Evaluate Your Practice - 1 hour

Learning Objective:
• Learn Key Tracking Metrics
• Learn How To Make Money
  If you don’t change anything not worth your time

How to Make Money
• See More Patients
• Sell More To Patients
• Raise Fees
• Take No Insurance
• Avoid Errors
• Watch Expenses

The more money, buys extra staff, equipment, better patient care,

Talk about Tracking so you know what to do about the above

You have probably heard these expressions
• You can’t manage unless you measure
• If you can’t measure it, you can’t manage it
• Whatever You Measure Improves

Why don’t eyecare practices measure?
• Busy- lack of focus
• Don’t think it’s important- don’t care
• Don’t know how- discipline
• Boring
• Apathy

If not measuring your managing the practice based upon emotions, which will mislead you. Manage practice based upon numbers, you will make more financially sound decisions. Share with staff what is important to you is important to staff, who start to pay attention.

While you may not be privy to every one of the stats in business, there are key measurements that affect every single person in the business. As you continue you will Benchmark

Before we start:
• What is the objective of the business? Is it just eyecare? Enhancing peoples lives? Making people look good? Fashion business? Image business?
• What is the business philosophy?
• What customer service policies do you implement to back up your business philosophies?
• What product and services do you offer? What do your competitors offer?
• Who is your customer?
• How are you connecting with the customer?
• What are your goals? 1-5-10 years
• What are your strengths?
• What is your weakness?
• What do you specialize in?
• How do you rate? (Chain, discounters, independent, online, big box)
• What are your obstacles to success and why?
• Competitive Advantages
• What are your competitive advantages?
• Why should a patient choose your practice over the other?
• You should be able to name several.
• Fortunately you can buy some. Optical instruments, staff training. What can you do to make your practice better?

**Once you get into the business objectives the rest will follow**

These are the key to your business. Properly analyzed, they can tell you strengths and weaknesses, where to make changes.

**Stats Kept on Regular Basis- communicated and shared**

- Gross And Net Sales
- Break Even Analysis
- Appointment book- Revenue
- Patient Conversions/Capture Rate
- Revenue Per Patient/ Average Transaction
- Patient Volume, new vs. Returning
- Accounts Receivable
- **Chair costs**- Total dollars to front door and total dollars collected. Take total expenses, take out cost of goods, and tradional optometric net. Divide by hours open and come up with chair costs.

  Takes a managed care group and divide by how many came in by income. And come up with chair cost per that group. It is possible that a management care program-losing money? If you can’t increase your 3rd party income why are you seeing them?

- **Others:**
  - Revenue per square Foot
  - Profitability per Product
  - Revenue per exam
  - Revenue per Dispensing Room
  - Profitability per insurance Plan.
  - Revenue per OD hour
- Revenue per Staff member
- Cost of Goods
- Inventory Turn Rate
- Average Inventory

Resources for Stats
- Check out OD Stats www.odstats.com
- Management And Business Academy (Alcon and Essilor)
- Software Programs that track your personal

1.) Revenue – Gross and Net Sales- Bottom Line (Gross Sales- Weekly)
What is your bottom line expense that you need to bring in every month to pay bills?

Fixed expenses, rent, utilities staff salary, loans, insurance, advertising, leasing, taxes (overhead)
Variable costs, office supplies, lab, outsourced, inventory, contacts, accessories.

What sales do you need to cover cost?
- Example: Fixed cost = $10,000, variable cost= $5,000
- Need $15,000 in sales to cover cost alone.
- If you are just covering costs, no money for re-investment, raises, new equipment.

Action Plan: Set Gross and Net Sales Goal. What sales do we need for growth? Where Can We Improve?
Evaluate an area that is ‘weak’ to focus on improvement. Increasing Sales and decreasing overhead.

2.) Percentage of Business In What Category?
- Exams; # of Exams and Fees
- Contact Lens
- Frames- Sunglasses- 2nd Pair
- Lenses- Add on (Lens Treatments)
- Accessories
- Medical Treatment
- Other

Look At
- What % of business is Insurance? State and Federal Programs, Private- Pay.
- How do your fees compare to the market?

Nationally Sources of Revenue: Management and Business Academy.
- Professional Fees= 39%
- Product Sales= 61% - Eyewear 43% and contact lens 16%
- Other 2%

Action Plan- What area can be improved upon? Take one area- or depending on the office assign an area to a person. Team Effort
3.) **Eye Exams** - Eye Exams, Patient Conversion, Staff *Track Weekly*

**Eye Exams:**
How many Exam Slots /month?
How many do you do?

**Example** - Open 5 days per week 8/day total slots = 40 eye exams week or 160/month. Average is 100 per month. The goal is to book 60 more eye exams per month:

Means if average transaction = $300 means $18,000 in lost income.

**Action Plan:** Increase number of Exam appts. Pre- appointment, email reminders. Retrain staff to answer and respond to phone differently, Re-look at your business hours. Networking, Advertising or social media engagement, more effective recall program. Implement SOP for Eye Exams. Measure it. Report it monthly.

- Other ways to increase: Increase Fees, Increase Eye Exams per hour, add another OD, add medical treatment.

**How will your quality of life be improved if we can. (Sell the benefit first)**

<table>
<thead>
<tr>
<th>Priority</th>
<th>Problem</th>
<th>Solutions</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brightness</td>
<td>Sunv</td>
<td>Time</td>
</tr>
<tr>
<td>3</td>
<td>Blur</td>
<td>Dress</td>
<td>4 months</td>
</tr>
<tr>
<td>4</td>
<td>Headaches</td>
<td>Computer</td>
<td>6 months</td>
</tr>
<tr>
<td>2</td>
<td>Safety Risk</td>
<td>s-prts</td>
<td>9 months</td>
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</tbody>
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Once systems in Place go on to next.

4.) **Patient Conversion/ Capture Rate – Track Weekly**

**Example** - Patient Conversion - exam room to sale

**Example:** 160 Eye Exams booked and 50 walked out without a purchase = average transaction of $300 = $15,000 in lost sales. (less exam fees)

**Action Plan** - Increase Capture Rate: Solutions: Work on Doctor Recommendation in Chair, multiple scripts, optician in exam room, handover. Move dispensing room, put displays in dispensing room.

- Other ways: Multiple Sale, Reader, Accessory, Sunglass for CL

5.) **Revenue Per Patient - How Much a Patient Spends With You (Track Weekly)**
Easy to measure and easy to improve. 2 Ways- Average Sales per complete Eye Exam and your Average Eyeglass Sale

**Example:** Current Revenue = $300. Want to increase $20. 160 Eye Exams + $20= $3200 in increased gross income.

Gross Revenue per complete eye exam Median= $306.00

Medium of AR 43%. Yet, using the medical model. Mrs. Smith you told me you have problems driving at night. we are going to prescribe a glare free lenses that will help you. 95% of AR purchasers repurchase (training the customers) Tell you what- I will buy it for you this year. and if you like it you can buy it next year.

**The Practice Profile Reports for Management and Business Academy**

<table>
<thead>
<tr>
<th>Population</th>
<th>Gross Revenue Exam</th>
</tr>
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<tbody>
<tr>
<td>Under 10,000</td>
<td>$312</td>
</tr>
<tr>
<td>10,000-24,999</td>
<td>$300</td>
</tr>
<tr>
<td>25,000-49,999</td>
<td>$311</td>
</tr>
<tr>
<td>50,000-99,999</td>
<td>$309</td>
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<td>$295</td>
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<tr>
<td>250,000-999,999</td>
<td>$299</td>
</tr>
<tr>
<td>1 Million +</td>
<td>$340</td>
</tr>
</tbody>
</table>

**Action Plan:** To Increase Average Transaction: Upsell, 2nd pair sales, Sunglasses add ons, accessories, higher end frames, increase in fees, medical treatments. Take one ‘product’ i.e. AR coating.. and focus, eyewear capture rate, remodel.

5.) **Patient Loyalty: New vs. Returning – Track Monthly**

More expensive to get a new patient than to keep an old one. Along the same line is to get the old patient in sooner than 1.7 years.

How many new patients a month came in?

Action Plan: Events, Better Recall, reminders Social Media, texting, newsletters

6.) **Productivity:**

Staff Productivity or Revenue per hour: Median revenue per staff hour for MBA is $83.00 per hour.

OD Productively:

**Action Plan:** How Can We increase Staff Revenue Per Hour?
How Can We Increase OD Revenue Per Hour? Increase Productively-Delegation, Training, Scheduling, SOP in place

6a) **Other**

**Sales Per Square Foot**
7.) Marketing

- Recall Program- tracking, management and pre-appointing.
- Social Media: Blog, LinkedIn, Facebook, Twitter, Pinterest
- What are you doing to attract new patients?
- Events
- Email Marketing-Newsletters
- Community Outreach
- Niche Marketing
- Website
- Charitable Causes
- Merchandising- Display Changes
- Bungling
  Preset Patients To Purchase - add don't forget to bring in your driving sunwear.
  Set the tone. 30% of left hand turn accidents cite glare as the problem. Safety
  factor- wear seat belts. and cite sunglasses. as a safety factor…
  Signage in Dispensary. Walk thru the

  **80% of all ultraviolet damage happens before a children’s. birthday. Protect
  your child’s eyes the same way doctors protect their kids**

Action Plan- Develop A Marketing Calendar

78) Customer Service

Happy Patients= Referral

8.) Watching Expenses

The Problem is you have spend money to make money. Many things you can do to watch
expenses. Utilities, inventory, office supplies.. Deal with in a staff mention to eliminate
unnecessary expenses.

10.) Closing Key Metrics

- Make a list of priorities to change and improve.
- Make a list of key metrics to track on a weekly/monthly basis. Put whiteboard in
  staff room.
- Start Benchmark