Running a grazing business in veterinary practice, the good, the bad and the ugly

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Introduction – an overview of VETPlus grazing

VETPlus grazing was started in 2003. The aim was to grow heifers better having seen the gap poorly grown heifers can cause in our clients’ businesses. The model was franchised from Wanganui Vet services Grazecare model. The additional aims were to integrate grazing into the business for diversity and to provide extra revenue for the employment of technicians.

Our foray into the grazing business was originally the result of an in-depth strategic planning session where we identified three areas that would provide significant future growth for our business. These were Intelact consulting, Heifer Grazing management and Mastitis Prevention programmes. The rationale of a more diverse business model was to increase the ‘stickiness’ of our existing clients to our veterinary business and also gain access to a wider client base within our existing catchment.

The grazing business in particular enabled us to begin our employment of technicians. We had a ready-made role for them with work throughout the year and also enough gaps that they could be integrated into helping out with the technical tasks in the other parts of our business. This was a win-win from our perspective. The business has grown to a point where approximately 4,500 heifers and weaners are grazed through the company.

I became involved in January 2014 when the opportunity arose to fill the management role in this business unit. Since then I have learned the business from scratch. Therefore I share my experience with you today from the view I have formed in the last 18 months. When I took over the business was robust and fairly mature. I have been able to apply my own view, experience and input to give the business a slightly different leadership experience. This article aims to expose some of the dos and don’ts of running a grazing business and shares some of the good, bad and ugly experiences that I have had to date. This may help you form an opinion of entering into this type of business.

Dos and don’ts

Dos

Contracts and administration

It is really important to have contracts and get them signed up before animals arrive. We have a contract for the grazier and for each dairy farmer. The contract is a useful guiding document for objectively following through on eventualities such as stock losses or poor performance. Other areas that the contract covers includes items such as stock numbers, stock losses, prices, treatments already given, and treatments required. It is also an opportunity to establish add on services such as pregnancy
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diagnosis and bull requirements. There are also expectations laid down about who buys supplements and when.

Weighing calves on the farm of origin before trucking is a good policy, where possible (or even just tagging and doing any preliminary treatments). This allows you to hold back any grossly under target animals. When we do have underweight calves turn up we expect the farmer to supply the meal and the grazier to feed it out (the weight gain sweetens the deal for the grazier).

We have a ‘grazing calendar’, which is a spreadsheet that is our control document for every and any task associated with a grazing animal. Information from the contracts on required vaccines and treatments, mating requirements, breed info, pricing etc. is all in here. It allows the management to check that everything is done or if there are any gaps. I review it at every meeting to make sure everything is done.

Grazier selection

For ease of management and to reduce collateral brand damage one should be careful about which graziers you take on. We have an extensive application and vetting process and require graziers with a proven record and experience.

Payment management

We manage all the payments. The margin in the grazing fees is based on a weekly monitoring fee that is embedded in the farmer charge out which mostly covers weighing and reporting amongst other tasks associated with the day to day running of the business. From this the techs charge back through an internal client their work, leaving our profit (this also allows us to monitor the charge backs and makes sure our margin is in there). There is also a margin in animal health treatments and ancillary services such as pregnancy testing and bull leasing. An additional single upfront payment covers the ear tag, contract administration and any incidental vet fees akin to health insurance, e.g. a lame heifer. This is also monitored through an internal client with charge backs so we can monitor the margin.

Managing payments allows us to be proactive but also is a risk should things go wrong. If something goes sour and you are left owe it can be a pain. Keeping back payments on the basis of poor performance is an example of how the risk can be managed.

Effective team management

Having a good team is fundamental to smooth running. I would say that all of our technicians have some personal interest in dealing with livestock either living or growing up on a farm and most have completed a Bachelor of Veterinary Technology degree. They have good stock sense and enjoy being involved in rearing quality stock. They generally enjoy dealing with graziers and dairy farmers.

Standard operating procedures

To maximise the use of the team it is important to have policies and procedures. With the general growth of our business we have extensively created and used standard procedures, for example for weighing to bulleting to stock control. We are all involved in creating these procedures.

Delegation

You will need to delegate, you can’t do it all yourself. The value proposition of veterinarians doing technician work just is not there. We have delegated key areas of...
Responsibility to more senior technicians. For example, one tech manages contracts and liaises with farmers and graziers through the turnover periods to place stock on grazing premises. It is important in this example to have one point of contact to minimise any miscommunication. Another tech is in charge of organising all the bulls and all trucking. Another area is product/stock control. The technicians are your ears and eyes, so it is important to empower them to be involved in the success of the grazing process. Each block is designated an overseeing technician. They often deal with awkward situations and bad news directly with the grazier and or farmer. This dilutes out the stress for everyone and makes them responsible but also engaged. The technicians are technologically savvy. They collate the weights and put them into a report format. We aim to get the report out within 48 hours or so of the weighing and it is important that there are no mistakes and it looks high quality and professional.

It is important to have regular grazing team meetings for information transfer, issues arising and motivation of staff. We have a set agenda with items such as procedure review, budget review, compilation of ‘frequently asked questions’ to increase general knowledge of the business.

Do have staff contracts with job descriptions and areas of responsibility.

Minimisation of brand damage

Whilst we are careful about all lines of heifers, it is especially important to be careful about where you send your own clients to graze and how you handle anything that goes wrong. The ultimate disaster is a client leaving through a poor run in grazing and the associated brand damage. When things go wrong, the grazier may be at fault, but in the eye of the customer, the fault lies with you and the responsibility to smooth out any problems will lie firmly in your hands. Contrast this to the advice given to your standard clients: whilst it can be frustrating when they don’t take your advice on their farms, ultimately we are just guiding the decision making process and giving options so if the client does not take the advice then it is up to them. In the context of a grazing situation, there is pressure to achieve an outcome and skills are required to motivate graziers or farmers to take a certain course of action.

Be proactive

Do get onto problems right away. It is important not to be too anxious about the future otherwise the stress will be unbearable. On the other hand, any problem requires proactive action unlike other areas of practice. Feed budgets for poorly growing stock or even proactively towards the end of contracts, actively monitoring spore counts or moving stock off blocks before things get out of hand are examples of things that we do to stay on the front foot.

Market rates and profitability

Constantly monitor prices and aim to be in the top price band. We have recently reviewed our prices and have adjusted our operation putting emphasis on quality rather than quantity. Our contract puts the onus on the grazier to purchase supplementary feed if required so we need to be paying above average to justify this.

You will need to have systems to analyse your costs/profit. Lately we have created a separate business department for financial transactions and stock control for grazing. Invoices are formulated in our vision system. This allows analysis of the business through manipulation in vision. It is a cash flow business and although there is high revenue, it is easy to just not have enough margin allowed.
Monitor spore counts
Make sure to monitor spore counts carefully and consistently, again we have systems in place to make sure this is covered off.

Conflict resolution
Do have mental resilience (keep the right perspectives, be persistent and have the right amount of 'perturbation'). Running a grazing business is NOT for the light hearted and you need to expect this. One deals with lots of bad situations, conflict resolution and there is little thanks at the end of the day! Creating a bubble away from work where you can recharge is essential for survival. Thankfully most problems can be dealt with in normal hours.

Don’ts
Don’t blame yourself when it all goes wrong. It is not uncommon for things to be out of your control. Problems will inevitably arrive so find solutions that work for everyone.

In general do not give people the benefit of the doubt. The responsibility will end with you so you need to make sure every thing is ok. Be very suspicious! Don’t keep on graziers with poor performance or ability to adapt and deliver. The same applies to troublesome customers.

Do not take on quantity at the expense of quality. For a vet practice to have a grazing business there are major risks around collateral brand damage through poorly grown animals. Whilst we want to grow our business, we have had to refine our systems so that this can occur, we have to be very careful about whom we endorse as operators and the results that we get. As above there are lots of situations where things are out of your control (e.g. poor block infrastructure with hazards, blocks with management issues, rustling, the weather, people’s behaviour). Any poor practice will reflect badly on your brand whether you are at fault or not.

The good, the bad and the ugly

The good
Where heifers are well grown and there are little hiccups it is immensely gratifying looking at a paddock of shiny coated well grown heifers in the sun just back from grazing with one of your clients.

The grazing business has added another income stream and diversified the business lessening the reliance on other traditional, but at risk forms of revenue, e.g. merchandising.

There is integration of grazing work with other forms of technician work so it has stabilised and added to the technician work load. It is relatively constant throughout the year but also can be fitted around other seasonal tasks such as teatsealing.

We have extra revenue from animal health products having tapped into a market that we may not have had exposure to before. This includes drench, trace elements,
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tick treatments and optional vaccines. There is extra work for vets: pregnancy testing, synchrony programmes, ‘ambulance’ calls or investigating sick animal issues.

We have extra intellectual property for utilisation in other areas of the business. The health plan that we have created for our grazing has been used and modified for private clients. There is a body of knowledge for young stock health that has been created and is accessible to the rest of the practice that might not be as prominent if the grazing business did not exist, e.g. drench protocol, BVD vaccinations, nutrition and feed allocation/budgets.

Because we aim for best practice for animal health we feel like we walk the walk with what we do. It is easier to upsell young stock animal health advice or products to a farmer with the phrase:

‘What we do to our heifers is XYZ’.

The bad

Being ‘the middle man’ can have its issues. I can think of a frustrating example recently where a grazier was complaining because he had been sent some underweight weaners and wanted them returned and the farmer complaining because of the grazier’s previous poor job he had done, a real chicken and egg situation! Sometimes graziers won’t change their ways. Dealing with gut fill issues before weighings is a common frustration for some graziers.

The ugly

Running a grazing business can have moments where the heat is on. We have had runs where we have had poor growth rates. Towards the end of a drought or more commonly the winter following a drought can lead into some ugly grazing situations. Having to phone 4 or 5 owners with underweight animals on a Friday afternoon with a plan does not allow for a relaxing weekend. As I have already mentioned the brand damage associated with poor grazing is the worst case for the associated vet business.

Conclusion

Above I stated ‘Do have mental resilience. Running a grazing business is NOT for the light hearted and you need to expect this. One deals with lots of bad situations, conflict resolution and there is little thanks at the end of the day!’, so why would you bother? I work with a great team and feel like I am making a difference to heifer growing. If we didn’t exist then generally heifers wouldn’t be grown as well, even though it is not perfect every time. It gives me a chance in running a business to make policy, planning and day to day decisions and gives my career more direction. Whilst it is further from anything I could ever have possibly imagined I would be doing when I graduated from Vet school it has been a welcome change of direction.
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