Veterinary Practice Survey Report

September 2017

“What you say about your sector”
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Welcome to Veterinary Practice Survey Report

Veterinary Practice is one of our sectors of expertise and keeping up to date is of utmost importance to us. Continually engaging with businesses is an important element to this.

We asked veterinarian practice owners to participate in this survey*, in order to study the current state of Veterinary Practices in Ireland.

We received an excellent response and we are very grateful to all who took the time to participate. We are excited to share the market insights we gained from this research.

The findings of this survey are detailed throughout this report.

If you have any questions, or would like to discuss matters in more detail, please contact myself or one of our team.

Mark Butler,
Managing Partner,
HLB Sheehan Quinn

*This survey was conducted in late July 2017 with over 100 respondents.
Executive Summary

Launched in July 2017, this survey focused on asking some key questions exclusively to practicing veterinary practice owners across Ireland. The survey results combined represent the views of over 100 veterinary practice owners and provide an insight into how veterinarians are feeling about their sector now and their expectations for the future. The report also identifies the key challenges for practice owners including succession, incorporation, sale and valuation.

The results of the survey indicate the following:

- Almost half of vet practice owners in Ireland are over the age of 50.

- Almost half of veterinary practices employ less than 5 staff. This may indicate a potential problem with continuity of small practices as owners or partners enter retirement and wish to exit their business. A small number of staff may make it difficult to identify an appropriate successor or buyer.

- 55% of vet practice owners have not considered succession and nearly 60% have not identified potential future buy-in partners. Again this could indicate potential problems with continuity for the majority of veterinary practice owners who do not have a plan in place for their exit on retirement.

- 76% of vet practices are in no part incorporated. Just over 30% of practices say they would definitely not consider incorporation. The remaining 70% said they would definitely or maybe consider incorporation. Whilst carrying this study, we found much fear and uncertainty around the topic of incorporation.

- 87% of vet practices have not been valued in the last 2 years. It is important for all business owners to fully understand the value of their practice. This is particularly important for veterinarians with the recent emergence of large corporate chains looking to buy local establishments to grow their portfolio.

- 53% of practice owners do not outsource any function of the practice. Outsourcing is a very effective method of improving efficiency and freeing up time to focus on clients or achieve a healthier work/life balance.

- When asked about the biggest challenges currently facing the sector, respondents mentioned issues such as keeping accounts in order, succession planning, incorporation, compliance and maintaining a healthy work/life balance.
Findings

Detailed in this section are the results and findings we gathered from this survey.

The following findings are entirely based on the sample of 101 Irish vets that responded to this survey.

Q1 - Location of Responding Practices

- 45% of vets surveyed were based in Leinster.
- 30% of the sample were based in Munster.
- 20% of the sample were based in Connacht.
- Just 5% of the sample were based in Ulster.
Q2 - Gender
By Province

<table>
<thead>
<tr>
<th>Province</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leinster</td>
<td>46.67%</td>
<td>53.33%</td>
</tr>
<tr>
<td>Munster</td>
<td>63.37%</td>
<td>36.63%</td>
</tr>
<tr>
<td>Connacht</td>
<td>65.00%</td>
<td>35.00%</td>
</tr>
<tr>
<td>Ulster</td>
<td>40.00%</td>
<td>60.00%</td>
</tr>
</tbody>
</table>

Overall

- Overall 63% of vets surveyed are male and 37% are female.
- Based on this survey, there are more female vets than male vets in Leinster and Ulster.
Q3 - Age
By province

<table>
<thead>
<tr>
<th>Province</th>
<th>20-30</th>
<th>30-40</th>
<th>40-50</th>
<th>50+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leinster</td>
<td>6.67%</td>
<td>26.67%</td>
<td>20.00%</td>
<td>46.67%</td>
</tr>
<tr>
<td>Munster</td>
<td>6.45%</td>
<td>2.90%</td>
<td>25.81%</td>
<td>54.84%</td>
</tr>
<tr>
<td>Connacht</td>
<td>10.00%</td>
<td>20.00%</td>
<td>30.00%</td>
<td>40.00%</td>
</tr>
<tr>
<td>Ulster</td>
<td>0.00%</td>
<td>20.00%</td>
<td>40.00%</td>
<td>40.00%</td>
</tr>
</tbody>
</table>

Overall

- Overall 48% of this sample of vets in Ireland are over the age of 50.
- Only 7% of the sample are between the ages of 20 and 30.
- All provinces show that the majority of vets surveyed are 40 years or older.
Q4 – How many staff does your practice employ?

By province

<table>
<thead>
<tr>
<th>Province</th>
<th>Less than 5</th>
<th>5-10</th>
<th>10+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leinster</td>
<td>53.33%</td>
<td>22.22%</td>
<td>24.44%</td>
</tr>
<tr>
<td>Munster</td>
<td>32.26%</td>
<td>48.39%</td>
<td>19.35%</td>
</tr>
<tr>
<td>Connacht</td>
<td>65.00%</td>
<td>20.00%</td>
<td>15.00%</td>
</tr>
<tr>
<td>Ulster</td>
<td>40.00%</td>
<td>20.00%</td>
<td>40.00%</td>
</tr>
</tbody>
</table>

Overall

- Of this sample, almost 50% of practices nationwide employ less than 5 staff.
- In Ulster, 40% of participating practices employ 10 or more staff.
- Nearly 50% of practices in Munster employ between 5 and 10 staff.
Q5 - Have you or your practice considered succession planning?

Leinster

Overall

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>44.55%</td>
<td>55.45%</td>
</tr>
</tbody>
</table>

- Of this sample, 55% of vets across the nation have not yet thought about succession.
- Almost 70% of vets in Leinster have not yet considered succession planning, according to this study.
Q6 - Have you identified potential future partners to buy into your practice?

**Leinster**

- Yes: 28.71%
- No: 59.41%
- Potentially: 11.88%

**Rest of Ireland**

- Yes: 33.33%
- No: 53.85%
- Potentially: 12.82%

**Overall**

- Yes: 28.71%
- No: 59.41%
- Potentially: 11.88%

- Overall only 29% of practices that partook in this study have identified future buy-in partners.
- In Leinster only 22% of the sample have identified future buy-in partners.
Q7 - Is your practice incorporated or part-incorporated?

**Leinster**

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>%</strong></td>
<td>31.11</td>
<td>68.89</td>
</tr>
</tbody>
</table>

**Rest of Ireland**

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>%</strong></td>
<td>17.86</td>
<td>82.14</td>
</tr>
</tbody>
</table>

**Overall**

- Overall 76% of practices surveyed are in no part incorporated.
- Within Ulster, Munster and Connacht only 18% of practices are incorporated or part-incorporated, according to this study.
Q8 - If not, would you consider incorporation?

<table>
<thead>
<tr>
<th></th>
<th>Leinster</th>
<th>Rest of Ireland</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>25.71%</td>
<td>32.61%</td>
<td></td>
</tr>
<tr>
<td>Maybe</td>
<td>28.57%</td>
<td>47.83%</td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>45.71%</td>
<td>19.57%</td>
<td></td>
</tr>
</tbody>
</table>

- Of those surveyed, 46% of practices in Leinster would not consider incorporation.
- Overall 70% of practices surveyed said they might or definitely would consider incorporation.
- Just 20% of practices in Munster, Connacht and Ulster would definitely not consider incorporation, according to our study.
Q9 - Would you consider selling your veterinary practice to a large chain?

Leinster

Munster

Connacht

Ulster

Overall

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>Maybe</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>29.00%</td>
<td>32.00%</td>
<td>39.00%</td>
</tr>
</tbody>
</table>

- Overall almost 40% of practices surveyed would not consider selling their practice to a large chain.
- In Ulster, 100% of these practices might or definitely would consider selling to a large chain.
- In Connacht, 50% say they would not consider selling to a large chain, according to this study.
Q10 - Has your practice been valued in the last 2 years?

Overall

- 87% of this sample of Irish vets have not had their practice valued in the last 2 years.
- Only 13% of practices involved in this survey have had their practice valued within the last 2 years.
Q11 - Does your practice outsource accounts, payroll or other services?

Leinster

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>46.67%</td>
<td>53.33%</td>
</tr>
</tbody>
</table>

Munster

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>45.16%</td>
<td>54.84%</td>
</tr>
</tbody>
</table>

Connacht

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>45.00%</td>
<td>55.00%</td>
</tr>
</tbody>
</table>

Ulster

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>60.00%</td>
<td>40.00%</td>
</tr>
</tbody>
</table>

Overall

- According to this study 53% of vet practices in Ireland do not outsource accounts, payroll or any other service.
- 60% of the participating practices in Ulster outsource at least one function.
- 47% of practices in Leinster outsource at least one function.
Q12 – What are the 3 biggest challenges facing Veterinary Practice in Ireland at present?

This was an open-ended question presented to Veterinary practices participating in this survey, asking participants to list the biggest challenges facing their practice at present. It is evident from the results that there is a large number of challenges and concerns facing vets in Ireland across several aspects of practice.

The main challenges that were mentioned by participants were:

1. Successfully keeping all accounts, VAT returns etc. up to date while running a busy practice.

2. Complying with extensive regulation.

3. Incorporation and the lack of understanding around this area.

4. Planning for succession.

5. Surviving, due to high ratio between investments required to fee income generated.

6. Maintaining a healthy work/life balance with the substantial workload and time commitments involved in running a vet practice.
Thank you for reading our Veterinary Practice survey report.

Please contact us if you would like to discuss in confidence how we can assist your practice in tackling the opportunities and challenges your business is facing.

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