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Veterinarians weigh the choice to stay small or join the giants

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Veterinary medicine will continue to have its conflicting views on the corporate consolidation trend in years to come, and young professionals entering the field will be witness to the battle.

As newly-graduated veterinarians enter the workforce each spring, they're seeing more and more of the same logos across veterinary job boards: Pet Partners. Blue Pearl. Banfield. NVA. Large veterinary care conglomerates are on the rise, with practice consolidation occurring at an increasingly rapid rate. For many in the field, it's a trend that sparks either excitement or concern. While college alumni and other veterinary colleagues fall on both sides of the debate, it will be up to the students to decide which path of the trend to travel, and for the College of Veterinary Medicine to prepare them for both.

Years in the making

The process in which larger practices buy smaller ones is not new. For decades, independent practices have joined to pool resources and maximize efficiency. In recent years, however, larger corporations joined the game. Just over a decade ago, Mars Petcare, a subsidiary of the food giant Mars, Inc., bought Banfield Pet Hospital, which had more than 900 branches in the United States. In 2015, they acquired BluePearl — the largest companion animal specialty and emergency care chain in the country with 53 locations. They then purchased Pet Partners in 2016, a group of 60 general practices.

Mars' next move shook up the veterinary industry even further: In early 2017, they announced their purchase of VCA Animal Hospitals, which at the time owned 780 animal hospitals in the United States and Canada, along with 50 diagnostic laboratories. This most recent consolidation names Mars as the owner of nearly 2,000 practices in North America, about two-thirds of all corporate-owned hospitals. Mars Petcare's reach dominates over any other veterinary conglomerate, with National Veterinary Associates coming in at a distant second with 422 branches.

Dr. Nick Nelson, acting president and chief operating officer of Pet Partners, attributes the consolidation trend to factors like failure to keep up with wage inflation, which is a daunting prospect for veterinary students emerging from school carrying high levels of debt. He also notes how wages for para-professionals like licensed and associate technicians were staying stagnant at best and were unlivable at worst. These factors, combined with hospitals duplicating purchases of expensive equipment in the same town, can make for an unstable, unproductive field, says Nelson.

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- Dr. Nick Nelson, acting president and chief operating officer at Pet Partners

Maritza Perez-Bruno, D.V.M. '87, notes that in New Jersey, where she owns her family-run practice West Orange Animal Hospital, the outlook is much different. "I personally don't see consolidation as a long-term thing," she says, "at least not in our area." Indeed, small practices aren't going anywhere. Of the total veterinary medical firms in the United States, corporations own only 3,000 of the total 26,000.

Perez-Bruno runs her practice with husband and fellow alum Donald Bruno, D.V.M. '87. Their daughter Ashleigh Bruno, D.V.M. '18, will be joining the practice in 2019. Perez-Bruno says she has witnessed the profession's instability actually increase in her area since she purchased her hospital in 2002, after signing on as an employee under the previous owner in 1989. "At first, people in our area who sell to corporate receive a lot of money, and for the first however many years, they have contracts with the doctors to stay on to make the transition smoother," she says, "but when that contract is gone, they keep the original associate as the medical director and keep hiring new associates,

and what we're finding is that clients aren't happy with those sorts of changes." Perez-Bruno says that this "revolving door" of associates coming in and out is part of the problem with corporate consolidation.

Consolidation: Benefit to new vets?

Student debt is a major concern for most graduates entering the field. For this and other reasons, Donald Powell, D.V.M. '69, co-founder of Pender Veterinary Centre in Fairfax, Virginia, sees consolidation in a more positive light. "It's doing good things for veterinarians, and I've got no problem with that," he says. "We're currently dealing with a shortage in veterinarians, so some corporations are offering a six-figure starting salary, and help pay off some student loans as well." Powell knows that to compete with corporations, his hospital needs to offer attractive salaries and work-life balance to new recruits.

In November of last year, corporate veterinary practice Banfield Pet Hospital introduced a Veterinary Student Debt Relief Pilot Program that offers its eligible doctors options that include loan refinancing, a \$150 monthly student loan contribution and \$2,500 one-time, lump sum contributions for every qualifying student program a doctor might have participated in prior to graduation.

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Additionally, practices like Banfield often have the ability to offer comprehensive benefits packages that smaller, private practices may not. This was key for Dr. Ashley Harris, director of veterinary quality at Banfield. "To me, the number-one advantage of working in corporate practice is the benefits we can offer our associates, which don't compare to any private practice I know of," she says. "At Banfield, that's everything from health insurance, to paid time off, medical leave and volunteer opportunities, to covering costs of continued education and licensing — whether for our doctors or our para-professionals."

Lauren Griggs, D.V.M. '16, worked at a Banfield clinic in Arizona for over a year immediately after graduating, and attributes the signing bonus of \$15,000, fully-funded moving expenses and benefits package as a key part of the appeal that initially drew her to take a position with the company. But, for Griggs, these perks could not make up for the eventual burn-out she experienced at her high-volume branch. "I loved the benefits. They were really good," she says. "But they weren't worth my sanity."



Lauren Griggs, D.V.M. '16, worked at a Banfield clinic in Arizona for over a year immediately after graduating. Photo provided.

Meeting financial goals

Griggs' comment touches on a key complaint around corporate clinics — the focus on the bottom-line.

"At Banfield, they do emphasize getting as many pets in as possible," Griggs recalls of her branch. "They have had a reputation of pressuring vets and practice managers to sell more plans and products."

"Every quarter," says Perez-Bruno of West Orange Animal Hospital, "corporations want to have increased productivity, which translates to increased revenues. You're not just accountable to you anymore; you're accountable to a board of directors." In some ways, she says, this can be a good thing because it shows associates how a well-run practice makes money. When a corporate entity purchases a private practice, they provide that practice with all the tools and help they can, especially if it's struggling, she notes, and all of this help is contingent on meeting those quarterly goals. "You can only make so much money after a while," Perez-Bruno says. "After a couple of years of having a very good practice, they will still want more."

Mitchell Kornet '76, D.V.M. '79, owner of Mid Island Animal Hospital in Hicksville, New York, says many of his colleagues see an apparent difference in the goals of some corporate practices and private practices. "Corporate practices have to answer to stockholders and the bottom line, while many private practices focus on long-term relationships with patients and clients," says Kornet. "Every practice has to make a profit to be sustainable, but a concern is that some corporations are not as interested in the bonds that their veterinarians make."

Profit often comes through enacting efficient policies throughout a practice. Michelle Vitulli, D.V.M. '91, owner of Caring Hands Animal Hospital in Centreville, Virginia, says, "For the business, there is a focus on streamlining the

'back office' operations, improved market share for the pharmacy with lower pharmacy costs and increased profitability by a more focused management of expenses." These expenses can be daunting for a young professional considering owning her own practice, and can play a role in whether one chooses the corporate or private route especially in the early stages of a career.

If young veterinarians want to enhance their earning potential, they'll need to own their own practice, says Mitchell Kornet '76, D.V.M. '79.

Corporations often mitigate these concerns, as there are few ownerships risks involved for those who join up with Pet Partners, for example. Nelson says that Pet Partners can provide the leadership skills a veterinarian might be interested in learning but without the financial risk of building her own team. He describes Pet Partners as a place "where you can lead a team and cut your teeth but not on your own dime." Nelson's focus is less to do with straight financials and more to do with people: "Only a small percentage of business ownership is owning from a bank," he says. "In fact, I would challenge that most of business ownership is when you get to lead and develop people, when you provide a harmonious environment, where you create a great place to work, where inclusion is at the forefront."

However, many maintain that business ownership is the best path to financial success in the veterinary field. Kornet is concerned how the consolidation trend might remove this path for many veterinarians.

"This is really impactful for alumni looking to buy a practice," he says. "Thirty years ago, the model was that, as a veterinarian, you'd buy into your own practice, or start your own practice — but now there's the competition with a larger corporation buying that practice instead. I think that's bad for future entrepreneurs because they don't have the same opportunities." If young veterinarians want to enhance their earning potential, says Kornet, they'll need to own their own practice.

Harris weighed these considerations carefully before deciding to join Banfield. "Years ago," she says, "I was considering owning my own practice, but ultimately realized there were many things I didn't want — to be my own marketing department, finance department, public relations and so on. At Banfield, we have experts in each of those areas, so I can do as much or as little of them as I want, and that's one of the many reasons I chose Banfield, along with the community of support, flexibility, dedication to quality medicine and commitment to continuous learning and improvement."



Mitchell Kornet '76, D.V.M. '79, speaks to Cornell veterinary students at the 2018 White Coat Ceremony. Photo by the College of Veterinary Medicine.

Client care

Client care is another point of debate between private or corporate practices. For those who are pro-consolidation, there's much to be gained.

"[Banfield's] scale enables us to strengthen and improve veterinary medicine by sharing our data, tools and insights with the profession and pet owners alike," says Harris. "Being part of an even larger company like Mars enables Banfield and our sister practices to learn not only from each other but also to benefit from the wealth of knowledge within the Mars network."

Griggs had a different experience at her Banfield clinic, where she found herself, just a year out of veterinary school, struggling as the only veterinarian on staff. "I was working by myself and not continuing to grow," says Griggs. "I had to turn so many patients away because I didn't have the experience to treat some of the more complicated cases ... Ultimately, the medical care was the last straw for me — I felt like the quality was really lacking."

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While caseload may be high, corporate practices do provide a standardized customer experience, with a set of guidelines on how each branch delivers its services. While this standardization may appeal to some clients, it could wear on a clinician, says Kornet. "Some corporations have formulas that dictate how you're to treat an animal, and that leaves out a lot of the creativity a veterinarian might have," he says. "In private practice, I get to have a lot of fun thinking about each patient and using my creativity."

- Mitchell Kornet '76, D.V.M. '79

Perez-Bruno agrees. “[Corporations] have an algorithm they have to follow,” she says, “and each doctor has to practice the same way.” By contrast, in Perez-Bruno’s practice, she employs four veterinarians, each of whom practices medicine differently. She says there is no need to dictate to them a specific way of practicing if their methods differ or if they come from a different school.

“As long as my patients are happy and that you’re doing good medicine, we allow you to practice any way you feel comfortable,” she says. “We also have the flexibility to practice according to the owner’s financial situation, since we are more flexible than corporate in how much we want to charge to help a patient for treatment.”

Creating a community

The opinion on corporate versus private practice culture runs the gamut. Some say corporations provide a unified culture and others that it can feel like a faceless organization, while still more may argue that the stress of keeping a private practice afloat undercuts the flexibility it can also provide.

Newer generations of veterinarians are clear about the work-life balance they expect in their field. Bigger companies are able to offer more flexible work schedules, and that sort of culture may drive them to the corporate side.

Perez-Bruno remarks on the trade-off: “One thing with corporate is you can leave everything behind you at the end of the day, but then you’re an employee only,” she says, which isn’t the case with her practice. “It’s more of a family culture here,” she says of West Orange Animal Hospital.

“We have patients who have been coming here for generations. People come in here and say they remember when they were a kid. It’s being kept by the same person for over 30 years, people know you in the community and you’re part of the community.”

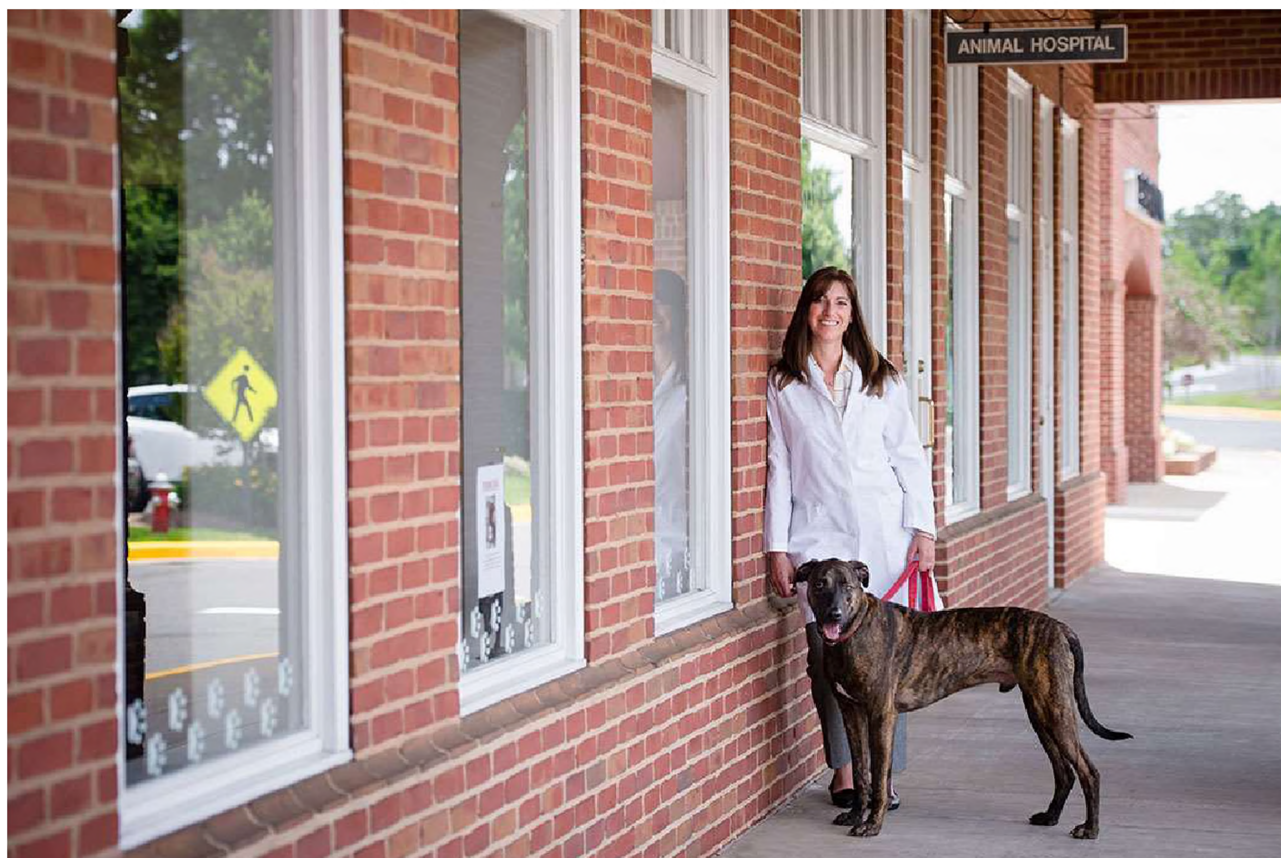
Vitulli of Caring Hands Animal Hospital adds, “Just because there are these benefits [to corporate consolidation],” she says, “it doesn’t necessarily equate to a better work experience, better team experience or better client experience.”

In Griggs’ case, she has since left Banfield and joined a different kind of conglomerate — a co-op of 21 different hospitals in Arizona known as AZ Pet Vet where she works for Surprise Animal Hospital. Each co-op member functions as an independent business, but adheres to core standards set out by AZ Pet Vet. “From the moment I walked through the door, I could see a huge difference, not only in quality of medicine that was being provided, but also the compassion the providers had,” says Griggs. “I couldn’t believe it was all there in one place.”

In reflection on her previous job, Griggs notes that the Banfield model can work well in other branches. “If you’re in a location that’s able to retain its veterinarians and practice managers, then you wouldn’t get the same kind of burnout I had,” she says. “I really like the values Banfield promotes — it’s all about preventative care, and they make veterinary care affordable for people who struggle with those costs.”

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- Maritza Perez-Bruno, D.V.M. 87,
owner of West Orange Animal
Hospital



Michelle Vitulli, D.V.M. '91, stands outside one of her Caring Hands Animal Hospital locations. Photo provided.

Ownership still an option

While alumni may differ in their views on the benefits that consolidation presents to clients and clinicians, there's agreement that a form of practice ownership is a smart path for many young veterinarians. "What I did myself thirty years ago is still possible," says Kornet. Indeed, money is even more accessible today than decades ago. "Banks are more willing to lend than they were before. They realize that veterinary practices are often profitable business entities."

"If I was a graduating today, I would still go out on my own," Powell says. "I would look very hard at the right location, right building and the right business to purchase. If you look at those factors carefully, practice ownership is still a very valid thing to do."

For Harris at Banfield, choosing between owning a practice and going corporate is a very personal choice. "When I entered practice, I wrongly assumed every practice had the same set of offerings," she says. "So whatever the case may be, it's important to ask questions in advance to increase the likelihood that your needs will be met."

There are banks that specialize in veterinary hospitals, says Perez-Bruno, and there are even veterinary accountants. "There are people out there who are willing to help you if that is your dream." And, while the financial options may be more constrained due to the consolidation trend, says Kornet, that doesn't mean that buying or starting a practice can't be done.

Training for any path

While debate stirs around issues such as finances, professional development, client care and work culture, the College of Veterinary Medicine seeks both productive engagement in the discussion and to prepare students for career success. "There is no doubt that practice consolidation is happening," says Lorin Warnick, D.V.M., PhD '94, Austin O.

Hooey Dean of Veterinary Medicine. “And I believe it is our job as a college to prepare our students for the full spectrum of career opportunities out there — whether it’s starting their own private practice or a veterinary service corporation.”

As part of that training, the college has driven business and entrepreneurship skills through several efforts, including the Animal Health Hackathon and bringing in business leaders in the veterinary field to speak to students. The latest and most comprehensive effort is through the recent launch of the Small Animal Community Practice, a new 10,000 square foot building on Campus Road, which operates as an independent companion animal clinic.

“Our goal is to prepare them for the day-to-day challenges of running an independent general practice,” Warnick explains. “The new clinic will do just that, blending entrepreneurial education with hands-on clinical training.” In addition to performing clinical treatments, fourth-year D.V.M. students will also be involved with billing, building maintenance, tracking cash flow, service pricing and human resources. Students will also be training on new automated, smart software systems for managing electronic patient records, referrals and patient treatments.

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Looking to the future

Veterinary medicine will continue to have its conflicting views on the corporate consolidation trend in years to come, and young professionals entering the field will be witness to the battle. They may also experience — and participate in — a range of other debates that alumni currently in the profession see on the horizon. Issues like the cost of medicine and livable wages, insurance for pet parents as well as for practitioners, are all movements developing in the field even now. On the consolidation trend, however, the dust has not settled, and the college isn’t waiting for it to do so. “As more of our veterinary graduates find their place in the veterinary profession, they’ll start shaping the pathways themselves,” says Warnick. “And I’m confident the field will be richer and more robust for it.”

By Melanie Greaver Cordova and Lauren Cahoon Roberts

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