

# Comparing Corporate & Private Practice Models

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AUGUST 2015 | PEER REVIEWED

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Corporate veterinary medicine, which began on a small scale in the mid-1980s, is changing the way the profession is practiced in the 21st century.

Today's corporate players account for about 7.5% of the 26,000 small animal veterinary practices that the American Animal Hospital Association (AAHA) and the American Veterinary Medical Association (AVMA) estimate are operating in the United States<sup>1</sup>—up from the 5% estimated in 2009 by Dennis McCurnin, DVM, MS, DACVS, Louisiana State University professor of surgery and hospital director emeritus, using similar data based on a separate study.<sup>2</sup> Leaders in the field include Banfield with 908 practices (with some in Puerto Rico),<sup>3</sup> VCA with more than 600,<sup>4</sup> NVA with more than 250 in 39 U.S. states (with some in Canada),<sup>5</sup> and VetCor with more than 145 in 19 U.S. states.<sup>6</sup>

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Factors influencing corporate practice growth in the United States include the ability to purchase the newest and best technologies and the resources to negotiate lower drug and supply prices by buying larger quantities, said René Carlson, DVM, AVMA's director of international affairs.<sup>7</sup> The economies of scale that apply, she noted, include increased revenue for more efficient use of fixed assets, higher staff-to-veterinarian ratios, and pressure for profitability that encourages practices to aggregate into larger entities.<sup>7</sup>

**How the Models Differ**

René Carlson, DVM, listed these major differences between private and corporate practice<sup>3</sup>:  
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#### **PRIVATE**

More freedom to establish protocols, buy drugs and supplies, and structure the team  
More possibilities for ownership and return on investment (ROI)  
Longer hours  
Variable benefits.

#### **CORPORATE**

Fewer protocol choices  
More time spent on practice than on management  
More consistent hours  
More consistent and better benefits  
Transfer opportunities  
Large databases.

### **Corporations Spur Competition**

Although corporate practices still represent a small portion of the total number of veterinary practices, research shows their considerable impact on the profession.

Sixty percent of respondents to the California Veterinary Medical Association (CVMA) 2013 Economic Issues Survey said competition among veterinary practices in their area had increased in the previous 2 years, and 42% of private practice owners said they were in direct competition with large corporations.<sup>8</sup>

In the same survey, 61% of 1,437 total respondents reported an unfavorable view of the growing number of practices owned by large corporations. This negative opinion was held by 71% of practice owners competing with large corporations and 31% of veterinarians working for large corporations. However, 54% of the 696 associate veterinarians polled said they had little or no interest in owning a practice, most commonly because of disinterest in financial and practice management—2 perceived advantages of working in a corporate practice. Of 450 practice owners, 47% reported plans to sell within 10 years; 47% of those favored selling to an in-house associate or partner, 21% to a private buyer, and only 4% to a large corporation.<sup>8</sup>

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### **Income & Fringe Benefits**

Associate veterinarians earn more at corporate practices, but private practice owners are the highest earners overall, according to the AVMA's 2015 Report on Veterinary Compensation, based on a survey of 1,725 veterinarians working full-time in the United States (1,040 in private practice, plus 685 in the public and corporate sectors).<sup>9</sup>

Other notable findings from the AVMA report include<sup>9</sup>:

- In 2013, the most recent year for which survey data were available, the average professional income of all veterinarians in private practice (\$129,031) was slightly higher than the average for those in public or corporate practice (\$128,993); however, this figure included lower-paid veterinarians working in government or academia. Industry veterinarians earned an average of \$182,674.
- Income for corporate and public veterinarians in the 25th percentile was \$85,900; in the 50th, \$117,000; in the 75th, \$159,425; and in the 90th, \$217,000. For private practice associate veterinarians, the incomes in these percentiles were \$70,000, \$84,000, \$105,000, and \$136,000, respectively. For private practice owners, the percentiles corresponded to \$75,000, \$120,000, \$190,000, and \$300,000.
- Fringe benefits were more common for corporate and public veterinarians than for associate veterinarians in private practice—only 0.7% of the former went without any benefits, compared with 1.5% of the latter.
- Medical insurance was the benefit received most often by corporate or public veterinarians, followed by paid vacation leave, paid holidays, and paid sick leave. Continuing education benefits were most frequently provided for associate veterinarians in private practice, followed by licenses, paid vacation leave, discounted pet care, association dues, medical insurance, and continuing education leave.<sup>9</sup>

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## 2 Paths to a Common Goal

Corporate and private practices offer 2 paths to the veterinary profession’s universal goal: achieving the best possible outcome for patients and clients. Representatives of corporate and private practices interviewed by *Veterinary Team Brief* shared their views of each practice model’s pluses and minuses.

### Corporate Practice

#### *Advantages*

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Banfield Pet Hospital, which is made up of more than 15,000 associates, including 3,200 veterinarians, excels at “providing a setting for a career” in which team members are “able to see a path to leadership” and receive support from a medical director and a sizable research team with a central database, said Vincent Bradley, the corporation’s president and CEO.

Banfield tailors a development plan for each team member based on his or her needs and desires that includes leadership and career training as well as an allowance for clinical education, Bradley said. The company’s veterinarians work not only in clinical care but also in many other roles, he said, adding, “Those who want just to practice medicine can do that.”

Banfield’s total rewards package includes “a very generous 401k plan for associates,” completely funded short- and long-term disability plans, company- funded life insurance, and paid time off, Bradley said.

To meet client and patient needs, “Every hospital has a partnership with an emergency or specialty hospital” and can refer to specialists or integrate with private practices as needed.

Clients also benefit from convenience and accessibility, Bradley said, noting that “all practices are open 7 days a week, with extended hours.” Although practices can set their own hours, they are typically open from 7 am to 7 pm Monday through Saturday, and from 10 am to 6 pm on Sunday.

Standards of medicine are a big plus for corporate veterinarians, said Beth Spencer, DVM\*, an associate veterinarian at VCA Firehouse Animal Hospital in Denver, Colorado. Spencer, who ran a private practice for 8 years before joining VCA, said she appreciates the continuing education, both official and informal, that the corporation provides. Another plus, she said, is “support from the medical directors of hospitals—collegiality, peer support, and mentorship—within the corporation.”

Spencer noted that corporate standardization yields economic advantages. Benefits are easier to administer within a corporate framework with its larger human resources department; payroll for multiple practices can be less costly because the accounting firm that handles it can offer a volume discount; and corporations have a bigger pool of money for capital expenditures such as a \$70,000 full-body x-ray machine.

“Banfield Pet Hospital tailors a development plan for each team member based on his or her needs and desires that includes leadership and career training as well as an allowance for clinical education.”—*Vincent Bradley, Banfield president and CEO, with Bingo*



### ***Disadvantages***

“The layers of decision makers can be a challenge” in corporate practice, Spencer said. When the medical director, area medical director, and overall head of the company are involved, “It takes time, and things can be lost in translation,” she explained.

“Some of the medical values may be applied across hospitals inappropriately” in a corporate setting, Spencer said, noting that clients’ geographic and economic differences need to be considered.

Paying veterinary technicians and front-desk team members can be a challenge in a corporate practice because of “a little bit of inflexibility,” she said. “We as a profession need to reward front-desk staff and technicians. If we want them to stay, we need to pay them as professionals.”

### **Private Practice**

#### ***Advantages***

“I can make my own decisions as the owner,” said Louis Mogyoros, DVM, of Arbor Pet Hospital, a 3-veterinarian practice in Wilton Manors, near Fort Lauderdale, Florida. “I feel that it’s my personality that maintains the practice rather than rigid corporate rules.”

“I get to make the decisions for the practice—for example, what computers, x-ray machines, and type of anesthetics we use, and our regiment of treatment,” said Mogyoros, who has been in private practice more than 30 years. “In private practice, we treat each case as an individual.” In some situations, such as treating a dog with intestinal issues and diarrhea, “Some of the corporate protocol may not be necessary,” he explained. “It’s a judgment call on the part of the doctor, and it’s the owner’s pet—the owner has the final say.”

In a corporate practice, “Top management may not be on staff. Our advantage here is that I know my staff is caring and we have a good personality fit on the team. ... It becomes more of a family atmosphere where everybody is looking out for everybody else,” Mogyoros said.

Tom Liebl, DVM, DABVP, agreed. “The biggest pro of private practice is control of the personality of that practice—the style of medicine, services, and benefits to staff,” he said. Liebl leads the 4-veterinarian team at Clinton Parkway Animal Hospital in Lawrence, Kansas, where he has worked for 25 years.

Rather than abiding by the “umbrella guidelines” of the corporate world, Liebl said, “in private practice we get to make our own guidelines and decide how to proceed. ... We do what we feel is best for a particular patient.”

“One of the blessings of private practice,” he said, is a close-knit team that has been in place for a long time. “They work with each other intimately ... and really try to look after each other.”

His practice is strong on mentoring, he said, and provides benefits for team members and their pets (eg, team member health insurance, free pet examinations, pets' blood work and surgery at cost).

Both veterinarians said they see community outreach as another plus for private practice. Liebl cited involvement with the local Humane Society and Big Brothers Big Sisters; Mogyoros said his practice contributed funds for equipment for a new dog park and helped sponsor a canoe race for the local library, a restaurant tasting event, and children’s holiday activities.

“The biggest pro of private practice is control of the personality of that practice—the style of medicine, services, and benefits to staff.”—*Tom Liebl, DVM, DABVP*



### ***Disadvantages***

Veterinarians in private practice depend somewhat on trial and error to develop the best ways of managing patients and clients, Liebl said, while “in corporate medicine, a lot of those hurdles have been tweaked. They have developed ... a pretty good template to begin and practice under.” Corporate practices have advertising tools and advertising dollars, as well as the ability to buy in volume, which improves the bottom line, said Liebl, agreeing with Mogyoros that private practitioners do face some limits because they lack the financial resources of the big groups.

“We may not have some of the benefits [corporations] have,” Mogyoros said. And, “we are all competing for a lot of the same people.”

*\*Dr. Beth Spencer is a member of the Veterinary Team Brief Advisory Board.*

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### **A Matter of Choice**

A veterinarian's preference for corporate or private practice may depend on factors such as his or her professional and financial goals, lifestyle choices, career stage, and personality. According to research data and those interviewed, private practice tends to attract freedom-loving, entrepreneurial veterinarians who aspire to ownership, whereas corporate practice appeals to veterinarians who wish to focus solely on medicine, prefer a more structured work environment, and have no desire to manage business issues.

Veterinarians who want to strike a balance between corporate employment and total autonomy also have the options of joining a buying group such as The Veterinary Cooperative or entering a joint venture with a company such as Veterinary Practice Partners, which manages the business side while veterinarians handle clinical operations.

"I have nothing against corporations —there's room for lots of different ways to do things," said Paul Pion, DVM, DACVIM, president and cofounder of the Veterinary Information Network (VIN). "I do worry about a tipping point. ... For new grads in debt, owning and buying is less of an option. ... Corporations are on the way to owning most of the larger successful practices. There will always be room for the small boutique practices."

"My take on this is that corporate practices are not really going to have much effect on the overall practice of companion animal medicine," McCurnin said. "There is some interest in employment in these practices as most young veterinarians are in heavy debt and not interested in management or ownership when just out of school. Most of these groups do provide training for young veterinarians."

Pion said the decision about which sort of practice to embrace is "very individual. It's not about corporate vs private but rather about what's good for the profession. ... Ideally, we're colleagues and we all get along wherever we are."

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**Editor's note:** *Suzanne Smither has 30 years of journalism, editing, management, and research experience. Her writing has been published in numerous newspapers and periodicals, and she has written 6 books about cats.*