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Pet project

Veterinary Emergency & Specialty Center of New England LLC

Veterinary practice grows by offering specialized services

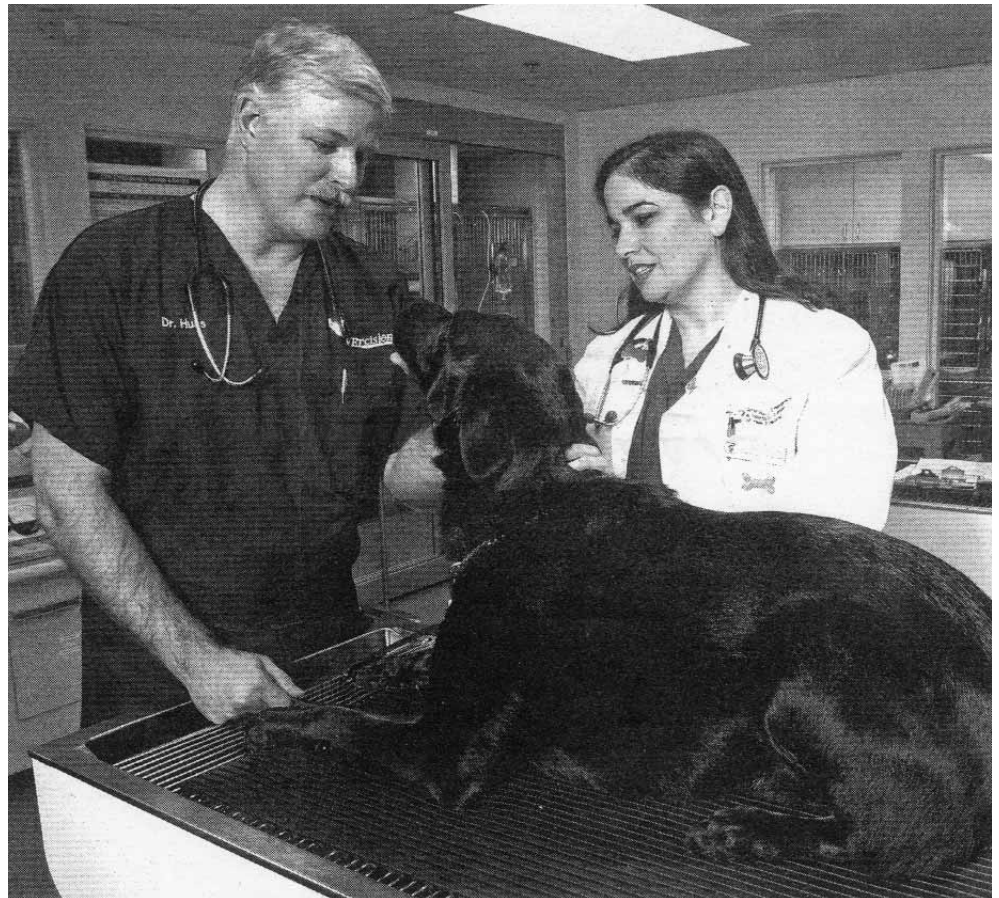
BY SEAN MCFADDEN
JOURNAL STAFF

Amy Shroff and Brian Huss recently earned some long-sought validation for their business.

Last month, the partners successfully refinanced the mortgage on their multispecialty veterinary practice, **Veterinary Emergency & Specialty Center of New England LLC (VESCONe)** in Waltham. In 2001, their enterprise was funded by a high-interest loan totaling \$3.5 million from **Matsco Leasing** and the **Money Store**. The recent refinancing for \$2.8 million with TD Banknorth over a 20-year term will reduce their payments from \$55,000 a month to about \$18,500.

For Shroff and Huss, veterinarians turned entrepreneurs, the refinancing did more than simply lighten their financial load. It was also a strong signal that their five-year-old practice, which they struggled for two years just to open, actually has teeth.

With an annual growth rate of about 30 percent, VESCONe was able to hit the \$4 million revenue mark last year. Since its launch, Shroff estimates that about 31,000 new patients have entered its facility at 180 Bear Hill Road. Meanwhile, the center plans to add a ninth doctor, an ophthalmologist, to its 50-person staff in March.



Brian Huss and Amy Shroff give a patient a checkup at Veterinary Emergency and Specialty Center of New England in Waltham.

FAST FACTS

Amy Shroff and Brian Huss opened VESCONe 2001. Primary service areas are emergency medical and critical care, surgery internal medicine, radiology and cardiology.

VESCONe has seen some 31,000 new patients since opening and works with about 500 referring doctors in new England.

Shroff and Huss own the 17,000 square-foot building in which they operate.

“This does feel like a validation — that we did some risky financing, but that we hung in there, grew the business, and

now it can stand on its own with this new financing,” says Shroff, 41.

The partners have dispensed with the services of a traditional veterinary practice, such as grooming and shots, and instead focus on providing secondary and tertiary treatment services for their clientele in five areas: emergency and critical care, surgery, internal medicine, radiology and cardiology.

Under the current business model, emergency and critical care (Shroff's area of expertise) contributes about 50 percent of total revenue, while surgical care (Huss' practice, which is marketed separately as Vetcision LLC) contributes 35 percent.

Because theirs is a primarily referral-based business — about 95 percent for the surgical practice comes from referring veterinarians, says Huss — broadening their specialty services remains essential.

“Veterinary medicine has expanded so much in the last 20 years, it's not reasonable to expect the general practitioner to know how to handle every disease, every condition, every situation,” says Shroff. “Our mission is to really be the eyes and ears of the general practitioner when they can't take care of that patient themselves.”

Howard Rubin, CEO of the Illinois-based **National Commission on Veterinary Economic Issues**, says specialty practices are tapping into a market need.

“There is evidence that there is an under-supply of board-certified specialists in relationship to the population of companion animals,” says Rubin.

Fulfilling that need came at an unexpectedly high cost for Shroff and Huss, who decided to combine their individual practices — hers was a veterinary emergency center, his was veterinary surgical referrals — back in 1999.

They scouted for a location, and eventually found a 17,000-square-foot warehouse space on Bear Hill Road, which they bought for \$1.1 million.

What they didn't anticipate is that in creating a facility complete with state-of-the-art equipment, their construction costs would balloon to nearly \$2 million over a two-year period — triple what they expected, says Huss.

“It was insane,” Shroff recalls. “Even toward the end, our accountants were saying, ‘Look, you guys really have to open.’ We took ownership of the building in 1999. We were paying for stuff on the building. And we hadn't even moved in yet.”

Despite the higher-than-expected construction costs, Huss believes their concept was still sound. “I always knew that it was going to work,” says Huss, 43. “I knew my capabilities. But a lot of the projections in the business plan were blue-sky projections.”

In 2001, two years after the partners took ownership of the building, the center opened. VESCONe occupies 11,000 square feet of the building. The remaining 6,000 square feet is leased to commercial tenants.

As they make plans to expand the business — Shroff says she'd like to add three or four more specialists — their business adviser, **Jay Fialkow** of **RossFialkow Capital Partners LLP** in Newton, says their dark days are behind them.

“I've yet to meet a new business that had the right capital to start,” says Fialkow. “Their business, fortunately, took off, so they became attractive to the funding community. Right now, they're a healthy business with good financing.”

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