

The Lasting Power of Your Practice

Adam Little, DVM

Over the past several years, the veterinary profession has been dominated by conversations about the digitization of practice. It's well documented that today's clients have a different set of expectations when it comes to their pets. Today's pet owners spend more money on their pets, have a deeper relationship with them, and by extension have higher expectations on the veterinary experience.

A primary focus of how to meet these needs has been the role that technology can play to elevate the care experience, provide a more immediate connection between care providers and pet owners and improve veterinary practice. Whether through online appointment booking and reminders, sharing of medical records, or providing telehealth, these types of services have gone from being differentiators between practices to becoming part of the status quo.

Yet, we still hear constant reminders of the competitive threats that exist to the veterinary practice. Whether it's Amazon moving into product sales or a low-cost veterinary clinic opening up at your local Walmart, we still talk about the idea of an "Uber moment" coming to the veterinary profession and radically changing the playing field.

What if the traditional veterinary practice model was more resilient than we thought? More than simple resilience, what if there was a way to leverage the strengths of the traditional veterinary model to provide a competitive edge that these new models would be challenged to overcome? In this session, we will look at this through the lens of "business moats" and how, through identifying and expanding them, we can thrive in a world of digital disruption.

A "business moat," a term coined by Warren Buffet, refers to the long-term, sustainable competitive advantage that a company has. A famous example is Coca-Cola's business moat: brand identity. It's fairly simple to see the power of brand as a business moat. Competing companies have made nearly the exact same cola, with an almost identical recipe, and sold the product at 50% the cost. However, Coca-Cola still retains its competitive advantage, its market size and its brand awareness. It sustains a dominant advantage partly because of its brand moat.

On the flip side though, and as Elon Musk points out, "business moats" cannot merely be static monolithic entities. Businesses can't simply rest on what has allowed them to be successful and hope that over the coming years, those moats are able to fend off any and all competitive forces. To be relevant, moats must not only be maintained but rather expanded. By understanding your businesses' moats, you can focus your energy on expanding your strengths, which in turn makes it far harder to come along and disrupt you.

In the lecture, we will unpack the concept of business moats and what we can learn about this approach when applying it to veterinary practice. From there, we will evaluate three examples of "moats" that already exist in your veterinary practice. In addition to identifying what they are, we will explore how they may be weakened or become susceptible to competitors if they aren't properly maintained. To cap off the discussion, we will explore specific tactics that can expand these moats and their influence & impact on your practice and clients.

The three business moats that we will be exploring are:

- 1) Client Relationship** - Veterinary practices benefit from long-term, multi-generational client relationships whose strength is critical to the growth of the practice. How might these changes in the future and how can we ensure they remain vibrant?
- 2) Practice Data** - From client to patient data, practices possess a rich understanding of their customers that is driven by access to unique information. How can practices protect, leverage, and expand this information to create more value for their practice?
- 3) Hospital Infrastructure** - While there is an increasing number of ways that services can be delivered digitally, there is still considerable strength in the use of physical space. However, to serve this next-generation of clients, it is not enough to have static, stale physical spaces. The use of space needs to evolve. We will explore some creative ways through which veterinary teams can leverage their physical presence in the communities.

Personally, I don't think veterinary practices can be distilled down to and replaced by a single app. This isn't to say there aren't legitimate threats to traditional practice models as technology accelerates and new competitors pop-up. However, the real threat will be to practices that don't capitalize on their unique advantages. The threat will become a reality through owner apathy, stubbornness and a lack of investment in improving the client experience; this allows a business to become fragmented, instead of one specific technology or innovation. Veterinarians have an important role to play in shaping the future, but it starts with understanding where our biggest strengths lie.

The Lasting Power of Your Practice Worksheet

Adam Little, DVM

OBJECTIVES

- Understand the concept of business moats, what they are and why they are so powerful
- Learn to honestly evaluate the competitive advantages of your practice and where there are opportunities to expand on them
- Discuss specific tactics practices can utilize to grow their competitive advantages and how to leverage their practice in the face of new competitive threats and increasing digitization

TOOL KIT

READ UP ON FAMOUS EXAMPLES OF BUSINESS MOATS

- Here is a fantastic breakdown of different types of business moats and examples of each. www.cbinsights.com/research/report/business-moats-competitive-advantage/
- **Switching Costs** - Verizon, T-Mobile Effects
- **Network Effects** - Apple
- **Brand** - Patagonia
- **Intellectual Property** - Disney

RANK YOUR HOSPITAL'S BIGGEST STRENGTHS

- All cards start in the IDEAS column
- As we go into the lecture, order the following attributes based on how important they are to your growth and ability to withstand customers.
- Your Brand
- Your Hospital Location/Infrastructure
- Your Client Base
- Your Practice Data
- Your Staff

CHALLENGE YOURSELF AND YOUR ASSUMPTIONS

- If your relationship with your clients is so strong, how come they readily seek out other sources of information and help?
- If your practice data is so valuable, how are you using it to create a more personalized and valuable experience for your clients?
- What would happen to the value of your practice infrastructure and location if more veterinary care could be delivered digitally?
- It can be easy to overestimate the strength, size and resilience of your moat. This session will help practices take an honest evaluation of where there may be a gap between their perception and reality.

KEY POINTS

- Business moats provide long-term competitive advantages, however, they are not impenetrable
- There are several types of moats including: brand, switching costs, network effects, brand and IP
- Veterinary practices also have unique sustainable advantages over new competitive threats and by understanding these advantages you can further grow and exploit them over your competition. These may include your client relationships, practice data or hospital infrastructure.
- This also explains why your hospital may continue to do very well despite new competitive forces and pressures. If you are more susceptible to these threats, your moat may not be as resilient as you thought
- It is not enough to simply rely on what got your practice to your current state and then relax. Instead, it is better to understand your strengths and double down on expanding them

**Here are two perspectives on business moats.
Keep these in mind as we unpack this concept during our session.**

“

So we think in terms of that moat and the ability to keep its width and its impossibility of being crossed as the primary criterion of a great business. And we tell our managers we want the moat widened every year.

”



Warren Buffet

“

If your only defense against invading armies is a moat, you will not last long.

”



Elon Musk

Notes, Quotes, Reflections & Revisions



These are the things you need to remember
