

DEFINING QUALITIES

Interview with
MATT DOBBS
MANAGING DIRECTOR
WESTPOINT VETERINARY GROUP

PMW | Partridge Muir & Warren

CHARTERED FINANCIAL PLANNERS

In a series of interviews with Simon Lewis, chief executive of Partridge Muir & Warren, owner-managers consider their approach to business and the specific qualities which deliver sustainable success.

The interviews will be brought together as a report to be published by DECISION magazine and then as a digital book.

WHILE FOR HIS PEERS studying to be vets at university, the love of animals from having a childhood dog or cat or maybe they came from a family farm provided the calling. Matt Dobbs hadn't even had a pet.

"Why did I want to become a veterinarian physician? It was a challenging degree course, which you needed three straight As at A-level to get on to the course, and after graduating, there was the challenge of competing against twenty-five applicants for every available post," he explains.

Today he's the managing director of Westpoint, the largest veterinary group in the UK dealing specifically with production animals, but his motivation hasn't changed. "Their health and welfare have always been my drivers," says Dobbs, "and I realised I quite enjoyed the business aspects of building a relationship with someone who keeps animals for commercial reasons."

After graduating, within six months of starting in practice, Dobbs was given a branch surgery to run. "It was either my bravado or bluster that made the four partners who owned the business think I could do it," he recalls. "Although I was in charge of P&L, it wasn't my money, and I was salaried so I didn't see the cash or the profit, so I focused on increasing turnover which I did by

building the client base. I realised at the age of twenty-three that in essence, my job was to make the owners richer."

He then went down under and into academia; his girlfriend (now wife) was posted to Australia where she became the first speculative trader buying and selling electricity in that country, so Dobbs, as a farm vet now living in downtown Sydney, became a university lecturer.

"That gave me the opportunity to gain post-grad credibility, and within three months the university asked me to run their teaching practice with four vets in the team," he says. "The interesting thing is that the university also wanted me to get in more customers."

When his wife returned to Blighty, Dobbs took a position at the Royal Veterinary College, London, where he firmed up his interest in the interaction of animal health, welfare, and business. As senior lecturer he ran the college veterinary practice and was responsible for P&L as well as growth.

He though, wasn't ambivalent about the practice being able to report a loss each year as long as it was fulfilling its academic purpose, and demonstrated to the college that profit could be made without compromising academic endeavour.

"What I learnt from that experience is that if you want to grow a business, no matter how much of a self-starter you are, just because you are prepared to take on every task, it doesn't mean you should. At the same time you still have to lead by example, so I've done my share of bank holiday working.

What it also made Dobbs realise that his career progression of working his way up a professional practice and gaining a PhD on the way wasn't getting him to where he wanted to be quickly enough.

That path changed when a colleague from 'vet school', Rob Drysdale, set up his own practice and asked Dobbs to be a partner.

If animals are to be categorised as companion or production, then the profession was taking more of an interest in the former; the former, says Dobbs, had changed little from the James Herriott portrayal of a vet driving down rural byways in an Austin Seven.

"The farmer has a different requirement of a vet," he explains. "If they have a valuable herd, it doesn't matter whether the right vet is located six miles away or sixty." But the new practice went further by providing a fixed cost service to keep livestock healthy in the first place, and by setting up its own

internet pharmacy to distribute meds. It meant the business had annuity income to help fund growth from a cash positive position.

"At this time, in 2008, we could leverage ourselves handsomely," says Dobbs. "The law had changed to allow individuals who weren't qualified and indeed companies to own veterinary practices, and suddenly the sector was so popular with the banks.

The gameplan was to take the best vets coming out of school who were interested in commercial development as well as animal welfare and then set them up in their own branch surgery with some equity, which motivated them to grow the business. "They were obliged to prescribe through our internet pharmacy and to use our central services, so you could describe it as akin to a franchise model," explains Dobbs.

When the branch roster reached fifteen, the LLP was made into a limited company, turning goodwill into an asset. Turnover rose from £300k in 2008 to £11million in 2014.

At that juncture, Dobb's main business partner wanted to retire. "I needed finance to buy him out and to maximise the opportunities for the internet business," he explains. "Farmers are still

naturally conservative, but I had enough early adopters for Farmacy on board. Did anyone in our branch network want to buy into the total business model? Only one employee came forward." Dobbs kind of knows the reason why. "The millennial generation of vets is driven by the desire to be the best possible clinicians rather than business interests," he muses.

So instead, Dobbs looked at the possibility of private equity, having seen August Equity invest in a companion animal business. "The most important stipulation was that I wanted the freedom to be as entrepreneurial as before," he says. "I wanted a buy and build strategy but at the same time I believed we should also build the business organically. There has to be a balance in managing risk, although being conservative can be as much of a risk as pushing the envelope harder.

"We're not quite as sexy as an investment compared to a companion animal vets business, and there is a lower rate of return, but production animals are both recession and Brexit proof because at the end of the day, everyone has to eat."

And the consolidation of companion vets practices has provided an unexpected benefit. "If they still have some farm animal work, they have

tended to transfer it to us," Dobbs explains.

The group has subsequently expanded to cover production animals other than cows, an agricultural data business has been introduced, and investment made in an in-house laboratory complex. The emphasis was more on what Dobbs calls "herd level intervention" rather than simply treating individual animals. "It's about improving margins for both the farmer and our business," he points out.

In 2016, turnover was touching £40million, and the group generated £5million EBITDA. The real achievement, says Dobbs, is that we had created a proper corporate structure, with HR, IT, and marketing skills on board to sustain growth; we weren't simply an amalgamation of thirty branches and 120 vets.

By the end of 2018 those numbers had risen to thirty-seven and 130 - "we've been focused more on solidifying growth - and Dobbs has been taking time to look across the Channel. "There is nothing similar to Westpoint in the Netherlands, Germany, or Poland," he points out. "In Germany, the law has only recently been changed to allow non-vets to own practices. After the law was changed in Scandinavian countries, within eighteen months some 80% of

vets practices had joined one of the two big corporate players that had set up when the sector was liberalised."

Statistics reveal that 91% of vets graduating in the UK are female; more than 50% of new vets are from overseas, which, says Dobbs, has pushed salaries down. The danger is that the next generation of vets are a family's secondary earners, he warns.

That matters to him because, he says, "I've always been a vet at heart, and I want to build something which is sustainable. It's about legacy. I'm partly responsible for a change in the profession, and I know this will sound crass, but I want to make sure that the business continues to develop, for the benefit of animal welfare, the vets, and the farmers."



With a heritage of nearly fifty years, the chartered financial planning and wealth management company Partridge Muir & Warren Ltd (PMW) see themselves as both guides and guardians to their clients. Their default position is one of conservatism, with the majority of their clients seeking a consistent, competitive return on their capital, which is why the average current client relationship lasts nineteen years.

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