

Karen Felsted worked as a CPA before earning her veterinary degree.



# PROFIT PROPHET

By  
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The NCVEI's Karen Felsted strives to forecast and boost the financial health of veterinarians.

**A**s a high school student, Karen Felsted was interested in a career in veterinary medicine, so she arranged to spend a Saturday shadowing a veterinarian who went to her church. It didn't go well.

"They had these little puppies and they had to remove their dewclaws, and they bled and cried and it was horrible," she recalls. "So I just walked away, thinking, 'I can't do this.' No one in my family has a medical background, so there was nobody to say, 'You'll get used to it.'"

Instead, she majored in marketing, eventually becoming a CPA. So after she went back to her first love, graduating from the Texas A&M University veterinary college in 1996, she was uniquely positioned to serve where she is today: as CEO of the National Commission on Veterinary Economic Issues (NCVEI).

As both a veterinarian and an executive, Felsted, DVM, MS, CVPM, is passionate about the nonprofit

group's mission. The NCVEI was created in 2000 by the American Veterinary Medical Association, the American Animal Hospital Association and the Association of American Veterinary Medical Colleges to help ensure the economic future of veterinary medicine.

"This gave me an opportunity to look at the big-picture economics of the profession, to look at the trends, to study what we are seeing within practices and what it means to us as a profession," Dr. Felsted says. "I think everybody's in agreement that we need an economically viable profession, but I'm not sure we really know, or agree on, what that means.

"We know we need people to make enough money and have enough job satisfaction for the industry to continue to attract young people, but I'm not sure earnings are the only measure. Are we fulfilling all the needs society has for veterinarians? Is the cost of education staying at a reasonable level?"

That kind of curiosity and passion has driven her career. Felsted worked for a dozen years in business, including six years at a Dallas accounting firm, but by her early 30s she was in an executive job she found stable but dull. So she spent a year and a half catching up on science courses and working part time in a practice to prepare for vet school.

After graduation, Felsted worked in small-animal clinics, assuming she'd eventually purchase and run a practice. But almost immediately she started doing accounting, management and HR consulting for other veterinarians on the side. "I practiced full time three years and I liked it, but I found I liked the business side better," she says. "And I was, honestly, better at it."

Soon, she attracted enough clients to become a full-time consultant.

"She sees things from a working veterinarian's perspective as well as from a business perspective," says Greg Lorenz, DVM, who hired Felsted to crunch numbers when he was considering buying the animal hospital he now owns in Waynesboro, Va.

Felsted later guided Dr. Lorenz in improving efficiency by changing to a paperless records system and adjusting fee schedules. "When she talks to me about how to better manage clients or ordering inventory, you can tell she's done it before on a day-to-day basis," he says.

## Recession Isn't Over

Felsted joined the NCVEI in 2008 as the economic recession was building. Her first priority was offering more practical help to veterinarians. She led a revamp of the website—NCVEI.org—to include resources such as a practice valuation tool and benchmarks that allow practices to compare fees, productivity, profitability and expenses.

Data and anecdotal evidence show that clients have postponed care during the recession, she says, and the challenge is determining when and how that will change.

"Most people think we're over the hump as far as the recession, but what are the long-term changes in consumer spending?" Felsted says. "I personally think they're going to be slow to open up their pocketbooks."

That puts more pressure on veterinarians to run their practices efficiently, Felsted says. That may mean:

- ✦ Hiring more vet techs so each veterinarian can be more productive while controlling labor costs.
- ✦ Reducing or adding clinic hours.
- ✦ Adjusting fees or adding services to keep clients coming in.

"Say you add grooming. You need to start tracking it so you can see whether it's really doing what you think it will do," Felsted says. "And it's not just the revenue; it's are you getting what you hoped to get from the spinoff medical fees and the client loyalty and client satisfaction?"

## What's Next?

Felsted wants the NCVEI to do more research that would help veterinarians make those decisions and better reach current and potential clients. A 2006 study showed that 51 percent of pet-owning households spent less than \$200 annually at a veterinary practice. Twenty-seven percent spent nothing.

So how do veterinarians reach potential clients while at the same time building a profitable, efficient practice and serving those who want highly sophisticated care? That question keeps Felsted motivated.

"We have seen some improvements in the way veterinarians look at the business side, but I think there has still been not as much change as we need," she says.

"You need to understand how your practice is going and how it fits into your economic life—how long are you going to work, when will you sell, will the income support your what you want to do in retirement? If you understand all that, you can make the decision whether you need to make changes in your practice." ■