The changing world of veterinary finance

Aileen Boyle, managing director of Braemar Finance, talks about the role of finance in the profession and offers opinion on how practices can improve their profitability and cashflow.

There’s no doubt that it’s changing and depending on which side of the fence you’re on, it may be seen as positive or negative. Veterinary, like dental, is facing the rise of corporates which is making it harder for vets to get into practice. But independents are seeing a huge amount of wealth creation. And the rapid changes in technology have forced changes elsewhere; we now offer the finance vets need to stay up with the latest technology.

Change doesn’t concern us. We go to all the trade shows, but we’ve seen buying patterns change; vets now attend shows, view equipment and then go home and check online before buying. Years ago, we’d go to a show and come back with millions of pounds worth of orders. People are more considered in their purchases now – we’re seeing fewer peaks and troughs. Buying is smoothed over the year.

We’re always trying to come up with innovative finance solutions that we can offer vets, such as rentals with maintenance, interest free finance, and buy now pay later – all sorts of facilities that make it easier for a vet to say “it’s not a £40,000 scanner, it’s a £500 a month scanner”.

How do you see the state of practice finance?

In terms of risk profile across all the sectors we work in, veterinary is one of the best; there’s been no change to vet profitability – it’s a very safe and secure profession. If I had a child, veterinary would be the first profession that I would like to push them into – and it makes decent profits. There are other industries we cover that are less fortunate and more affected by the economic conditions.

The way that I look at it is that I’ve got a cat, it’s part of the family and there’s no negotiation over treatment. The accounts of vets that I see are very consistent. Dentistry is our biggest area for lending and it’s the most challenging – look at the pound in your pocket today versus that of five years ago, are you really going to turn up for a six-monthly appointment if you’re not in any pain?

In an ideal world, what should practices consider when seeking finance?

The first thing to look at is the useful economic life of an asset. Consider the length of time it’ll be kept – typically, five years is what we find is asked for. Also look at the best finance vehicle – we offer hire purchase, leasing, practice and personal loans and client/patient loans.

If, say, a vet wants to buy a scanner, they need to consider how long it will last and what else they have already purchased using the annual investment allowance (£200,000 in a year) – timing is critical so that the year’s allowance isn’t wasted as it’s a great way of setting purchases against taxable profits. Our team can help find the most suitable product. We can also set up a credit line (called pre-lease) that vets can use to buy products from multiple suppliers. When all the invoices are in and paid, we’ll convert that into