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Reversing the downward trend

Howard E. Rubin

Fundamental economic change may seem to creep at a glacial pace. With the appropriate stimulus, though, a profession like veterinary medicine, which only a few years ago seemed to be in a chilling economic decline, can recover with surprising rapidity. Recent data about the rising income levels of veterinarians are signs that early action by leaders throughout the profession, along with the efforts of the **National Commission on Veterinary Economic Issues (NCVEI)**, may be helping veterinarians master the management tools needed to practice successfully in the coming decade.

Evidence of a downward trend

When the AVMA, **American Animal Hospital Association (AAHA)**, and the **Association of American Veterinary Medical Colleges (AAVMC)** came together in 1998 to form a joint steering committee on the economic standing of the veterinary profession, the data from a difficult period in veterinary economics had just been digested. It showed that the real income of veterinarians had been declining over the past 10 years (**Table 1**). This trend was unsettling because the US economy was going strong, and incomes for most professionals except veterinarians were going up.

So why weren't veterinarians participating in the strongest economy in a century? The simple answer is that the economics of the whole profession reflect the economics of many individual factors, and the individual pieces in veterinary medicine weren't performing well, as spelled out in the KPMG LLP¹ and the Brakke studies.² Veterinarians were benefiting from increasing real estate and stock market values, but they needed to reinvent their core businesses to succeed in the next century.

To help expand the economic base of veterinarians, the AVMA, AAHA, and the AAVMC founded the NCVEI. The organization's overarching goal was to support the profession in meeting the public's demand for veterinary services by delivering the highest levels of patient care. One vital element in the NCVEI's charge was underscoring the relationship between sound economics and high-quality care.

Focus on the problem and solution

Realizing that veterinarians needed a catalyst to think differently about the

Table 1—Real income of veterinarians, physicians, and dentists

Profession	1985	1995	Growth 1985–1995
Dentists	\$92,807	\$125,358	35.1%
Physicians	\$133,139	\$163,253	22.6%
Veterinarians	\$61,502	\$58,676	-4.6%

Income adjusted for inflation, reported in 1996 dollars. Published in the KPMG "Megastudy," 1999.¹ Income data came from the AVMA, American Medical Association, Association of American Dental Schools, and US Bureau of Labor Statistics.

economics of their practices, the NCVEI created an interactive, online benchmarking model called The Exam Room (www.NCVEI.org). The model's 12 analytical tools were designed to help veterinarians figure out business practices in their clinics and suggest cures for problems.

To use the tools, a veterinarian simply enters data about his or her practice (for example, prices, costs, clients, staff, and operations). The data may be actual or anecdotal. The model produces graphs and tables showing aggregate data from practices that have used The Exam Room and indicates the quartile in which the veterinarian's hospital falls. It also illustrates how the veterinarian can produce results achieved by highest-performing practices. For example, if the tool identifies an inventory-control problem, it then provides data, commentary, and testimonials on how successful practices are handling inventory control.

Over 5,500 companion animal hospitals have used The Exam Room successfully to identify business problems and solutions. For instance, one practice learned that its 2002 gross revenues were down 20% from 2001. The practice determined that revenue per transaction hadn't declined, but that the number of new pet owners had dropped dramatically. So the practice developed a plan to target new-pet adopters (including local shelters and breeders) and market services to them.

A tool to identify market opportunities

The Exam Room not only targets specific business problems and solutions, but also identifies opportunities for growth based on general market characteristics. For example, consumer reports show that the public gives veterinarians high respect ratings, compared with other professionals, and the KPMG LLP¹ study showed that pet owners are hungry for information from their veterinarians. Most veterinarians can relate to these facts from personal experience. Think about the last time you went to a neighborhood gathering or flew on an airplane. When pet owners discovered you were a veterinarian, they probably bombarded you with questions and stories about their animals.

The Exam Room translates these insights into ways that help veterinarians deliver better service. For example, only 5% of veterinary practices that have logged onto The Exam Room offer in-house seminars, and less than 30% produce client newsletters about animal care. Yet the KPMG LLP¹ study shows that 70% of clients like these ideas and would attend seminars or read newsletters offered by their veterinarians. A practice that begins offering these services not only fulfills clients' needs, but also is likely to build better relationships with clients and enhance pet owners' appreciation for the care provided by their veterinarians.

Initial success will be reinforced

Recent data suggest that the effort to raise veterinarians' awareness about the profession's economic problems is paying off. Veterinary incomes have risen 21% from 1998 to 2001 (Table 2). This gives veterinarians the third-fastest income growth rate of all medical service providers. In addition, salaries of new graduates have risen 26% from 1998 to 2002 (as compared with an increase in student debt of 21%).

The NCVEI clearly can't take all the credit for this improvement. The work of leadership across North America on critical issues has also been indispensable. Nevertheless, the profession still has plenty of gains to make, and The Exam Room can be a powerful aid. As veterinarians use The Exam Room, they can begin to understand gaps in their business practices and take steps to help their hospitals improve, which in turn will reinforce the entire profession's economic base.

In addition, adoption of The Exam Room by even more practitioners will add to and enrich its collective data, which will help practices find benchmarks that are most pertinent for them. Just think how powerful it would be for you to have the aid of comparative practice data not just on a national or regional level, but also from your own backyard.

Table 2—Mean annual incomes

Profession	1998		2001
Physicians	\$102,020	Physicians	\$120,463
Dentists	\$92,350	Dentists	\$110,820
Podiatrists	\$75,200	Podiatrists	\$94,500
Chiropractors	\$67,420	Optometrists	\$88,100
Optometrists	\$65,470	Chiropractors	\$76,870
Pharmacists	\$60,090	Pharmacists	\$72,830
Physical Therapists	\$57,190	Veterinarians	\$69,150
Veterinarians	\$57,130	Physical Therapists	\$59,120
Veterinary Technicians	\$20,520	Veterinary Technicians	\$23,630

US Department of Labor, Bureau of Labor Statistics.³

Thanks to a recent grant from the AVMA, the NCVEI will make The Exam Room even more useful to veterinarians by adding tools for equine practitioners in 2003. With the help of a generous grant from the **Western Veterinary Conference (WVC)**, the NCVEI will also add tools to help veterinary practitioners use support staff more effectively in the following areas:

- Retaining quality staff members
- Delegating responsibility efficiently
- Paying staff appropriately
- Creating an environment where staff can flourish

The NCVEI will showcase these staff-management tools at the 2004 WVC as part of its plans to help veterinarians improve their practices.

The veterinary profession hasn't entirely broken free from the forces that curtailed its growth in the 1980s and 1990s. Nevertheless, by diligently applying the new tools at their disposal and refashioning some of the underlying structures of the profession, veterinarians can and will recover the ability to support their practices.

References

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