Corporate practice and the expansion of group clinics

Author: DAVE NICOL

Categories: Business

Date: April 1, 2012

Large group veterinary businesses are on the rise and there is a variety of opinion about their impact on the UK profession. The author discusses perspectives and looks at some of the changes that could affect stakeholders in everyday practice.

THE CORPORATISATION OF the veterinary market is a phenomenon that evokes robust responses from the profession. Just 10 years ago there were only a handful of relatively small UK corporates representing about three per cent of the total market. Today that number has more than tripled with several large groups providing services the length and breadth of the UK.

Steve Bedall, a wellknown practice broker at Animus, states that two in every five practices changing hands today are bought by corporate groups.

So, like it or not, corporate practice is here to stay.

The purpose of this article is to provoke positive discussion around the subject of corporate clinics. To do so we need to discuss what the implications may be for key stakeholders. To put it another way; is the rise of corporate medicine a positive or negative trend for vets, pets and practice owners?

Practitioner perspective

Life in a corporate practice should, in theory, be easier for vets and nurses. Principally this is because larger businesses usually have departments dedicated to specific tasks such as administration, building works and human resources. This makes management a separate function.
Efficient accounts and human resource departments mean payroll happens on time and contracts to protect individual rights are in place. Problems between staff members are dealt with effectively and if something breaks there is time and resource to fix it quickly. An additional benefit is that many corporate practices employ full-time locums to cover holidays, so practitioners can take time off when they need without a burden being placed on the practice and colleagues.

Corporate practices also seem to be faster at adapting to – and taking advantage of – the flexibility required by both today’s consumer and an increasingly female workforce. More female workers inevitably means increasing disruption to more traditional career patterns by maternity breaks. And everyone, whether male or female, strives for a work/life balance that our forefathers would have thought lazy.

Pulling in the other direction are the demands of customers who want longer opening hours and greater levels of skill and professionalism. The conflicting expectations of these groups places added strain on the system. Traditional small practices with their typically change-resistant approach have been slow to adapt. As a result, they are having a harder time attracting vets to their clinics when they compete against larger practices offering better rota, shorter hours and flexible work patterns.

Before I move on, there is another important reason why life in a corporate group may appeal. It is well reported that vets in the UK are four times more likely to commit suicide than those in other professions. One of the risk factors cited is professional isolation, so being part of a larger corporate body can provide an attractive proposition.

**Antipathy**

So, if all of that is true, why is there antipathy out there towards corporates? Spend five minutes talking to vets at any congress and it is possible to uncover negative stories, without much digging, from those who have worked on the inside.

It is wise to be cautious of anecdotal chat, but there is one complaint that surfaces so commonly that one has to take note. It is this, that when decision makers in areas like equipment purchase or clinical protocol get further from the patients – as can happen in corporate practice – those on the ground can be left feeling disenfranchised.

Just this weekend, for example, I spoke with a former employee of a UK corporate who said she left because the people making decisions did not understand the veterinary surgeon’s role. This was a frustration derived from management pressure to earn revenue, at the perceived expense (I choose the words deliberately) of clinical outcomes. This may or may not be true, but I hear it enough to think there is at least a genuine issue affecting morale and performance.

Some corporate practices combat this issue by forming clinical boards with responsibility for
creating and managing clinical protocols. But the problem appears to persist and may well represent the greatest challenge and obstacle to success for larger clinics. Getting genuine engagement with corporate values in the consultation room is a tough challenge.

**Pet context**

Animals should really benefit from corporate-style medicine. Firstly, the budget for equipment purchase, especially for those practices with close geographical proximity, is comparatively high. So the tools to do the job should be top-notch.

Secondly, it doesn’t take a genius to work out that patient outcomes are favourable when care is researched, reviewed, standardised and delivered consistently. This formulaic approach makes a lot of sense for a corporate practice, as realistically the only way to have any degree of control over costs and quality in a larger organisation is to have a set of clinical guidelines that are applied across the group.

Ideally, this process would involve feedback from the frontline and ongoing improvement of protocols as lessons are learned, protocols revised and the information shared. The downside to this approach is that it requires a high level of commitment to training, clinical care and communication. It also requires a monitoring and audit system to check protocols are followed and outcomes are as expected.

The process, known as clinical governance, becomes costly in its own right as many hours are required to create and document protocols, then more still to oversee implementation and monitor results. As mentioned above, a problem for practices in this approach is that what is seen as good clinical governance by managers, may be perceived as restricting clinical freedom by vets.

**Investors and owners**

Corporate clinics represent some good news for investors and owners, both new and existing. Some corporates are reporting a healthy (if not stellar) profit, which is significantly better than the majority of UK vet clinics. Another profound benefit for those ready to sell their clinic is that they offer another source of competition, which can help to drive up the selling price for a clinic as the principal retires.

Finally, there are new opportunities for those vets (and nurses) who want a career as a manager or want to gain ownership in a clinic, but do not want the hassle of running every aspect of the business. Joint venture clinics, for example, allow clinicians to invest in and build a practice with more freedom to do what they do best (fix pets).

Meanwhile, a central management team handles the day-to-day stuff most vets might not be so good at (marketing, admin, HR). The obvious benefit is by splitting out the onerous bits, you are far
less likely to burn out and have a better shot at achieving the elusive ideal work/life balance.

**Understanding**

We tend to fear what we do not understand well. And I think a great deal of negative sentiment towards corporate practices is likely to be based on an irrational concern that the practice is going to be put out of business by a corporate opening up soon nearby. Many may fear the corporate model and see it as a desecration of traditional veterinary practice. The truth is harder to pin down.

In all likelihood any useful analysis needs measurable outcomes to gauge the real impact on the stakeholder groups I’ve discussed. In the case of employees, how do we measure the relative quality of life in both types of practice? It is relatively safe to say that the veterinary profession, in common with many professional niches, has a long way to go before it can really say it manages its staff well.

The formation of the British Veterinary Union is evidence enough that life as a nurse or assistant is not all fun and games in general practice, 90 per cent of which are independently owned. So it is unfair to heap the blame for poor standards of HR management on corporate bodies.

In the case of patients, we need to be able to measure clinical outcomes in both corporate and independent practices. Do pets taken to a corporate practice live longer? Are they more or less likely to develop a wound infection after surgery? These are the type of questions we should be asking to devise a meaningful measure of health care.

Of course, we already know the measure that matters most to investors and owners – profit. In any limited company, profit is a matter of public record. So a comparison with your own business is as easy as finding Companies House in an internet search engine and ordering a company report. Thus far, I suspect corporate practices are delivering better profit than the majority of their independent competitors, but not by much.

**Sizing up**

In the end the legal structure and size of an organisation is not what makes it a good or bad place to work, a determinant of how staff are treated or a suitable investment. It is a far more fundamental ingredient that sets the tone for day-to-day performance.

The difference between good and bad is directly derived from the values upon which a practice is built and how well the leaders within the practice project these values from the boardroom to the consult room. This is the challenge that all businesses face, whether small or large.

My belief is that corporate practice is here to stay and will shape a great deal of the veterinary landscape in the coming decades. Judgement about the impact of corporate practice on our
industry should not be based on poor information and irrational fears. It should be made on merit.

So as the number of practices owned by corporate groups rises, should independents worry? I don’t think so. Better to be concerned with improving your practice. If a little competition from a national chain provides the motivation to do this then so be it. Your patients, people and investors demand an excellent workplace, whatever type of organisation you work in.
Just 10 years ago there were only a handful of corporates, now two in every five practices changing hands are bought by corporate groups.
In the end, the legal structure and size of an organisation is not what makes it a good or bad place to work, a determinant of how staff are treated or a suitable investment.