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The new paradigm for veterinary practices

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Introduction

Many attempts have been made over the past years to try to describe the role of swine practitioners in swine production. We have all been challenged at times by the descriptions of what our roles can possibly be. One of the most important reasons for our continued growth and success has been our ability to adapt to change. Leaders of our service industry such as Vinson, Kislingbury, Schultz, Henry, Dial, and Leman along with many others have given us direction and motivation over the years. Yet today we are faced with potentially more change than ever before as we approach the next century. In the last few months, I have noticed more uncertainty of direction, more questioning of professional goals, and more flat-out fear from colleagues in this profession than I have heard in 21 years of practice. In this paper, I will look briefly at the history of veterinary practitioners, how we have evolved as a profession, and finally I will present a potential new paradigm for veterinary practices.

History of veterinary practices

The training of veterinary practitioners through the late 1970s traditionally focused on disease recognition, treatment, and control built on a very strong science-based foundation. Practitioners serviced clients through response to disease and injury problems that developed on livestock farms. Most practices started as a single person who worked in a tight geographical area for a very loyal client base. This type of practice can be seen as a "response to immediate needs" practice. Every day was an adventure into what the general large animal practitioner would face for service call loads, problems to solve, and hours of work. Emergency work was a significant part of the practitioner's every day life. (See **Table 1**.)

This fire engine approach to veterinary practice did not always fulfill the financial needs of practitioners. Many swine practitioners chose to develop large dispensaries that became a major source of income flow over a period of time. This business was largely very noncompetitive with many "home brewed" products being developed. Practitioners provided valuable input in regards to health problems through intervention with aggressive drug therapy. Pharmacological reactions of mixtures, potential side effects, and withdrawal times were somewhat ignored. Over a period of time, competition, stricter government controls, and better production procedures have led to lower revenue generating abilities from product sales.

As swine facilities moved towards total confinement and became intensified, some practitioners realized the need for improved and flexible nutritional programs. At the same time, many producers were turning to on-farm nutrition programs that allowed the possibility of lower cost inputs. Feed companies tended to shy away from premix type programs and practitioners filled this void. Premixes, basemixes, and feed grade antibiotics were accessible for marketing without developing a lot of fixed overhead for veterinary practices. For a few practices this became a major source of revenue. Again, between the mid 1970s and today, margins have tightened with increased competition. At the same time, operations have moved away from on-farm grinding programs to centralized mills, which tended to eliminate most traditional veterinary premix business. (See **Table 2**.)

Herd health consultation can be traced in most practices to the late 1970s and early 80s. In the beginning of the intensification of swine production farms, there was clearly a need for preventative medicine to try to control disease outbreaks that could reach epidemic proportions within a herd very quickly. Early stages of herd health

TABLE 1: Service history of SCVA

	1972	1982	1992	1998
Service calls/vet/d	17	10	6	2.5
Emergency calls/vet/d	3	2	1	<1
Service \$/vet/d	452	312	325	610
\$/Service call	26	37	54	244
No. of vets	2	6	9	7

TABLE 2: Product sales and margins

	197 2	198 2	199 2	199 8
Animal health % total revenue	50	32	35	33
Animal health % gross margin	38	33	28	19
Feed % total revenue	0	38	46	42
Feed % gross margin	0	28.	17	17
		6		

consultation programs involved preventative vaccination programs semiannually such as erysipelas and 5-way leptovaccines. These opportunities to be on farms doing preventative work allowed innovative practitioners to slowly develop consultation skills with top producers. At the same time, opportunities through veterinary teaching programs (e.g., Leman Herd Health Management courses at the U of MN), and new continuing education courses such as the AASP and Leman conferences allowed for private practitioners to develop consultation skills. These skills put them at the cutting edge of swine technologies not only in disease prevention, but in genetics, nutrition, environment, management skills, and information systems. Services provided under herd health consultation programs for practices evolved to include:

- Postmortem examinations
- Production unit walk throughs
- Records input and analysis
- Slaughter checks
- Genetic evaluations
- Building design suggestions
- Nutrition & dietetics monitoring
- Ventilation monitoring
- Personnel training
- Business plan development

These services allowed swine practitioners to develop into production consultants vs. herd health consultants.

The early stages of this development were sometimes painful for practitioners who had to make choices between traditional service work and consultation work. Many times negative financial implications developed. For some practices, the continued income generated from product sales (veterinary and nutritional) allowed aggressive development of consultation programs. By the mid 1980s, it was becoming increasingly clear that, as producers became more educated and cost driven, they also became more self-sufficient with regards to traditional veterinary

services. Practitioners that embraced the opportunity saw tremendous growth in service dollars generated. (See Table 3.)

Current paradigm of south central veterinary practice

With the diminishing number of farms producing livestock and the increasing number of larger producers, veterinary practices have had to develop innovative ways to maintain competitiveness in their livestock base with large production companies who have become largely self-sufficient. One early model that could be looked at was the PIC closed herd multipliers that allowed smaller producers to obtain the highest quality genetic materials at very competitive prices. The Fairmont Veterinary Clinic in Fairmont, Minnesota was a leader in developing these early networks. These networks continue to provide valuable genetic inputs at reasonable prices today. These early networks also provided an opportunity for the industry to see that consolidating efforts through resources of numerous smaller operations could be successful in competing with larger operations that were developing. These were different than the cooperative efforts that had been established but largely failed in the late 1970s. Technology had improved dramatically by the late 1980s. The Fairmont experience proved that through centralized leadership and management, cooperative efforts could be successful.

By 1990, it was becoming increasingly clear in our own practice experience that even production consultation for producers was not going to be the long term answer to continued service dollar revenue generation. It was also becoming evident that sales of products would not provide long term financial stability. Dr. Al Leman, while at Swine Graphics, began to promote the idea of veterinary practices becoming involved with management of swine production farms. We began to explore the possibility of developing a sow cooperative system that would provide farmer/investors with weaned pigs for their own operation. After two years of development, the first sow cooperative farm was developed under our clinic's management. This first project was completed in 1992, largely

TABLE 3: Service dollars generated by SCVA swine practitioner

	1990	1992	1998
% of 1982 service dollars	91	140	205

TABLE 4: SCVA management services growth

	1992	1994	1996	1998
No. of Farms	1	2	6	10
No. of Sites	1	3	8	24
No. of Sows	650	2000	6350	1850
				0
No. of Support Staff	2	3	9	12
Office Space (ft ²)	500	650	1875	4500
No. Farm Employees	3	8	28	82

through the full-time efforts of one practitioner in our multiperson practice, Dr. Brian Caldwell. Further opportunities for management of new sow cooperatives developed once this venture became complete and had a successful track record. (See **Table 4**.)

Management services provided have grown to include the following services:

- Business plan development
- Construction project oversight
- Production management
- Personnel management
- Bookkeeping & accounting
- Waste management
- Production records
- Nutritional management
- Marketing management
- Owner communications
- Veterinary services

The economics of running a management services business offers unique challenges that traditional and consultation practices do not deal with. The complete menu of services provided requires increased overhead both in fixed costs (facilities, vehicles, hardware, and software) and variable costs (personnel). The opportunity for growth in this area seems to be somewhat limited by permit and market contract availability.

New paradigms for veterinary practices

My first exposure to the word “paradigm” was through Dr. Leman when he challenged our southern Minnesota peer group to think “What today seems impossible in your operation (business)—but if it could be done—would fundamentally change what you do?” The ability to recognize and adapt early to change is a proven business axiom. There are many new paradigms in veterinary practices

that are beginning to surface. Certainly the ability that the Pipestone Veterinary Clinic has shown to improve management services to a complete system approach has set a new standard for the entire profession. A few of those innovative ideas include the value-added effect of boar stud ownership, meat company ownership, and the ability to trace product from conception to ingestion (ISO 9001).

One of the ways to explore new possibilities in veterinary practice is to look at long term forecasts of what pork production is going to look at in the 21st century. Certainly the European model of production that is developing may provide us with some clues. There is no question that pork production is now entering the global marketplace. Does the access to technology that now exists allow the possible development of mega swine veterinary practices (cf. PetSmart in small animals) to become a real possibility? The global marketplace also offers some opportunities for veterinary practices. Some of these new paradigms may include:

Super specialization of veterinary practices

Individuals within a practice may be able to develop very specific specialties in swine veterinary medicine. This specialization may allow practitioners to offer services in the global marketplace without the difficulties of world travel. Communication technologies are quickly putting the far reaches of the global swine community at our fingertips.

Herd food safety certification & audit programs

The Pork Quality Assurance program has offered practitioners along with other industry specialists the chance to get a taste for what lies ahead in the area of food safety. Trichina certification programs are currently being tested in pilot projects. These will shortly lead into a national trichina certification program. This trichina safe program will likely serve as a model for a more inclusive food safety certification program. The system may eventually include antibiotic residues, salmonella, toxoplasma, and other potential human pathogens.

Veterinarians may play a leading role in conducting herd certification and ongoing audit programs. Currently similar programs have developed in countries such as Denmark and the UK. We can also play a role in troubleshooting production farms that show potential problems through this certification program. Gatekeeper roles can provide excellent opportunity for personal and financial reward for veterinary practices in the area of food safety in the 21st century.

Animal welfare certification & audit programs

The European model is again offering us a glimpse as to what may lie ahead for veterinary practices in the US. Stringent welfare programs have moved veterinarians into the forefront with regards to retail and government driven programs and audits. (This has become a major part of veterinary practice in the UK recently). The question remains yet as to what standard the public is willing to accept in regards to animal welfare in the US. Veterinarians have the opportunity to help shape animal welfare decisions based on sound scientific research vs. emotionalism.

Conclusion

Certainly the recent information on projected number of market hogs over the next 2–3 years has caused all of us in the US and world marketplace to stop and consider our current situation and business climate in veterinary practice. The ongoing emotional environmental debate that has spilled over into politics and even community relations also causes some to question their future in this industry. It is critical that we maintain a professional level of involvement in these issues that goes beyond our own individual economic needs and that of the swine industry.

The lessons on life that Dr. Leman taught us may very well be our basis for the new paradigm of veterinary practices: communicate well, show loyalty to your friends, be honest in all your dealings, respect your elders, be a risk taker, give information freely, help the down-trodden, and put God and family before everything else.

