you tomorrow.

Listening is a powerful means of communication.

Good listening skills make your job easier not harder. When the speaker feels she/he is understood by the listener a positive connection is made.

Active Listeners show patience and give verbal feedback to summarise understanding of the message.

An Active Listener acknowledges the emotions being expressed and speaks up if something is unclear or confusing. The verbal feedback an Active Listener gives confirms understanding of the speaker's message without being judgemental. This makes active listening the most effective form of listening.

The key to active listening is to:

- hold off on assumptions
- avoid being quick to offer advice
- exercise patience
- be respectful and shift attention to the speaker.

Some Positive Communication Steps to incorporate into your work culture are:

- follow through
- show empathy
- disagree without being disagreeable
- highlight what you can do not what you can't do
- stay calm under pressure
- take a positive approach to problems
- listen first, act second
- show sincerity
- be straight forward and focus on the problem not the person.

Not many people have perfect communication skills and some of us are better at it than others. The key is to keep practicing until it comes naturally. A good way for team members to remember certain points to being a Positive Communicator is to put them in bold writing in the staff room, surgery or behind the bathroom door so they are a constant source of memory retention. ■

Simone Fitzsimon B.Bus HR, Dip. Marketing

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INVESTMENT IN PLANT & EQUIPMENT

Recently I have seen some highly profitable practices (they charge realistic fees) operating with an extremely low level of equipment and with equipment of an extremely low standard. At first glance, this may appear to be a sound financial strategy: 'High income and low costs' or a 'high return on assets' but is that really a wise strategy?

By allowing your practice inventory to run down you take the following risks:

- Your practice becomes less attractive to work in so you may not attract the best employees

- Old equipment tends to break down more often, thus increasing repair costs
- Loss of practice income. Your practice cannot offer services from equipment that it does not possess. You have to refer cases out or deprive the patient of the best care possible
- You may be professionally liable in several different ways if you are practicing with superseded or inferior quality equipment and something goes wrong.

The value of your business may be marked down as a result of the above factors and by the fact that a purchaser would have to

make provision to purchase new equipment upon taking over the practice.

We are all for encouraging high profit practices but when it comes to re-investing in equipment for your practice, there is always a balance. The fairest test would be to ask yourself, "would I be happy to use this equipment on my own pet?"

Reinvestment in your business is a good thing if it allows you to leverage off that equipment to generate additional income. ■

*written by Dr Tony Thelander -
Director ValuVet*

YOUR INDUSTRY – YOUR INDUSTRY SOURCE

www.valuvet.com.au



Designed with the sole purpose of serving our profession, our new site has the following features:

- ValuVet service information
- Meet the ValuVet consulting team
- Newsletters and articles on practice management, productivity and valuations
- Featured practices for sale
- Positions Vacant - Advertisement Board
- Vets' Practice Marketplace a forum for engagement with the veterinary industry with respect to partnerships, buying and selling practices, equipment and other opportunities.
- Lists of practice buyers and their preferences
- Links to Gold Standard industry suppliers



- 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.

DEC 09	NSW	MAR 10	VIC & TAS
JAN 10	SA & WA	APR 10	NSW
FEB 10	QLD & NT	MAY 10	SA & WA

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

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