

What is the shape of practice in the future?

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The veterinarian profession is facing a period of significant change and commercialisation. The optical industry started down this pathway twenty years ago. This paper presents a summary of events in optics with poignant messages for vet.

Optics in the early 90's was a stable profession, operated by independent practitioners with strong professional, ethical and collegial values. The prevailing legislation restricted practitioners from trading through companies except those formed prior to 1976, thereby keeping OPSM, the dominant Australian optical retailer offshore.

With pending removal of restrictions on ownership, OPSM found a 'back door' entry into New Zealand to secure a foot hold ahead of competitors. They established a presence through acquisition and green field stores, and created the first optical brand and market profile in the optical consumer market.

Surprisingly OPSM left pricing and service offerings unchanged.

The optometry group called Visique was conceived by some entrepreneurial optometrists and suppliers with complimentary motives and objectives. It was formed on the pretence of countering OPSM and blocking other overseas entrants. It was crafted to appeal to the optometrists' altruistic values and the protection of independent optometry.

Optometry was strongly opposed to the commercialisation of the profession. Yet ironically the lure to participate as a member in Visique was built around creating a retail brand, a marketing and advertising proposition, unifying the retail image of stores internally and externally, dressing staff in common uniforms and commercial benefits from group purchasing power to name just a few benefits.

Visique gained approximately 20% of the market. The organisation operated like a structured franchise with Head Office providing business development and support to the stores. Ownership of the parent body shifted from an initial pseudo co-operative structure to being controlled by the original entrepreneurs.

Ultimately the parent body failed due to bad acquisitions at trade level, the negative effect on sales caused by the global financial crisis, and the arrival of Specsavers into the Australasian market.

The franchisees acquired the Visique brand from the receivers of the parent company and now operate the 'new' Visique with a more accountable management structure. Visique have an established brand but suffer from the lack of a unique proposition. They are now returning to advertising after a long period of time seeking a new strategy.

In 2009 the immensely powerful Specsavers business entered Australasia and established its foothold in a 300-store network created by acquisition and new store start-ups. Retail revenue at the close of their second year was \$300m. All stores are franchised but Specsavers effectively controls them all. The business model is an outstanding case study of structure, process, entanglement and control.

Their retail success is a formulaic process driven by creative advertising strategies. The consumer is lulled into the expectation of accessing inexpensive desirable product. Specsavers are ruthless, litigious and uncompromising in business.

Meanwhile OPSM's 2008 Aus\$600m annual sales have reduced by \$200m in the next three years in their fight against Specsavers. OPSM is closing or rebranding 120 of its 700 odd stores and repositioning itself to the luxury brand section of the retail market after conceding their inability to compete with Specsavers.

The independent practitioners absorbed OPSM's arrival and were generally unaffected by Visique's activity in the market. Sadly the vast majority of independent practices have not advanced their service delivery model to consumers over the past ten years and are generally very unremarkable. Many independent stores converted to Specsavers for commercial security or as an exit strategy.

Most independent stores have suffered from a contraction in sales with the global financial crisis and Specsavers. Some have closed. Most operators are aware of the need to improve their performance but few have the resources, inclination or know how to create the change.

It is interesting to note veterinarian practices are still predominantly owned by vets. I presume most senior vets existing business ownership today are doing so via vastly different pathways from what they would have envisaged ten years ago. Sale prospects are constrained by the reluctance of younger vets to assume the responsibility and liability of ownership for a variety of well documented reasons.

Large vet groups are increasing in size by acquisition. Many agreements include time bound joint ownership agreements as a means to lock-in key personnel to manage the businesses with dominant ownership occurring over time, for example five years.

Franchising is not common. Some non-vet enterprises are presently acquiring practices which are enabling senior vets to liquidate their assets, retain a secure income and role for the sunset period of their careers.

At this point the mixed ownership structures do not appear to be impacting on practitioner's clinical roles or ethical values. In contrast, Specsavers' latest strategy to provide free eye examination to the Automobile Association membership is making many optometrists question their worth and reasons for completing five years tertiary training to end up providing professional services for free.

Vets and optometrists both rely on the sale of tangible goods to offset the consumer's reluctance to pay the full value of their professional fees. Landcorp's strategy to dislocate the purchase of consumable products from professional fees has created considerable controversy. Curiously, is this the beginning of the end of rural practices as we know them, or is it a wakeup call? Business owners and practitioners have equal opportunities to plan for the future. It is harder to accept change when it is forced upon you. Change is the only constant in this fast moving world and yesterday's business model may or may not be suitable for today and the future.