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**The costs and considerations of establishing a mobile equine veterinary clinic in Wells,
Somerset, UK**

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Budapest
2014

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1. Introduction of the concept and the hypothesis

This thesis intends to outline how to establish, finance and equip a mobile equine practice in the UK, with the intention to start my own equine practice within 5 years of leaving Szent István Veterinary University, Budapest.

A “mobile equine practice” is essentially a fully equipped vehicle, with all the equipment required to fulfil all the necessary functions that an equine veterinary surgeon might realistically be asked to perform. This would include the ability to deliver mobile X-rays, ultrasound capability and to be able to perform basic field operations, with the proviso that more serious or complicated procedures would be referred to local equine hospitals.

A small, permanent office would be required for general office duties, drug and material storage, lab work, sterilisation, cleaning and other associated functions, but the key aspect of the plan is to keep inventories and facilities to a minimum, so creating a low cost base, that will keep expected Returns On Capital Employed (ROCE) as high as possible.

This allows a newly established practice to avoid a key hurdle to a young business in the UK – namely how to avoid the high costs of real estate within the UK, as real estate needs are kept to an absolute minimum.

Much of the literature surrounding veterinary practice is concerned almost exclusively with small animal practices – this requires high inputs of initial capital to cover real estate costs, and for the equipment needed to perform most of the surgeries that a small animal clinic would perform. Neither of these two aspects would be strictly necessary for a mobile equine practice. However much of what has been written in the literature regarding establishing a small animal veterinary practice is still of relevance to larger animal practices, and this will be discussed within the literary review.

Location is an important consideration for any veterinary practice, and some would argue it is the most important. As an anonymous source once remarked – “There are three things that matter most in property...Location, location, location!” When establishing a mobile practice, this does not matter so much from a marketing perspective, as there is no physical Veterinary Surgery building to consider. However it does matter from a demographic perspective, as you need a suitable population within your likely area, to ensure a profitable practice. For this thesis, I have decided to theoretically base the practice near the town of Wells, in Somerset, UK, which is my home town, if only to allow us to study the demographics of an area, which would not be possible if we took the UK as a whole. It is also the area that I would most like

to eventually establish a practice in, as I have some residual goodwill there, that I would be keen to capitalise on.

Finally, it is the author's hypothesis that the successful introduction of such a practice would provide very high Returns On Capital Employed (ROCE), and this work is then a test of that hypothesis, to assess if this would be a viable business idea for the author in the future.

2. A review of the literature on establishing a veterinary practice

2.1 Introduction

The review of the literature will first consider the legal aspects of establishing a practice, and the further issues that this raises with regards to medicines. It will then take a longer look at the practical issues of establishing a Veterinary practice, and all the factors surrounding that.

On the legal side, much of the sources are taken from the official websites of various national institutions (RCVS, Companies House etc), and these are outlined below for brevity, and hopefully clarity. The literature on this aspect of setting up a practice is quite limited, perhaps because the rules and regulations change frequently, and because official sources tend to be all encompassing.

With regard to the practicalities of running a practice, the literature tend to take two forms – most concentrate on the specifics of setting up and running a practice (Shilcock 2003, Simmons 1997, Bower 2001, Ózsvári 2007, Ackermann 2007), whilst a few concentrate more on the more narrow aspects of purchasing or selling a practice (Farquer 2009) – however both types have their uses. Much of this literature is often specific to the requirements of a small animal practice, with only a very limited amount specific to a large animal practice. However, it is possible to extrapolate what is written about the small animal field, to the larger animals, because it is often still directly relevant, and this will be outlined where necessary.

2.2 Legal aspects of establishing a veterinary practice

2.2.1 Conforming to the requirements of the Royal College of Veterinary Surgeons (RCVS)

In the UK, all veterinarians, and their practices are registered with the Royal College of Veterinary Surgeons (RCVS) – this is an essential and formal requirement. If the vet has not trained within a UK Veterinary University (those at Bristol, Cambridge, Edinburgh, Glasgow, Liverpool, London (RCVS) or Nottingham) then his qualification must be accepted and fungible by the RCVS. Degrees within the European Union are acceptable, under the EAEVA accreditation system (Code of Professional Conduct for Veterinary Surgeons and Supporting Guidance – RCVS – pg 15).

Veterinarians have to commit to the 5 principles of practice, and ensure they keep within their own area of competence (Code of Professional Conduct for Veterinary Surgeons and Supporting Guidance – RCVS – pg 12/13) –

- I. Professional competence
- II. Honesty and Integrity
- III. Independence and impartiality
- IV. Client confidentiality and trust
- V. Professional accountability.

All veterinarians practicing within the UK have to therefore sign a declaration on admission to the profession (Code of Professional Conduct for Veterinary Surgeons and Supporting Guidance – RCVS – pg 11).

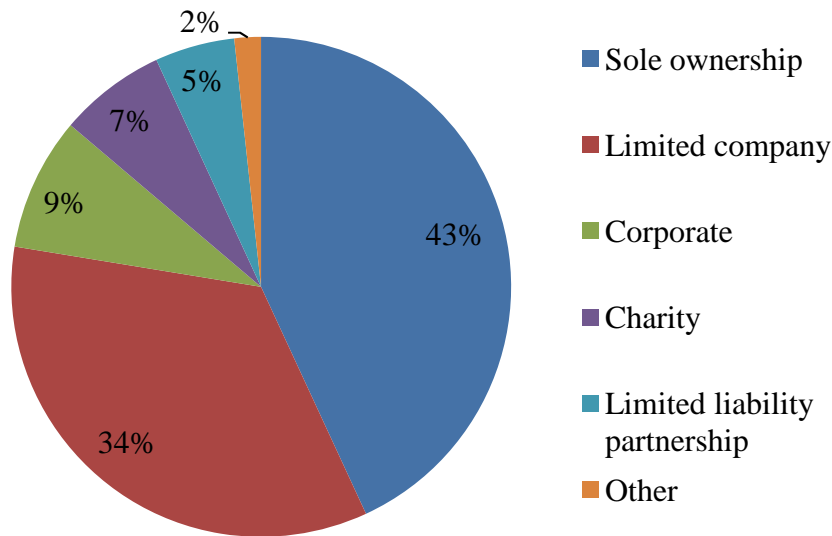
Veterinary practices also have to conform to the core standards of the RCVS Practice Standards Scheme, and maintain the ability to provide 24 hour emergency first aid and pain relief to animals, according to their skills and the specific situation (Code of Professional Conduct for Veterinary Surgeons and Supporting Guidance – RCVS – pg 12/21).

2.2.2 – Conforming to the requirements of Companies House in establishing a business within the UK

All businesses established within the UK must register with Companies House, and the vast majority of businesses are established as Limited Liability Companies. These can also be either for a single owner, or a partnership. This follows the Limited Liability Partnership Act of 2000, which gives the owner some protection due to the limitation put on their liabilities. (Companies House; Shilcock 2003)

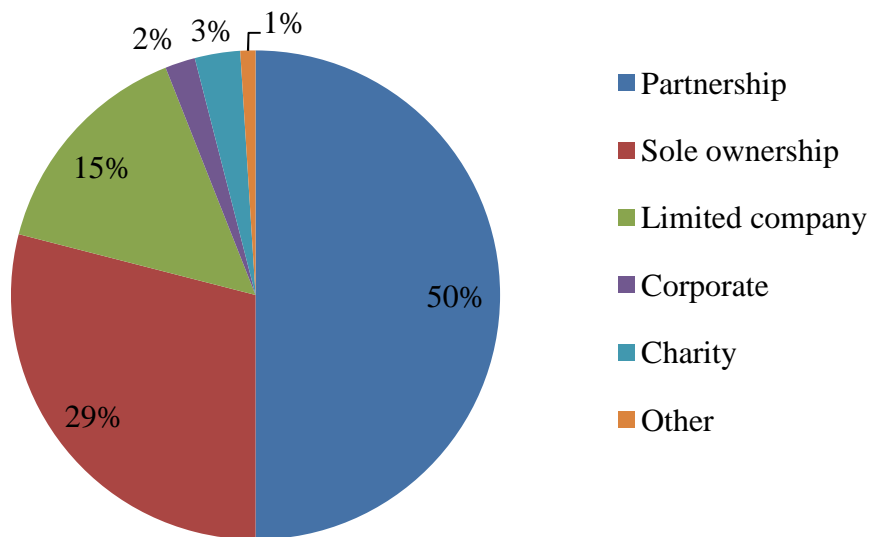
The RCVS Survey of the Profession 2010 showed the following statistics for types of businesses established within the UK in 2010, compared to those of 2006 – (**Graph 1-2.**)

Graph 1 – Vet ownership structures in the UK 2010



Source: RCVS, 2010.

Graph 2 – Vet ownership structures in the UK 2006



Source: RCVS, 2010.

The trends show a decrease in Partnership and Sole ownership, but a corresponding rise in Corporate and Limited Liability type companies, perhaps due to the rise in merged vet entities within the UK. (RCVS – 2010)

In addition, setting up a limited company with the use of the word “Veterinary” or “Vet” in the title, requires RCVS approval.

2.2.3 – Conforming to the Veterinary Medicines Directorate

From April 1 2009, all premises have to be registered in order for Veterinary Surgeons to supply medicines from them. This enables the Veterinary Medicines Directorate to comply with EU law to provide traceability and accountability for all veterinary medicines.

All premises from which veterinary medicines are prescribed must be registered with the RCVS as a “Veterinary Practices Premise” – even if this is just a base from which a mobile equine vet might just resupply his vehicle, with no access by the public, it still requires registration, and also to any base where wholesale drugs are delivered. Drugs must be suitably stored, and controlled drugs kept as specified in the Misuse of Drugs Act and 2001 regulations (UK Government Department of Health; DEFRA guidance notes)

A registered veterinarian assumes the responsibility for prescribing medicines for animal welfare and to protect public health, and must understand the 4 key classifications of Veterinary medicines:

- I. Prescription-only Medicine – Veterinarians (POM-V)
- II. POM – Veterinarians, Pharmacists, Suitably Qualified Person (POM-VPS)
- III. Non-food animal – (NFA-VPS)
- IV. Authorised Veterinary Medicine – General Sales List (AVM-GSL)

Veterinarians should prescribe responsibly, with regard to the health and welfare of the animal(s), and the animal(s) must be clinically assessed before prescription. Based on that assessment, the Veterinarian can prescribe POM drugs, if the animal is under his care. He also has a duty to ensure proper prescription of controlled drugs, under the Misuse of Drugs Regulations, 2001 (UK Government Department of Health; DEFRA guidelines).

The issue of defining the phrase “under his care” is outlined in the code, to aid Veterinarians understand what their duty of care is. These can be outlined in 5 points –

- I. The veterinarian must have been given the responsibility for the care of that animal or herd by the owner
- II. That responsibility must be real and not nominal
- III. The animal must be seen immediately before prescription
- IV. The animal must have been seen recently enough to ensure the Veterinarian has a good understanding of it, or the herds, health
- V. The veterinarian must maintain clinical records

(Code of Professional Conduct for Veterinary Surgeons and Supporting Guidance – RCVS – pg 23/24).

If there is no medicine authorised in the UK for a condition that affects a non-food producing animal, then a cascade formula may be followed –

- I. A veterinary medicine authorised in the UK for another species, or different condition may be used

If no such product then either –

- II. A medicine authorised for human use; or
- III. A medicine authorised by a member state (with an appropriate import certificate)

Then finally –

- IV. A medicine prepared by the veterinarian or pharmacist

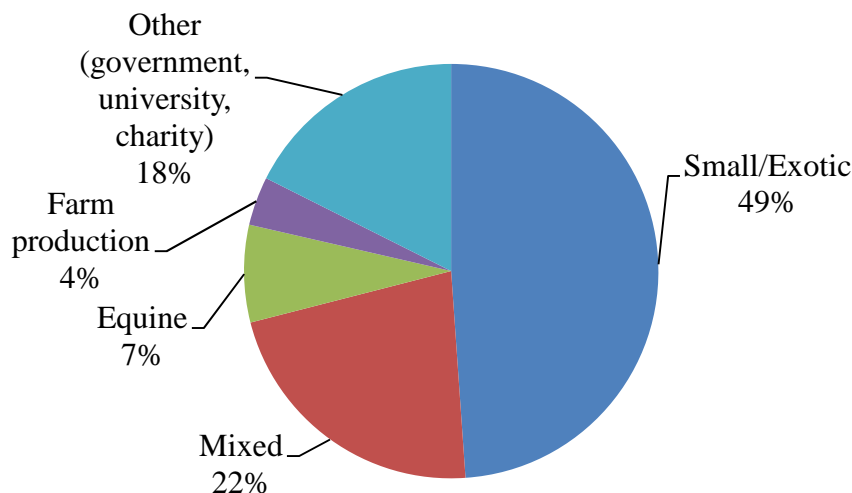
(Code of Professional Conduct for Veterinary Surgeons and Supporting Guidance – RCVS – pg 25/26).

2.3 – The practical aspects of establishing a Veterinary practice

2.3.1 – Overview

As mentioned, much of the literature concerned with establishing a veterinary practice concentrates almost exclusively upon setting up a small animal practice. This is especially true of the various books written on the subject. However, judging from a look at the breakdown of the types of UK Veterinary practices, this may be due to economic necessity by the various authors, in order to appeal to the widest market possible. (**Graph 3.**, RCVS 2010).

Graph 3 – Veterinary practices by type



Source: RCVS, 2010.

Farquer (2009) suggests there are 4 critical components to setting up a practice –

- I. Financial
- II. Management
- III. Marketing
- IV. Facility

This I think is essentially correct, but further subdivisions can be made (Farquer, 2009).

Of the books written on establishing Veterinary practices, as mentioned before, there tend to be two genres – those concerned with establishing a veterinary practice (Ackermann, 2007; Bower, 2001; Shilcock, 2008; Simmons, 1997), and those concerned with the finances of buying and selling practices (Farquer, 2009).

In the former group however, a further sub-division can be seen between those who focus on the more “external” practicalities of establishing a practice, such as location, competition and market share, (Simmons, 1997; Ackermann 2007) and those that focus on the more “internal” practicalities of establishing a practice such as staff and staff attitude, client protocols and IT systems of the practice (Ackermann, 2003; Bower, 2001; Ózsvári, 2007; Shilcock, 2008;).

2.3.2 – The important “external” factors of establishing a mobile practice

In a start-up business, “external” factors are perhaps more important than but “internal” factors, which play an increasingly important role later on. Ackermann (2007) and Simmons (1997) identify the key “external” factors as:

- I. Establishing a suitable location
- II. Defining the practice area
- III. Assessing the human demographics
- IV. Assessing the animal demographics
- V. Assessing the competition arising from other practices

2.3.2.1- Locating a new veterinary practice

Finding the best location for a new veterinary practice is of primary importance, but is made somewhat easier when only minimal buildings are required, and when these would only be very minimally “client facing” establishments.

Much of the literature concentrates on the benefits of having a highly visible property, with ample parking, and sited at suitable distances from rival practices. Ózsvári (2007) lists the key location necessities, highlighted by the literature. However, none of this applies to a mobile equine veterinarian. The key difference here is that a mobile vet travels to the client, whilst in most small animal cases the client travels to the clinic, so that often very different conclusions can be drawn (Ózsvári, 2007).

2.3.2.2 - Defining a suitable area for a practice

The demographics of establishing a practice are as important for a mobile equine vet as for a small one – but again key differences occur.

Farquer (2009), using USA statistics, estimates that an average drive time for a large animal clinic is 30-40 minutes, but only 8-12 minutes for a small animal one. Clearly this reflects the demographics of animal ownership (you do not keep many large animals in built up areas, or small animals in rural areas), and also suggests that large animal practices are less numerous (backed up by the RCVS survey statistics previously cited), so clients often have to travel further to find one. (Farquer, 2009; RCVS, 2010)

Ackermann (2007) suggests it is important to identify the ‘Trade Area’ of your practice, which is defined as “the geographic area from which the store draws most of its customers and within which the [the store’s] market penetration is highest” – typically this area would contain 80% of a business’ clients. Ackermann (2007) also suggests that for a large animal practice, a 30-40 minute drive would encompass most of a business’ clients, but suggests this can be subjective, as it depends upon how far a vet is willing to drive for business. He also suggests there are 6 steps to performing a market potential analysis:

- I. Define the practise’s market
- II. Collect data on the area
- III. Estimate demand for your services
- IV. Estimate the current supply of the trade area
- V. Calculate market potential
- VI. Final assessment

Simmons (1997) also takes a close look at the importance of demographics when establishing a clinic, as disposable income has a strong correlation with discretionary spending available for veterinary purposes. However again his work is mainly related to small animal practices.

He talks of the importance initially of the “General” area that a practice might be sited, and how prosperous it is likely to be based on its industries (for equine purposes, essentially farming and tourism). He then proceeds to consider the “Primary” area that the practice will be in and to consider the number of vets already sited there, and the number of households within the town (Simmons, 1997).

With a mobile equine practice, the “General” area would likely be the most important consideration – the number of households is of lesser importance, as few households actually keep horses, but the general attributes of an area to horse ownership would seem more important. In this regard, statistics on local horse ownership, number of livery stables, pony clubs and other factors would be looked at. However other demographics like the age of population, and income per household would also be important, as outlined also by Simmons (1997).

2.3.2.3 – Utilising UK human population statistics

In the UK the main source for all demographic data, is the National Census data that is recorded every ten years. This allows us to see basic population data such as how many people there are, and where they live, but also more informed data such as what the media ages of the an area’s population are, and what the general socio-economic trends are for a region, based on housing type and other criteria (UK National Census Survey, 2011).

It can be possible to use the available census data to help extrapolate some useful information from the data, and Ackermann (2007), whilst looking at US pet owner surveys, states that older owners tend to be higher spenders than younger owners. However, the older age group is perhaps less desirable, and Simmons (1997) discusses that for small animal clinics, the most desirable age groups are from the mid 20’s to the mid 50s, especially if married couples have children in the 10-18 year age bracket (Simmons’ 1997; Ackermann, 2007).

If we would like to narrow population demographics down to the human equine population, then far less data is available to us, and we are reliant on the annual BETA survey which looks at UK equine ownership (British Equine Trade Association, 2011).

2.3.2.4 – Current equine population trends in the UK

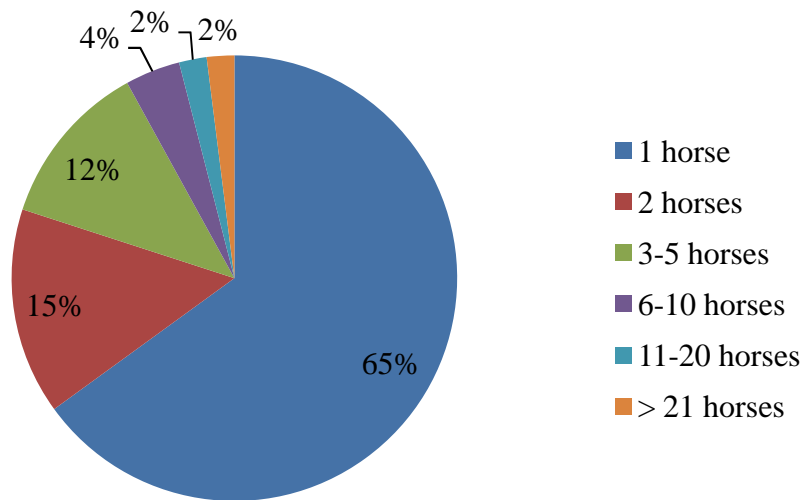
When assessing the UK equine population statistics, much less data is available to us, than in the human population surveys. Again the BETA data can be useful, and the overall UK statistics for equine ownership show that 6% of the current population (3.5m people) have ridden a horse at least once in the past year, with an estimated ownership of just under 1 million horses (980,000) (British Equine Trade Association, 2011).

A second useful survey was undertaken by Boden et al (2012), looking at the size and spatial distribution of the UK horse population. This looked at the population based on the National Equine Database (NED - now very recently defunct), which issues passports for horses, and also at the Stakeholder dataset, which compares where competition horses (racing, breeding, eventing etc) are registered. Whilst they suggest the population based on NED figures is 840,000, they give reasons for suggesting that it is an underestimation of the horse population. In fact, they suggest the true figure could be nearer 1,350,000 horses (Boden et al, 2012).

However, the spatial distribution of Boden's (2012) work suggests some anomalies – London has amongst the highest levels of horse ownership – but she explains this by suggesting that whilst the owner may reside in London, the actual horse's location is likely to be outside London, because the NED survey is based upon the owner's address, not where the horse is actually stabled. This anomaly is cleared up when Stakeholder data is analysed (Boden et al, 2012).

The British Horse Industry Confederation (BHIC) also gives a briefing on its research into the Equine population of the UK, incorporating several sources, including BETA and NED data. They cite higher levels of riders in the UK (4.3million – 7% of the population), with 2 million riding at least once a month. They suggest that the largest group of riders are aged between 25-44 years. The split between urban and rural riders they suggest is 50:50, although “the activity is overwhelmingly rural based”. They also suggest that 25% of horse riders earn less than £10,000 per annum (a very low salary for the UK), but this figure might be inaccurate due to the high proportion of children who ride (under 16s comprise the second most numerous group of horse owners.) The BHIC also breakdown the number of horses per owner and suggests that there are 17 horses/1000 people, with 4.3 horses for every 1km² (**Graph 4.**, British Horse Industry Confederation 2009).

Graph 4 – UK equine population - Number of horses per owner



Source: BHIC, 2009.

2.3.2.5 – The impact of other veterinary practices

One of the most difficult aspects of establishing a new business is to estimate what percentage of market share it will win, and over what time frame, versus your competition. Clients in the main assume technical competence of any veterinarian, and with a mobile equine practice, availability is a concept in theory open to all. But whilst the literature concentrates on small animal practices, it seems sensible to still adopt this mantra:

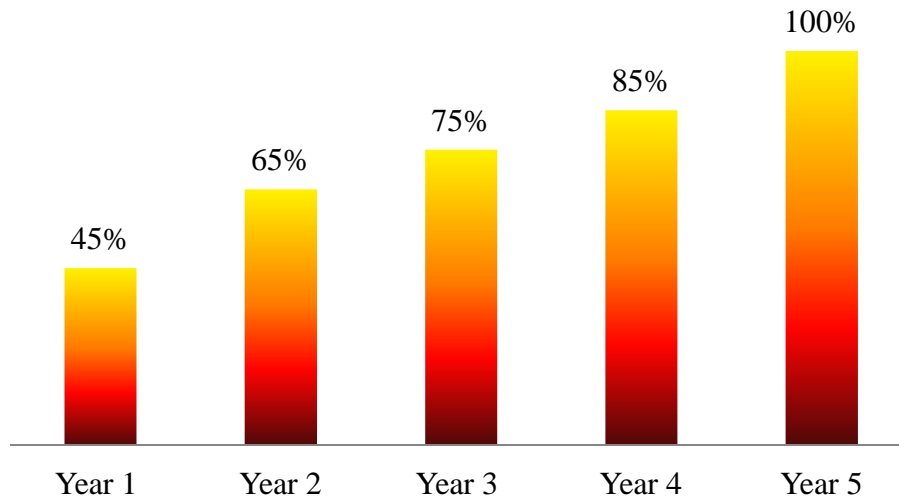
“Your practice should be as far away from the others as possible, without sacrificing any of its merits” (Simmons, 1997).

When analysing the competition of an area, you should differentiate between mixed vs. specialist practices, and the distances between them, and Simmons (1997) suggests a system for devising a competition score based on practice type and distance. Again however, this is devised for small animal practices. Simmons (1997) also looks in depth at the issue of gaining market share – and suggests that you should aim to – “Collect fair market share by year 5”.

However, to quantify that you need to estimate the total expenditure for vet services of an area over the next 5 years, and then estimate the fair market share of that expenditure in the 5th year. Then project what years 2, 3 and 4 will likely deliver in terms of market share on an annual basis, and then project year 1 on a monthly basis.

Simmons (1997) gives an example of likely market share gains for a small animal clinic (**Graph 5**) –

Graph 5 – Market share gains over 5 years



Source: Simmons, 1997.

With no literature to quantify this with, it is difficult to judge what figures a mobile equine clinic would deliver, but I think it is prudent to assume the same figures, for want of any other data. Simmons' (1997) methodology assumes 2.5 transactions per client/year, and 2-3 client visits per day in the initial few months, rising to 8-9 visits per day by the end of the first year. This seems reasonable numbers for a mobile equine veterinarian to assume (Simmons, 1997). Ackermann (2007) suggests you should count the total number of full-time equivalent (FTE) veterinarians that could influence your trade area, and the degree of overlap that each would exert. You can then multiply the number of FTE veterinarians by the degree of overlap to calculate an "Effective Influence" factor, to show the degree of competition overlap between likely rival practices (Ackermann, 2007).

2.3.3 – The important “internal” factors of establishing a mobile practice

2.3.3.1 – Overview

Much of the literature is concerned with this area, and especially is relevant to small animal clinics where clinics tend to have quite developed infrastructures. Key areas that are often discussed are budgeting, business plans, marketing, staff employment issues, client

management, cross-selling, pricing, stock controls, accounting issues, record keeping and IT systems. All of the key issues are generally very well covered in this area (Ackermann, 2003; Ackermann, 2007; Bower, 2001; Ózsvári, 2007; Shilcock, 2008).

For a mobile practice however only some of these factors are important, and for large animal practices they are not well covered by the literature. However, much of what has been written for smaller animals can be extrapolated across to large animal practices. In the area of employment, this is not relevant to this study, as no employment of other personnel is envisaged for at least five years. However, there are still some key fields remaining:

- I. Business plans
- II. Budgeting and accounts
- III. Pricing structures
- IV. Marketing and advertising
- V. IT systems
- VI. Stock control
- VII. Client communications

2.3.3.2 – Business plans

Both Shilcock (2008) and Bower (2001) suggest that practice managers should ask themselves two questions:

1. Where are we now?
2. Where do we want to go?

Bower also suggests a third question:

3. How can you get there?

In a start-up business, the first question is mainly relevant to your financial position, as the practice does not exist yet. However, this would be a good time to assess if you are in a suitable position to start a practice, both in terms of experience, finance, support and ambition (Bower, 2001; Shilcock, 2008).

The second question is critically important. A SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) can also help in this regard. For any business plan, the key building blocks are (Bower 2001, Shilcock, 2008):

- I. *Aims* – for what you want to achieve
- II. *Objectives* – to show how the aims will be met
- III. *Targets* – to show how the targets will be achieved

The third question can be answered by using a “SMART” analysis – all objectives and targets should be:

specific; measurable; actionable; realistic; timed (Bower 2001).

Bower (2001) also lists six broad categories that concern any practice:

- I. Drugs
- II. Motoring
- III. Overheads
- IV. Salaries and wages
- V. Establishment
- VI. Finance

This provides us with a good checklist to ensure the success of any veterinary business (Bower, 2001).

Business plans however are unlikely to succeed unless full use is made of other business professionals. Ózsvári (2007) lists especially lawyers, accountants, architects, insurance brokers, bank managers and financial advisors as key professions that will influence a vet practice. Both Ackermann (2007) and Bower (2001) suggest using especially an accountant with good experience of the veterinary profession.

2.3.3.3 – Accounts and budgeting

A suitably experienced and qualified accountant will draw up the annual accounts. This has several components (Ackermann, 2007; Bower, 2001; Shilcock, 2008):

- I. Profit and loss account
- II. Schedule of fixed assets
- III. Balance sheet
- IV. Cash flow statement

The features of each are fairly standardised, and depend largely upon the jurisdiction of the tax authority.

For their interpretation, several different forms of analysis can be used, and the most widely used are (Ackermann, 2007; Shilcock, 2008):

- I. *Previous year comparisons*
- II. *Gross profit percentage* – $[(\text{Gross profit}/\text{Turnover}) * 100]$
- III. *Net profit percentage* – $[(\text{Net profit}/\text{Turnover}) * 100]$
- IV. *Current ratio* – $[\text{Current assets}/\text{Current liabilities}]$
- V. *Acid test* – $[(\text{Current assets} - \text{Stocks})/\text{Current liabilities}]$
- VI. *Gearing* – $[(\text{Borrowings}/\text{Capital}) * 100]$
- VII. *Stock days* – $[(\text{Stock value}/\text{Cost of stock sold}) * 365]$
- VIII. *Return on capital employed (ROCE)* – $[(\text{Net profit before interest}/\text{Capital employed}) * 100]$

On budgeting, Shilcock (2008) states that traditionally practices have “budgeted for expenses, hoped for income, and viewed the profit as whatever is left at the end!” However, some estimates have to be made to gain some insight over how a business will operate – “You must be able to measure it, in order to manage it” (Ackermann, 2007)

Another explanation of budgeting is “to turn your long term plans into actual figures which will set targets for future business performance” (Bower, 2001). This involves 5 steps towards estimating profit levels (Bower, 2001):

- I. Setting basic guidelines and objectives
- II. Making some assumptions on the national economic outlook
- III. Forecasting likely sales for the practice
- IV. Calculating the expected gross income
- V. Deducting the expected costs

However we can also budget for cash, to ensure the business has sufficient cash-flow to survive, and also budget for capital outlays, to assess the payback period for items of large capital expenditure (Shilcock, 2008).

2.3.3.4 – Fee pricing structures

One important aspect of setting up any business is how to price oneself versus the competition – too high fees might not generate much custom, but too low and you may not generate much profit, but will generate a lot of hard work. As ever, this is hard to quantify, but in the main, as Farquer (2009) points out “the lowest priced practice doesn’t win over clients”, but service, availability and competence do (Farquer, 2009).

Bower (2001) argues that a fee only covers the provision of a service, and not the sale of veterinary medicines.

Ackermann (2003) suggests this equation for fee pricing:

$$\text{Sales price} = \text{Overhead} + \text{Direct Labour} + \text{Materials} + \text{Profit} +/- \text{Commission}$$

Whilst Bower (2001) suggests that pricing of drug sales should be based upon:

$$\text{Sales price} = \text{Trade price} + \text{Cost of storage} + \text{Losses due to time} + \text{Profit}$$

Shilcock (2008) suggests that fees should be reviewed annually to determine that they are at the appropriate level, and outlines four strategies for determining fee levels:

- I. Add X% to last year’s fees
- II. Costs + X%
- III. Cost centre analysis
- IV. Market driven

With large animal mobile practices, the issue of mileage also comes into effect – this may only cover the running costs of the vehicle, or include an additional cost for the time of the veterinarian whilst travelling to a client. (Bower, 2001)

The Society of Practising Veterinary Surgeons (SPVS) compiles a survey of UK veterinary fees each year (www.SPVS.co.uk).

2.3.3.5 – Marketing and advertising

Marketing is defined by the Marketing Society as “The management process which identifies, anticipates and supplies customer’s requirements efficiently and profitably.” (Bower, 2001; Shilcock, 2008). The difference between “marketing” and “selling” is that marketing considers the needs of the customer, but selling considers only the needs of the vendor (Bower, 2001).

Advertising is defined as “The activity of attracting public attention to a product or business, by announcements in print, broadcast or electronic media” (Ackermann, 2003).

An important component of this is the so-called Pareto’s Law (or the law of 80:20) – this states that 80% of your work will usually come from just 20% of the clients. However, whilst the 20% are often ignored, they offer the best potential for growth (Ackermann, 2003; Bower, 2001).

There are four components to marketing, known as the “4 Ps” (Shilcock, 2008):

- I. *Product* – what are you selling?
- II. *Price* – what is your pricing strategy?
- III. *Promotion* – how are you telling your customers about it?
- IV. *Place* – where are customers going to find you?

The key difference here however, is to differentiate between “products” and “services” –

“*Products*”:

Are tangible, easily compared between suppliers, independent from the provider and can be used later if unsold.

“*Services*”:

Are intangible, non-comparable, are directly linked to the provider, but cannot be used later if unsold.

For most equine practitioners, it will be “services” that will be the most important aspect of their work for clients (Shilcock, 2008).

Bower (2001) utilises the Boston Matrix to help identify which are your key customers. It is especially useful for large animal clients. Each customer can be placed into one of four quadrants:

<i>High</i>	High current High potential	Low current High potential
<i>Potential business</i>		
<i>Low</i>	High current Low potential	Low current Low potential
	<i>High</i>	<i>Low</i>
	<i>Current business</i>	

High current/High potential customers are relatively rare, but give plenty of room for development if discovered.

Low current/High potential customers are the best for development. It is important to ascertain why the business currently does not attract such customers, but also to ensure that they have perfect knowledge of what your business has to offer.

High current/Low potential customers need protecting, and should be targeted only when new services become available that they might not be aware of.

Low current/Low potential customers need checking to ascertain why they are low potential, and to see if other services could be offered to them (Bower, 2001).

For equine practices, especially for a start-up, marketing of the practice itself, rather than its services, will likely be most important. Clients need to know that (Shilcock, 2008):

- I. Your practice exists
- II. They would rather go to your practice rather than any other
- III. They will want to revisit your practice

In this regard, traditional sources of advertising will likely prove to be the most useful. These include advertising in local telephone directories, via the internet or website, or in local newspapers and magazines (Bower, 2001; Ózsvári, 2007; Shilcock, 2008).

However, marketing can also be more proactive – community liaison can be extremely important with equine practices – being the attendant vet at a show not only gets local attention and goodwill, but also allows you to meet customers of other rival practices, without being accused of “poaching them”. You also may be asked to judge some show classes

(Shilcock, 2008). Volunteering your services also acts as an excellent public relations tool (Ackermann, 2003; Ózsvári, 2007).

However the best form of advertising relies largely on the most traditional of methods – word-of-mouth. Ackermann (2003) suggests that 30-80% of new client business comes this way. This can be developed by tapping into local community networks, like other professionals, and garnering support from friends and family to help spread the word (Ackermann, 2003).

One disadvantage of the equine practice, against a small animal practice, is that vaccination reminders are less commonly sent out, and there are fewer needs for an annual check-up with a horse, versus a smaller animal. This makes word-of-mouth and personnel recommendations all the more important, for generating support for a business.

2.3.3.6 – IT systems

There are many vendors of IT hardware and software, and often the two are combined. Such equipment tends to be expensive, and choosing the right system is often an important decision for a practice. However, for a mobile equine practice, the IT system need not be excessively complicated, but has advantages if it is mobile and can be used from the car.

Computer systems are excellent for recording client data, and generating fee calculations and billing. This can be used to create a paperless accounting system, which can save money, time and space. However, they are less useful for recording clinical records, which are harder to automate, although this works better with equine practices than for example with cattle practices. (Bower, 2001; Shilcock 2008). In addition, it helps if software is purchased that is specialist to veterinary practices, and these can be purchased as set packages (Ackermann, 2003).

When choosing a system, several questions need to be answered (Shilcock, 2008):

- What do you want it to do?
- Who will supply it?
- What software will it run on?
- Is that compatible with other software?
- What hardware will it run on?
- Where will it be installed?
- What support/training is available?

- What is the cost?
- Will it be backed up?

With all IT, issues will be raised regarding theft, malicious attacks and the potential for fraud. In the UK, all data is entitled to protection, and this is covered under the UK's Data Protection Act 1998 (Bower, 2001; Shilcock 2008).

2.3.3.7 – Stock controls

When considering “Drugs and Supplies” for inventory management, it is important to distinguish between “Drugs”, which is any form of medication, and “Supplies”, which is items used by the practice to perform services (needles, catheters etc). This is important as some require sales taxes and some do not. (Ackermann, 2003). Bower (2001) also makes this distinction, but terms “Supplies” as disposables (Bower, 2001).

If inventory sales are large, some practices may want to investigate in some detail how inventories are managed, as important costs can be saved in this regard, and also one can differentiate between “feedstuffs” sold to a client, which are typically low margin, and “drugs” which are often higher margin items (Ackermann, 2003).

Especially in the large animal practices, stock sales can be a considerable percentage of turnover, as much as 38% (vs. 27% in small animal practices). As such purchases are typically sold on with a mark-up, sales of inventory can become a significant part of overall profits. If good stock inventory is practised in large animal clinics, profits from stock sales can be up to 23% of turnover, (vs. 12% in small animal practices.) This is why the bill for drug purchases is usually the single largest monthly cost that a practice faces (Bower, 2001; Shilcock, 2008).

Stocking levels are important, and difficult to assess. One formula given is to aim to carry 50 days worth of stock, based on:

$$\frac{\textit{Value of stock in hand} \times 365}{\textit{Annual stock purchase}}$$

But with care, even 30 days of stock can be used, if carefully checks are made on inventory (Bower, 2001).

However, other formulas might be to consider “inventory turns” per year:

Cost of goods sold

Average inventory

3.2-3.4 turns per year is considered a good average for a small animal practice (with no figures given for large animal practices). This equates to 107 stocking days (Ackermann, 2003).

Shilcock (2008) suggests the following four simple questions need to be answered when considering stock controls:

- I. *How much stock do you carry?* – via stock take or computer audit
- II. *How much stock do you use?* – based on sales, not purchases
- III. *How much stock do you lose?* – out of date, stolen or damaged
- IV. *What is it costing you?* – via monthly and annual billing

2.3.3.8 – Client communications

As clients are not able to effectively judge the clinical treatment an animal receives, they can only judge the clinical care that is paid to them and their animal. (Shilcock, 2008) An approachable demeanour is essential to increase the workload from existing clients, and to develop new clients (Ózsvári, 2007).

Shilcock (2008) identifies the four “Cs” that practices should adopt when communicating with clients –

- I. *Care* – towards the client
- II. *Consideration* – of their feelings, even if you do not agree with them
- III. *Control* – of one’s own emotions when feelings are running high
- IV. *Courage* – for the difficult situations when a vet needs to be assertive

Ackermann (2003), expands this list to 6 “Cs” –

- I. Concept/Conformance*
- II. Compassion*
- III. Customer service*
- IV. Convenience*
- V. Competence*
- VI. Cost*

Client communication however is not always of the verbal kind. Up to 80% of human communication occurs through non-verbal means, such as smartness, cleanliness and stature (Ackermann, 2003).

3. Costs and considerations of setting up a mobile equine clinic near Wells, Somerset, UK

3.1 Introduction

This business plan will outline how to establish, finance and equip a mobile equine practice near the town of Wells, in Somerset, UK.

As discussed above, any business plan asks us three key questions (Bower 2001, Shilcock 2008):

1. Where are we now?
2. Where do we want to go?
3. How do we want to get there?

The first question is simple – this would be a start-up enterprise, so in reality we are starting at the very bottom, with no staff and no clients.

The second question is more complicated – but we aim within 5 years to have established a practice that is starting to show a profit, that has grown its customer base progressively and which is starting to have an impact on its local market.

The final question is also complicated, but of key importance is to successfully control the six key components of any practice, as outlined by Bower (2001), namely Drugs; Motor; Overheads, Salaries, Establishment and Finances.

3.2 Legal aspects and legal costs of setting up a UK practice

These are quite simple, and should not unduly concern us.

For the Royal College of Veterinary Surgeons (RCVS), the author would already have spent several years within the UK veterinary profession, and will already be registered as a vet by the RCVS. The annual fee for a vet registration in the UK is £299, and to register a practise is £555 initially and then £310 annually.

The business will have to be registered at Companies House, London. This is not expensive (£13), and all you need are the company name and address, the owner's details, the share capital and shareholder details, and the fee.

Finally we have to register with the Veterinary Medicines Directorate. This involves a fee of £400.

In total therefore we are looking at start-up fees of £1,255, which falls to £610 for all subsequent years, excluding any legal fees.

3.3 Practical considerations of setting up a mobile equine practice in the UK

3.3.1 Overview

These are best considered as they were discussed within the literary review, namely we shall consider “external” factors first such as location, defining an area, assessing demographics (both human and equine) and assessing the competition. Secondly, we will then consider the “internal factors” and concentrate on business plans, budgets and accounts, fee structures, marketing, IT, stock controls and client communications.

3.3.2 External factors of setting up an equine mobile clinic in the UK

3.3.2.1 Location

A mobile equine practice needs only minimal buildings to operate from – really it needs only to have the ability to provide safe storage for drugs, with an area for washing soiled kit, and autoclaving contaminated instruments. Preferable is to have some sort of roof over the car, but in reality all of these things could be undertaken from one’s own home in the early years of the practice, to save costs. Money would have to be spent on a strong storage facility for drugs and equipment, but actually drug and supply inventories will be low generally, so this need not be too big.

As it is not likely that clients would often come here, it does not need large parking areas, and need not necessarily be in an easily accessible site. However ideally it should sit as centrally as possible within your chosen target area, so as to maximise clients within a 30-40min drive from the base, as defined by Ackermann (2007) and Farquer (2009).

3.3.2.2 Defining the target area of the practice

Simmons (1997) suggests we need a “General” area and a “Primary” area within which to establish a practice. We will take the county of Somerset, in South-West England, as the “General” area and the town of Wells as the “Primary” area. Simmons outlines the importance of prosperous industries for a target area, and both Somerset and Wells score highly as areas with high numbers of tourists visiting Wells and Glastonbury, with industries well associated with local farming, as the area is very famous for cheese making, especially Cheddar cheese (Simmons, 1997).

This can be cross-referenced by searching for the number of Pony Clubs within a 30-40 minute drive of a postcode within the UK. Pony clubs are an organisation within the UK where young people learn to ride and attend riding events. A typical pony club might have 75-100 members each. A search of the Pony Club website shows that there are 5 pony clubs within a 15 mile drive of the Wells postcode BA5 (www.pcuk.org).

The British Horse Society comprises members of children and adult riding clubs within the UK, and is another source of information for how many riding clubs there are within 15 miles of Wells. A search on their website reveals there are 10 riding clubs within 15 miles of Wells (www.bhs.org.uk).

This proves that the rural areas surrounding Wells seems prosperous, as we do see plenty of riding activity, but it is important to back this up with both human and equine demographics.

3.3.2.3 – Assessing UK human population statistics for South-West England

In the National 2011 UK census, relevant statistics for the South West region were –

- I. In 2001 the population of the South-West stood at 7% of the UK national total – by 2011, this had grown to 9% (up 345,000) – so the population of the region is expanding.
- II. The median age of the region is 42.3 years – 3 year higher than the UK average.
- III. The South-west has the smallest percentage of “socially rented households” (6%), but the highest percentage of “householders that owned their house outright” (35%).

This data is supportive that the South West is an affluent area. If an area sees demographic growth it is suggestive that the economy is doing well, and that the household wealth is likely

to be increasing. Horse ownership is somewhat of a luxury to most people, utilising a high percentage of a household's disposable income, and only those whose wealth is stable and increasing are likely to be horse owners.

This would seem to benefit a nascent equine practice being established in the vicinity – a growing population coupled with a high degree of affluence, are both suitable parameters for such a business.

For equine ownership in the UK however, the British Equine Trade Association (BETA) annual survey, the only real survey taken of UK equine ownership, shows that whilst a quarter of all riders are under 16 years of age, 20% are over 45 years old – this suggests that whilst not totally desirable, an older age group is at least not a huge negative to starting an equine business (BETA, 2011).

3.3.2.4 – Assessing equine population statistics for South-West England

As we have seen, 6% (or 3.5m people) of the current population of the UK have ridden a horse at least once in the past year, with an estimated ownership of just under 1 million horses (980,000). With 9% of the population living in the South-West, this would suggest that the minimum horse population of the South-West is likely to be 88,000 horses. However, with fewer urban conurbations, and more farmland, it is likely that the equine population is likely to be higher than that, given fewer horses would be kept in cities (BETA, 2011).

For the South West, the density of horse ownership under NED figures is 26-50 owners for every 10km², but 51-75 horses for every 10km² under Stakeholder figures. This is higher than equine populations seen in Wales, Scotland, Northern England and Eastern England, comparable with Central England, but lower than the equine densities seen in South and South-East England. But overall it does not seem to act as a barrier to establishing an equine business in the region, given that horse ownership is average, or better than average versus most other UK regions (Boden et al, 2012).

3.3.2.5 – The impact of other veterinary practices on establishing a mobile practice in Wells, Somerset

A survey of an area within 15 miles of Wells shows that there are 6 veterinary practices that offer services to equine customers. However the services on offer vary greatly, and can be summarised thus:

- Some practices are truly mixed, and offer services for both small and large animals
- Some practices offer equine and cattle services only
- Some practices offer equine services only

Of the practitioners offering equine services, the range of products offered also varies by practice:

- Some practices offer only primary services, and treat horses only at the location where they are stabled
- Some practices offer only secondary services, and are for horses needing hospitalisation
- Some practices offer both primary and secondary services

Table 1 highlights the type of equine services offered by vets within 15 miles of Wells:

Table 1 – Vets offering equine services within 15 miles of Wells, and type of service offered –

Name and location of practice	No. of equine vets	Type of practice	Type of equine work undertaken	Distance from Wells (miles)
Axe Valley Vets - Cheddar	1	Mixed	Primary	8
Delaware vets - Castle Cary	2	Mixed	Primary/Secondary	10
Langford vets - Langford	8	Equine	Secondary	15
SJ Turner - Shepton Mallet	1	Equine/Cattle	Primary	5
The Stables - Shepton Mallet	5	Equine	Primary/Secondary	5
Colin Duncan - Glastonbury	1	Mixed	Primary	5

Source: Compiled from Yellow Pages

In general, if a practice is offering a specialised equine service, then competition from mixed practices is rarely a concern, as most primarily concentrate on small, companion animals and

are less dedicated to larger animal work. However, unusually, Delaware vets offer hospital services for horses, which suggests equine work makes up more of their workload than might be typical of a mixed practice, and have 2 dedicated equine vets on their staff.

For practices offering only secondary services, such as Langford, then these are not really competition against a vet offering only primary services, as the type of services carried out are totally different. In fact, very often a good relationship can build up between the two on referral work.

The most stringent competition is likely to come from The Stables Equine practice, which has 5 dedicated equine vets, whose main responsibility at the moment is primary work. However, they are just completing a new equine hospital, so their proportion of secondary work should increase when opened.

In conclusion, competition from rival practices is expected to be stiff, and one would expect that business would be taken away from practices not specialising in that area. This is also likely to have an effect on fees, and suggests that fees set towards the middle of the range are prudent, so as not to price oneself out of the business, but also leave room to lower fees if required.

3.3.3 Internal factors of setting up an equine mobile clinic in the UK

3.3.3.1 Overview

The key internal factors for setting up a practice are:

- I. Business plans
- II. Budgets and accounts
- III. Fee structures
- IV. Marketing
- V. IT systems
- VI. Stock controls
- VII. Client communications

These will be considered in turn.

3.3.3.2 Business plans

A business plan outlines the short, medium and long-term plans of a business, and includes its aims, strategies, methods and finances.

3.3.3.2.1 Business plan aims

- Short term – to form a company and establish the basic operations required for mobile veterinary practice
- Medium term – to start to grow and develop the business to the extent that within 3-5 years it is making 5-6 visits per day and that the business is starting to move towards profit
- Long term – to be receiving 8-10 calls per day and for the business to be showing healthy profits.

3.3.3.2.2 Business plan strategies

To grow a lean veterinary business with as low fixed costs as possible, running with low inventory levels, but able to charge suitable fees for a service that will fulfil all the requirements that a client might need from a primary equine vet.

3.3.3.2.3 Business plan methods

To develop a strong client rapport, coupled with clinical expertise, to provide a 24 hour and 7 day a week service to clients, via a fully equipped vehicle capable of responding to most of the equine needs a client may need.

3.3.3.2.4 Business plan finances

3.3.3.2.4.1 Business plan initial capital requirements

Table 2 lists initial start-up costs of the durable goods. A further breakdown of these figures is given in **Annex 1**.

Table 2 – Estimated initial start-up costs

Financing requirements for start-up	Price (£)
Legal costs	1,255
Vehicle	15,000
Office equipment	4,110
Drug storage room equipment	1,250
Cleaning equipment	2,950
Laboratory equipment	700
Diagnostic equipment	34,500
Drugs	11,000
Sundries	3,000
Total	73,765

With regards to depreciation, for all durable goods I have used 25% depreciation across the board for all items, which equates to £14,630 per annum. See **Annex 2**.

3.3.3.2.4.2 Business plan financing

Fortunately, I am in a position to be able to self-finance this venture, so financing costs are zero. However, it is important to evaluate returns on that financing, to ensure that this investment is being suitably compensated for the risk it is taking. Current risk-free rates on long-dated US bonds are historically very low at 2.5%, but for the risk taken with this venture, we should be looking for returns considerably higher, albeit over a minimum 5 years period, in order to ensure it is a sensible use of allocated capital.

3.3.3.3 – Budgets and accounts

3.3.3.3.1 – Income

Income must be projected over 5 years, and of course assumptions have to be made. Therefore, three assumptions have been made based on:

- I. The expected outcome
- II. A more negative outcome than expected
- III. A more positive outcome than expected

The main basis of the assumption is the number of daily client visits made in a working week of 5 days, which changes over the duration of the first 5 years. This I think is a better method than assessing what market share has been achieved, because with so many diverse veterinary practices sharing the market, then that is very hard to accurately estimate. The assumptions are outlined in **Table 3**.

Table 3 – Projected number of client visits per day

Outcome	Number of client visits/day				
	Year 1	Year 2	Year 3	Year 4	Year 5
Expected	2	3	5	7	9
Pessimistic	1	2	4	6	8
Optimistic	3	4	6	8	10

The next step is to ascertain what the revenue is likely to be per visit. This will be discussed more fully in the “Fees” section, but breaks down to a visit fee of £30, the cost of any procedure carried out, and any extra drug costs. On that basis, I assume an average fee of £65 per visit.

This is then projected over 5 years based on the expected numbers of visits in **Table 3** above, and assuming 2.5% fee inflation per year, and 260 working days per year. Any income over weekends would be additional to this.

Table 4 – Projected yearly income over 5 years assuming 2.5% fee inflation

Outcome	Number of client visits/day				
	Year 1	Year 2	Year 3	Year 4	Year 5
Expected	33,800	52,221	87,035	122,441	158,184
Pessimistic	16,900	34,645	69,628	104,949	140,608
Optimistic	50,700	69,290	104,442	139,932	175,760

3.3.3.3.2 – Costs

Costs of course should be broken down to fixed and variable costs.

Fixed costs are detailed in **Table 5**, are based over 5 years, and assume an expected, pessimistic and optimistic outlook for client visits. (Full breakdown in **Annex 3**)

Table 6 – Fixed costs over 5 years based on 3 different assumptions

Fixed cost	Outcome	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)	Year 5 (£)
Totals	Expected	10,410	10,610	16,810	23,010	23,210
	Pessimistic	9,510	9,710	15,910	22,110	22,310
	Optimistic	11,310	11,510	17,710	23,910	24,110

Variable costs are detailed in **table 7**. For motoring expenses, I have assumed 35mpg as an average mileage, and £7 a gallon of petrol. For drug expenses, I have assumed one drug or vaccine is used per visit, with an average cost of £8 per product used. Full details in **annex 4**.

Table 7 – Variable costs over 5 years based on 3 assumptions

Variable costs	Outcome	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)	Year 5 (£)
Total	Expected	7,360	13,440	18,400	25,760	33,120
	Pessimistic	3,680	8,960	14,720	22,080	29,440
	Optimistic	11,040	17,920	22,080	29,440	36,800

With regards to salaries, I have included nothing for myself over the first 5 years. As I would be the sole partner initially, whatever profit accrues can be used for a salary, or for reinvestment back into the business. However, I have included a part-time secretary from year 3 and a full time secretary for years 4 and 5.

3.3.3.3.3 – Profit

As with all business, the ideal scenario is to make a profit where possible, and in my analysis in **Table 8**, of the 3 possible outcomes over 5 different years, a profit is made in all scenarios except the pessimistic scenario in the first year. A young business will always struggle to make returns in its early years, and whilst returns are not high in the early years, especially when you consider that no salary is being taken, in the latter years returns start to look much better, and in my opinion would compensate the initial investment for the risk taken.

The payback of the initial £73,000 of start-up capital would be by year 4 in the expected scenario, year 5 in the pessimistic scenario and year 3 in the optimistic scenario. This is a very

fast payback time for any business, and based on a relatively aggressive depreciation policy of 25% (for depreciation calculations see **Annex 2**).

Table 8 – Profits before and after tax over 5 years based on 3 assumptions

Item	Outcome	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)	Year 5 (£)
Revenue	Expected	33,800	52,221	87,035	122,441	158,184
	Pessimistic	16,900	34,645	69,628	104,949	140,608
	Optimistic	50,700	69,290	104,442	139,932	175,760
Fixed costs	Expected	10,410	10,610	16,810	23,010	23,210
	Pessimistic	9,510	9,710	15,910	22,110	22,310
	Optimistic	11,310	11,510	17,710	23,910	24,110
Variable costs	Expected	7,360	13,440	18,400	25,760	33,120
	Pessimistic	3,680	8,960	14,720	22,080	29,440
	Optimistic	11,040	17,920	22,080	29,440	36,800
Depreciation	Expected	14,630	14,630	14,630	14,630	14,630
	Pessimistic	14,630	14,630	14,630	14,630	14,630
	Optimistic	14,630	14,630	14,630	14,630	14,630
Profit before tax	Expected	1,400	13,541	37,195	59,041	87,224
	Pessimistic	-10,920	1,345	24,368	46,129	74,228
	Optimistic	13,720	25,230	50,022	71,952	100,220
Tax (19%)	Expected	266	2,555	7,070	11,217	16,572
	Pessimistic	-	255	4,630	8,764	14,103
	Optimistic	2,606	4,793	9,504	13,670	19,041
Profit after tax	Expected	1,134	10,986	30,125	47,824	70,652
	Pessimistic	-10,920	1,090	19,738	37,365	60,125
	Optimistic	11,114	20,437	40,518	58,282	81,179

3.3.3.3.4 – Cash-flow projections

These assume 17.5% VAT charged on goods. Positive cash flow begins in the third month of year 1. (See **Annex 5 and 6** for full breakdown of the figures)

3.3.3.4 – Fee structures

A study of other local vets' fees shows that they often use the same basic fee structure. Typically they will firstly charge a visit fee based on mileage (which may be split if more than one owner is seen at a stable). Typically this equates to about £20 on average. If the animal requires an examination then an examination fee is about £30 on average, with a vaccination fee of from £15 to £30 depending on which vaccine is used. Other procedures such as scanning mares, dental work, micro-chipping and castrations would cost more. From this I concluded that an average of £65 per visit was likely, and this figure was used in the revenue table 4. These fees are certainly in line with rival practices. Extra fees can be charged for out-of-hours work, and typically a 5-10% discount is given to those clients that pay promptly.

3.3.3.5 – Marketing

The best form of marketing in the equine world is by word of mouth. In this respects it differs from small animal clinics, as discussed above. However, by localised marketing in parish magazines, local newspapers, hunt supplements, point-to-point schedules and other literature, it is possible to disseminate your name around the local area. In addition, I would intend to give free talks at pony club and riding clubs on veterinary matters, and to use local sponsorship to raise the profile. None of this is expensive, but is often very effective, and should be part of a long-term strategy to raise awareness of your business.

3.3.3.6 – IT systems

It is now expected that equine vets should have the capability to invoice clients at source, and this would be my intention. This requires that the IT system has full client details within the car, and that the car possesses a printer in order to print out invoices. The benefit of this is to save postage, and often results in immediate payment. In addition, if there is a gap between visits, it is possible to continue to work from the car, until the time of the next appointment, and so prevents the need to return back to the office. This can save time but also petrol, and allows for essential follow-up calls for clients seen recently to check on progress. This makes for good business efficiency, and often cuts down on having to spend time on paperwork when back in the office.

3.3.3.7 – Stock controls

As this practice should start from scratch, it is important to maintain stock controls to be as tight as possible, and the aim would be to keep the number of stock days below 50 if possible. This should be possible with a small business. Drug suppliers do now provide practices with much better IT methods for inventory control, and it is possible to re-order drugs fairly soon after they are booked out. The in-house IT systems also help in this regard, as items are booked out at source, and so inventory controls can be seen in real-time. If items are booked in later then the risk is that they are forgotten, and stock levels either run down, or become over stocked. As ever, a good relationship with your supplier can help maintain good stock levels.

3.3.3.8 – Client communications

Some vets attribute 50% of their business to good client communication, and how you handle yourself particularly in the more difficult situations such as euthanasia and foaling can have a great impact on future relationships. For word of mouth advertising to spread, it is important that you are both clinically competent and personable, and being well presented and organised offers a very good first impression.

In addition, on the telephone it is important to have the time to handle calls, and often it is better to stop driving and concentrate on the call to ensure that full attention is paid to the client. Finally punctuality is always key – whilst it is difficult to always be punctual, if you are going to be late, then a preventative call buys time, and prevents the client being angry on arrival.

4. Summary and conclusions

The aims of this thesis was to check the feasibility of establishing a mobile equine clinic, to understand the professional and legal needs to start a veterinary business, to outline the external needs of such a business and finally to assess the financial and other implications necessary to ensure that such a business would be profitable within 5 years.

As the profit projections clearly show, this is a business that can show a profit, and even the most pessimistic scenario shows a small profit being made from year 2. This is clearly gratifying, and gives confidence that such a business can be established.

In regard to Returns On Capital Employed (ROCE), it is gratifying to see that payback for the initial capital used is by the end of year 4 in our expected scenario, the end of year 3 in an optimistic scenario, and the end of year 5 in a pessimistic scenario. For any business this is a good starting base, and allows excess capital over time to be either paid out via salaries, or be used for further investment back into the business, or for the hiring of more staff.

The key to this rapid payback of initial capital is the ability to keep costs low, but revenue streams high. This is a rather unique feature of an equine mobile business, in that a vet can avoid the high initial costs of real estate premises, but still be able to charge professional fees for providing a professional service. If you consider other professions of a professional nature, such as medicine, law, dentistry or even small animal veterinary work, then it is not possible to start such businesses without a large initial outlay for real estate premises, or without having to pay rental incomes to lease such premises.

With this in mind, this gives the author great confidence to consider such a venture as a possible career option within a 5 year time frame, as it proves the hypothesis that such ventures can be profitable in a relatively short period of time, provided the business is established on sound principles, and that a good service is offered to its clientele.

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6. ACKNOWLEDGMENTS

It would not have been possible to complete this thesis without the valuable additional input provided by Dr László Ózsvári, both from the detailed work he has done in the field of establishing veterinary practices, and for his invaluable guidance and help in writing this thesis.

I would also like to thank all the vets who have provided me with anecdotal but valuable insights into how mobile clinics work, including the pitfalls to avoid and the strategies to adopt, in particular Dr Jürgen Pietsch, of Tierarztpraxis Pietsch, in Saarland, Germany, who has offered advice but also support in creating this thesis.

ANNEX

Annex 1 – Break down of all start-up costs –

Offices items	Cost (£)	Lab items	Cost (£)
Telephone + fax	50	Microscope	200
Desk + chair	550	PH meter	150
Shelves	500	Glucose meter	150
Computer	600	Disposal bins	200
Printer + fax	200	Total	700
IT systems	2,000		
Filing cabinets	200	Diagnostic items	Cost (£)
Dustbin	10	Dental equipment	3,000
Total	4,110	Ultrasound	10,000
		Mobile X-ray	20,000
Storage Items	Cost (£)	Instruments	1,000
Shelves	1,000	X-Ray protection	500
Dustbin	50	Total	34,500
Lockable cabinet	200		
Total	1,250	Other	Cost (£)
		Drugs total	10,000
Cleaning items	Cost (£)	Sundries total	3,000
Washing machine	500	Vehicle	15,000
Tumble dryer	500	Legal	1,255
Vacuum cleaner	150	Total	29,255
Hanging rack	50		
Autoclave	1,500	Total Start-up Costs	72,765
Ultrasonic cleaner	250		
Total	2,950		

Annex 2 – Depreciation criteria –

Durable goods	Price (£)	Depreciation at 25% pa
Vehicle	15,000	3,750.0
Office equipment	4,110	1,027.5
Drug storage room equipment	1,250	312.5
Cleaning equipment	2,950	737.5
Laboratory equipment	700	175.0
Diagnostic equipment	34,500	8,625.0
Total	58,510	14,627.5

Annex 3 – Breakdown of fixed costs –

Fixed cost	Outcome	Year 1	Year 2	Year 3	Year 4	Year 5
Legal	Expected	610	610	610	610	610
	Pessimistic	610	610	610	610	610
	Optimistic	610	610	610	610	610
Phone	Expected	1,800	1,800	1,800	1,800	1,800
	Pessimistic	1,200	1,200	1,200	1,200	1,200
	Optimistic	2,400	2,400	2,400	2,400	2,400
Utility	Expected	2,000	2,000	2,000	2,000	2,000
	Pessimistic	2,000	2,000	2,000	2,000	2,000
	Optimistic	2,000	2,000	2,000	2,000	2,000
IT	Expected	600	600	600	600	600
	Pessimistic	600	600	600	600	600
	Optimistic	600	600	600	600	600
Repairs	Expected	300	300	300	300	300
	Pessimistic	300	300	300	300	300
	Optimistic	300	300	300	300	300
Audit	Expected	1,000	1,000	1,000	1,000	1,000
	Pessimistic	1,000	1,000	1,000	1,000	1,000
	Optimistic	1,000	1,000	1,000	1,000	1,000
Cleaning	Expected	600	600	600	600	600
	Pessimistic	500	500	500	500	500
	Optimistic	700	700	700	700	700
Taxes	Expected	1,000	1,200	1,400	1,600	1,800
	Pessimistic	800	1,000	1,200	1,400	1,600
	Optimistic	1,200	1,400	1,600	1,800	2,000
Insurance	Expected	2,500	2,500	2,500	2,500	2,500
	Pessimistic	2,500	2,500	2,500	2,500	2,500
	Optimistic	2,500	2,500	2,500	2,500	2,500
Salary	Expected	0	0	6,000	12,000	12,000
	Pessimistic	0	0	6,000	12,000	12,000
	Optimistic	0	0	6,000	12,000	12,000
Fixed cost	Outcome	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)	Year 5 (£)
Total	Expected	10,410	10,610	16,810	23,010	23,210
	Pessimistic	9,510	9,710	15,910	22,110	22,310
	Optimistic	11,310	11,510	17,710	23,910	24,110

Annex 4 – Breakdown of variable costs –

Variable costs	Outcome	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year 4 (£)	Year 5 (£)
Motoring	Expected	2,000	3,000	5,000	7,000	9,000
	Pessimistic	1,000	2,000	4,000	6,000	8,000
	Optimistic	3,000	4,000	6,000	8,000	10,000
Drugs	Expected	4,160	8,640	10,400	14,560	18,720
	Pessimistic	2,080	5,760	8,320	12,480	16,640
	Optimistic	6,240	11,520	12,480	16,640	20,800
Sundries	Expected	1,200	1,800	3,000	4,200	5,400
	Pessimistic	600	1,200	2,400	3,600	4,800
	Optimistic	1,800	2,400	3,600	4,800	6,000
Total	Expected	7,360	13,440	18,400	25,760	33,120
	Pessimistic	3,680	8,960	14,720	22,080	29,440
	Optimistic	11,040	17,920	22,080	29,440	36,800

Annex 5 – Cash-flow expenditure for year 1 –

Items	Mth 0	Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	Mth 9	Mth 10	Mth 11	Mth 12
Motoring	0	166	166	166	166	166	166	166	166	166	166	166	166
Drugs	346	346	346	346	346	346	346	346	346	346	346	346	346
Sundries	92	92	92	92	92	92	92	92	92	92	92	92	92
Legal	610	0	0	0	0	0	0	0	0	0	0	0	0
Phone	150	150	150	150	150	150	150	150	150	150	150	150	150
Utilities	0	166	166	166	166	166	166	166	166	166	166	166	166
IT	46	46	46	46	46	46	46	46	46	46	46	46	46
Repairs	0	25	25	25	25	25	25	25	25	25	25	25	25
Audit	0	0	0	250	0	0	250	0	0	250	0	0	250
Cleaning	0	50	50	50	50	50	50	50	50	50	50	50	50
Taxes	0	0	0	250	0	0	250	0	0	250	0	0	250
Insurance	2,500	0	0	0	0	0	0	0	0	0	0	0	0
Salaries	0	0	0	0	0	0	0	0	0	0	0	0	0
Total payments	3,744	1,041	1,041	1,541	1,041	1,041	1,541	1,041	1,041	1,541	1,041	1,041	1,541
VAT paid quarterly	0	0	0	1,478	0	0	1,478	0	0	1,478	0	0	1,478
Total expenditure	3,744	1,041	1,041	3,019	1,041	1,041	3,019	1,041	1,041	3,019	1,041	1,041	3,019

Annex 6 – Cash-flow revenues and total cash-flows for year 1 –

Items	Mth 0	Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	Mth 9	Mth 10	Mth 11	Mth 12
Revenue	0	2,816	2,816	2,816	2,816	2,816	2,816	2,816	2,816	2,816	2,816	2,816	2,816
VAT accrued	0	493	493	493	493	493	493	493	493	493	493	493	493
Total revenue	0	3,309	3,309	3,309	3,309	3,309	3,309	3,309	3,309	3,309	3,309	3,309	3,309
Total expenditure	3,744	1,041	1,041	3,019	1,041	1,041	3,019	1,041	1,041	3,019	1,041	1,041	3,019
Cash flow balance	-3,744	2,268	2,268	290	2,268	2,268	290	2,268	2,268	290	2,268	2,268	290
Total cash flow	-3,744	-1,476	792	1,081	3,349	5,617	5,907	8,175	10,442	10,732	13,000	15,268	15,558