



# PRACTICE OWNERSHIP

## A Veterinarian's Advice for New & Future Practice Owners

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An intensive 1-week business course taken in veterinary school can seem quite irrelevant at the time, especially when you are trying to understand the pathophysiology and treatment of DKA or master tying a Miller's knot. Yet this course is likely the only training many veterinarians will receive before they become small-business owners.

**L**earning on the fly is possible, though probably not very effective. When taking on the financial, emotional, and time pressures of practice ownership, investing time and money to ensure professional success is recommended. The initial costs may be high, but the benefits can be invaluable, and many resources are available to ease the transition. As a new practice owner, I have found the following 5 resources the most valuable.

## **1 Learn from Peers**

If you are lucky enough to have a good relationship with a previous practice owner, use him or her as a mentor and learn as much as possible from his or her experiences. If you did not foster a great postemployment relationship when you left your previous position, ask classmates, team members, or other veterinarians who have already taken the ownership plunge to share procedures and experiences and help brainstorm new ideas. Peers are a fantastic—and free—resource.

## **2 Find a Good Lawyer ...**

Ask a lawyer familiar with the veterinary profession to help with contracts to ensure no grey areas are included and all parties have a firm understanding of what is expected in their business relationship. A strong contract that details the legal minutiae for each team member can save an owner a significant amount of money in legal fees, intra-office drama, and heartache. Sometimes, for example, despite everyone's best efforts, an employment arrangement does not work out. A team member may not be a good fit for your practice because he or she has experienced a life change that warrants adjusting schedules or even terminating employment. Such circumstances arise frequently and can lead to uncomfortable—and possibly litigious—situations if the written contract is ambiguous about postemployment engagement.

A lawyer can tailor a contract to include language that minimizes potential fallout from veterinary-specific situations—but only if he or she has a firm understanding of the field. A lawyer can also assist practice owners with:

- Defining the parameters of noncompete agreements, including any possible exclusions to restricted time periods or geographic areas, solicitation of clients and team members, and remedies for noncompliance
- Developing an agreed-upon work schedule to include in a contract
- Clearly outlining how salaries are calculated, including percentages for all services and products, especially for production-based team members
- Setting parameters for team benefits

## **3 ... & a Good CPA**

A CPA who is veterinary-specific or extremely familiar with the profession is invaluable. Some CPA firms not only maximize tax benefits but also offer business management consulting and bookkeeping services to help organize paperwork and pay bills and taxes in a timely fashion. A search for “veterinary-specific CPA” will yield a number of options.

When choosing a CPA firm, speaking with several companies, as well as meeting with CPAs face-to-face, is highly recommended. Your CPA will help manage business and personal finances, so building a trusting relationship is imperative. A CPA can also help set up payroll systems or refer a new owner to a company that provides such systems.

**Peers are a fantastic—and free—resource.**

## 4 Maximize Lenders

Make maximum use of the information and programs lenders offer, such as postpurchase assistance, help structuring plans to fix problem areas, and guidance with business management decisions. Practice valuations obtained during the purchase process can provide insight into potential revenue centers or problem areas that need attention. CE seminars provided by these companies, both in person and web-based, also can be great learning tools.

## 5 Get Help with Human Resources

Contract with a human resource company for help:

- Ensuring the practice is compliant with state-specific guidelines
- Creating custom-tailored policy manuals that provide a conduct code for all team members, including those who are paid hourly and may not receive a unique contract
- Writing management protocols that can ease decision-making when dealing with problems (eg, a disgruntled team member)
- Writing the practice policy manual, although many of the parameters will be set by the lawyer or CPA

## Conclusion

A successful veterinary practice depends on everyone playing together as a team. So, after investing your finances to buy a new practice, put together an all-star professional lineup, and invest time in learning from those with ownership experience and specific expertise.

In my experience, these tips can lead to initial success, a thriving practice, less stress—and a championship team! ■■■



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**FUN FACT:** Outside of work, Josh enjoys long distance/marathon running, leading a Tough Mudder team, scuba diving, playing guitar, skiing/snowboarding, and rooting for the Florida Gators.

## BENCHMARKS

### Advice for Future Practice Owners

#### What I wish I had known before becoming a practice owner:

- The business skills I would need
- The people management skills I would need
- The time required
- I would regret nothing!
- The importance of co-owners and associates getting along
- The mentors and consultants I would need

#### The most important thing to know about practice ownership:

- Commitment and leadership skills will get you through the challenges and long hours.
- Nobody goes it alone—you will need a good practice manager, team members, and outside advisors.
- Work on the business, not just in it (ie, be willing to learn about practice management).
- Make time for a personal life and stress management.
- It is worth it—practice ownership offers great rewards!

#### The most important preparations for practice ownership:

- Getting the necessary business skills
- Using advisors, mentors, and consultants
- Preparing to manage team members and hiring a manager to help
- Honing your management, leadership, communication, and people skills
- Pacing yourself and being patient

**SOURCE:** *Benchmarks 2016: A Study of Well-Managed Practices*. Columbus, OH: WTA Veterinary Consultants and Advanstar Publishing; 2016:99-100.

## We asked for more advice on the *Veterinary Team Brief* Facebook page.

### You answered:

First of all, it's vital to get a really good practice manager to help run the practice—someone who can focus on the day-to-day operations, help forecast needs, deal with internal communications, and manage the client experience. That's a tall order and one with a price tag, but a great manager is priceless. Second bit of advice—do not let toxic employees fester. Deal with the issue as soon as possible; if the toxic person doesn't change, you must get rid of that person. One toxic team member can drag the whole team down emotionally and gravely impact productivity. Thirdly, do not hire out of desperation—you will make poor hiring decisions. Instead, forecast, plan well, and start recruiting for team members before you're in desperate need of help. This will help prevent those hires where you are simply finding someone to fill the role but not necessarily the best person. I'm *always* looking for good help in all our departments.

—Mary G

Surround yourself with people smarter than you (ie, good CPA, financial planner, attorney), and don't be afraid to spend some money up front to get good quality contracts (ie, buy/sell with partners). Also, when it comes to staff management, always listen to both sides of situations before reacting, and *do not* get too involved in their personal lives and vice versa.

—Susan B

If you are faced with difficult management decisions (as a nonowner, perhaps while the owner is out of town) and you find yourself thinking, *I could have handled that differently*, or, *I want to get better at this*, then you probably should pursue an ownership path. Ownership is not for those who are afraid of being pushed out of their comfort zone. For those who want to learn and grow on a personal level and have a direct impact on the growth of the practice as well, I recommend finding the right opportunity to make ownership a reality.

—Jc B

Learn low-stress handling, practice positive reinforcement, and create a clinic based on those principles.

—Christine K

Managing staff is more in-depth than I originally anticipated. Delegate as much as you can to loyal employees. Know your market before you open and it will help you in spending and in pricing. As an owner, you spend a lot less time on patient care than as an associate, so no going home at the end of the day. Now you are having staff evaluations, doing taxes and payroll, etc. I find it stressful but rewarding.

—Erica S

When you're the owner, deal with any mistake you make head on. Eat the frog and try to do the hardest thing first so it doesn't weigh on you all day. Get help from people in and out of our profession. Enjoy the ride—mistakes can wind up being blessings in disguise!

—Erica B

“Spend cautiously; it's very hard to earn.”

—Moazzam S

Go for it! Easily one of the best decisions I've ever made. In addition to the great points about knowing your core values and surrounding yourself with experts, I would also add the need to make time for self-care. Your stress level will go up more than you can imagine. You need to take care of yourself so you can take care of everyone else.

—Hindy M

Hire a consultant for your first year to help you with the business side of things so you can focus on your medicine. Mine helped me grow by 5% the first year and now that I'm 3 years out, I'm still growing and looking to hire another associate. Also, learn to delegate to your practice manager, head nurse, head receptionist, and other team members; you can't do it all and see the same amount of patients and clients each day.

—Stephanie H

“Fire fast; hire slow.”

—Kevin B