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## Veterinarians form group dedicated to independent practice

New association aims to help small businesses thrive

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By Jennifer Fiala

With big business spreading across the veterinary landscape, a group of practitioners who value their autonomy have formed an organization dedicated to the advancement of independent practice.

It's called the Independent Veterinary Practitioners Association, or IVPA. The organization debuted earlier this month on Facebook. "We're just getting off the ground," said Dr. John Borzillo, one of the group's founders and a dairy practitioner in Wisconsin.

Explaining his involvement, Borzillo says he's got nothing against corporations. But as chains such as Banfield Pet Hospital and VCA — the two largest owners of veterinary hospitals in the world, both owned by Mars. Inc. — grow, private practice owners are losing ground in the marketplace, Borzillo believes. In addition to major chains, smaller consolidators are buying freestanding practices at a rapid rate, according to a [report](#) by Provident Healthcare Partners LLC, an investment bank. John Volk, a senior analyst with Brakke Consulting, estimates that 10 percent of general companion animal practices are owned by 30 or so corporate chains and aggregators. Among specialty practices, he reasons that corporate ownership "might be getting into the range of 40 percent." Some of these companies may grow 10 percent a year, Volk said. Others expand [much faster](#).

The prominence of corporate consolidators and chains has observers wondering whether the American Veterinary Medical Association can adequately represent independent practices, especially now that veterinarians employed by Banfield and the like are [encouraged and financially supported to take leadership roles](#) within organized veterinary medicine.

During the AVMA Veterinary Leadership Conference Jan. 6–7 in Chicago, attendees openly debated how the group can best serve the two competing groups, which comprise the bulk of the national association's 91,000-plus members. Propelling the talk was news that Banfield receives group discounts on dues for state veterinary medical associations. It and other large corporations soon might seek group rates on AVMA membership and professional liability insurance, officials with the AVMA House of Delegates [reported](#).

The news has some independent practitioners in a state of exasperation.



Photo courtesy of Dr. Don Woodman

As corporate consolidators reshape the veterinary profession, Dr. Don Woodman, co-founder of the Independent Veterinary Practitioners Association, wants to help small business owners. "The corporations just keep on coming for us, and we feel we don't have an advocate," he said. Woodman is pictured with Hermes, an Eurasian eagle-owl and the mascot of his practice in Safety Harbor, Florida.



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"I'm very pro-business and a capitalist myself," Borzillo said. "But more needs to be done to try to communicate with independent practitioners and advocate for them." Considering that the world's largest corporate chains are involved in AVMA politics, he pondered, "How can the AVMA say to consumers, 'You should go to the independents rather than corporations'?"

The IVPA would be better suited for that job, he said.

Comprised of little more than ideas and a [website](#), IVPA has no services to offer — yet. Membership is free, for the time being. Top on the group's agenda is attracting members as well as lobbying for and promoting the value of independent veterinary practice, both to consumers and lawmakers.

It's a job that Dr. Don Woodman, an IVPA co-founder who owns a practice in Safety Harbor, Florida, says is paramount to the survival of independent veterinarians. The profession, he says, is undergoing a "huge cultural shift," one that has mom-and-pop practices struggling economically against the buying power of major corporations.

"It used to be that you might see an entrepreneur who owns a chain of practices, but it's still owned by a local veterinarian," he observed. "Now we have this move to national corporate practices, and some don't even appear so outwardly."

Woodman explained that some corporate chains present their practices as independent small businesses so as to appeal to a "buy local" trend that has consumers shopping in ways that boost their local economies.

"When I came out of school in '95, everybody said the sky was falling because Banfield was taking over. And then VCA came along, and their idea was to buy practices and brand them," Woodman said. "But now we have corporations — NVA (National Veterinary Associates) is an example — that you don't even see as a corporate brand, and that's a more powerful approach."

### **Infiltrating the landscape**

NVA has 424 locations throughout the United States, Canada and Australia, according to the company's website. Twenty-nine are in Florida, Woodman's home state. "Outwardly, they look like mom-and-pop veterinary practices; you can't distinguish them from private practice," Woodman said, referring to independent practices. "It's like the farm-to-table or craft-beer movement. The social movement toward authenticity — that's what they're tapping into."

The company bills itself as a way for owners to sell easily, without having to trade the "legacy" of their practices for the look and feel of corporate sameness. "Many veterinarians envision selling their practice to a respected associate," the NVA website advertises. "Someone who provides great care. Someone who is respected by staff. Someone who honors the culture. NVA can be that someone."

So might VetCor, which operates "a family of 254 exceptional veterinary hospitals across the United States," according to its website. Like NVA, VetCor buys practices that maintain their local identities. The company tag line: "Helping practices thrive. Medical freedom. Local identity. Shared resources."

Dr. John Daugherty, owner of Poland Veterinary Centre near Youngstown, Ohio, said he's OK with the concept of practice consolidation. But posing as a local small business, he said, "feels sneaky." An online look at VetCor's 20 hospitals in Ohio shows that none bear the company's name on signage. Their individual practice websites routinely list the practice's "founding" veterinarian rather than its owner, VetCor.

"I recently found out they bought a third practice in my area," Daugherty wrote in a discussion on the Veterinary Information Network, an online community for the profession. "I had no idea. The only reason I knew about the first two was because they approached me about a buyout and mentioned the others. The rep made a point of saying that they keep the corporate ownership quiet, and that they do not want clients to know about it."

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VetCor's Diana Byrne, director of marketing and employee engagement, said keeping the practices they buy looking and running as though they've never been sold isn't about duping the public; it's about continuing the former practice owner's legacy. She points out that many independently owned practices have changed hands several times but still carry the name of the founding veterinarian. The same is true for corporate consolidators.

"When you change the name, you're rebranding and becoming an unknown," she said. "We're not trying to be disingenuous. We're just trying to do the right thing. We don't turn over the staff. We keep the seller on board. There's no change in the medicine, or what they're ordering or pricing or their services."

She added, "Keep in mind that we're buying practices that have reached a level of revenue and value that's difficult for a private practitioner to purchase."

It's the same for other corporate consolidators, noted Volk, of Brakke Consulting. "Consolidators really need to acquire large practices — three or more doctors — and half of the practices in the United States are still one- or two-doctor practices," he said. Asked whether he envisions a time when independent practices are a minority, Volk responded: "No, for several reasons. A lot of veterinarians go into the profession because their vision is owning a practice, and that's still a practical goal. They can get financing. Veterinarians are low-risk to lenders."

Woodman, who doesn't believe consolidators are doing the profession many favors, wants to see Volk's prediction realized. He's nostalgic. On the receiving end of weekly mailings from corporate entities looking to buy his practice, he wants to see IVPA evolve to help unite practice owners and potential buyers the old-fashioned way, which doesn't involve a brokerage firm or major corporation. Consumers have choices for pet care — nonprofit, national corporate practice, independent and locally owned — and so should veterinarians who want to retire or buy a practice, he said.

Right now, he says, veterinarians are being reeled in by corporate consolidators. Woodman points to Companion Animal Practices of North America (CAPNA). Acquired in 2016 by mega-chain VCA, CAPNA aims to host a seminar in April in Jacksonville, Florida, titled "The art of selling your practice."

"It looks a lot like CE, but it's really a thinly disguised sales pitch to buy your practice," he said.

### **What's driving rollups**

That's not the intent, said CAPNA founder Dr. Dennis Law, who spent nearly 30 years in mixed-animal practice before opening the consolidating firm in 2010. The course's moderator is Owen McCafferty, a longtime CPA and CAPNA's vice president of development, who's been [quoted](#) saying, "Never in the history of companion animal veterinary medicine has there been a better time for a veterinary practice to sell."

Law assures that McCafferty will offer unbiased guidance to veterinarians who need it.

"Right now there are tons of veterinarians who are looking to retire and sell; the Baby Boomers, which includes me, we're a huge group," Law said. "That's created an explosion of small consolidator groups, and we were just one of the early responders to that need."

Law acknowledged tension between independent veterinarians and corporate consolidators. With more capital, consolidators often provide higher employee wages and benefits than independently owned practices. They also get bulk pricing on pharmaceuticals, equipment and supplies as well as the financial and operational benefits of centralized management.

"It was becoming more expensive to practice — that was one of the things that drove me to form CAPNA in the beginning," Law said. "I started CAPNA with a group of 17 other practices. We worked hard with each other to build the unification. We really didn't invest a lot of capital; it was mostly just cooperation."

"To get the economies of scale and pricing, there are huge benefits to working together as a group," he added. "It's a tug-o-war, trying to get the cooperation of individual owners because it means you have to pretty much assimilate and act like a company. But it's worth it."

Now at 73 individual hospitals, CAPNA practices provide quality medicine, Law asserts, and operate with a lot of autonomy, even under VCA and its owner, Mars, Inc. "CAPNA's growing and we want to grow; we're an acquisitional group," he said. "We're very close to VCA, but our hospitals are more autonomous, and they're locally branded."

Addressing the growth of consolidators, Law said he's torn, lamenting his love for the profession's culture of small business independence. He asserts that not renaming CAPNA practices isn't about being sneaky.

"It's a tightrope," he said. "We've struggled with that, trying to maintain our individual identities and brand of our practices — to make them part of their communities. We're growing, to be sure, but I don't think this is the end of the independent veterinary practice."

### **Anti-AVMA?**

Neither does Dr. Link Welborn. As owner of five practices in and around Tampa, Welborn considers himself to be independent. "Yet if a startup group owned by a private equity firm had five practices, you'd call that a corporate group. Where's that dividing line? It isn't clear cut," he said.

Asked whether he supports the IVPA, Welborn said he doesn't know enough about the new association to form an opinion about it. He's involved with [Veterinary Management Group](#), one of more than 40 groups throughout the United States and Canada that meet biannually to share information, data, management experiences, ideas and resources.

Across the country, more than 1,000 practices, owned by 750 predominately small animal and equine veterinarians, are VMG members. Under development, Welborn said, is the VMG Consolidation Counterpoint Initiative, a program to raise awareness about options for transitioning practices.

"We're not looking to vilify corporate combiners, but anyone who's thinking about selling in the next 10 years should know all the options available," he said. "There's a vacuum of information. Independent practices have been the lifeblood of the profession since its inception. We'd like to see that continue."

On a personal level, Welborn said he's not in the market to sell his practices. "... And I'm not interested in hearing what any corporate consolidator has to say," he said. "I've got multiple veterinarians who want to be owners, and I plan to sell to our associates. They buy in and the practices are still independent."

Welborn said a new association could be beneficial for independent practitioners but cautions that it might further divide a profession that's already fragmented. Associations, he said, are in a race to remain relevant in an increasingly diverse profession; attracting members away from the AVMA would dilute the collective voice of the profession.

By email, AVMA officials expressed an eagerness to work with the IVPA, stating: "The AVMA understands and shares the desire to maintain the voice of the independent private practitioner. We are committed to protecting, promoting and advocating for the interests of the entire veterinary profession."

### **Open invitation**

Woodman and Borzillo, the Wisconsin dairy practitioner, are quick to note that they're not asking independent practitioners to leave the AVMA. While Borzillo isn't an AVMA member, Woodman said he'll remain one to help ensure that independent practitioners have a seat at the association's table.

He doesn't, however, anticipate that the AVMA can lobby adequately for the interest of small businesses when it also must advocate for needs of veterinarians who are part of major corporations.

The IVPA needs to increase its membership and eventually collect dues so that it can support meaningful initiatives, he said.

"We have free membership so we can start having numbers that are influential. But we can't offer services without money," Woodman said. "It's a chicken and egg issue. That's where we're at right at this moment."

Borzillo echoed the need for members.

"An organization like this won't have any clout and strength without people on board," he said. "I want to see us help independent practitioners promote themselves and their businesses."

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