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Duration: 1 hour

## **The Practice Owner's Guide to Lean Inventory Management**

*Objective: To introduce practice owners to the fundamentals of lean management and inventory management, marry the concepts and extrapolate methodologies that create efficiency, revenue production and patient satisfaction. Strategies involving staff and technology will be discussed.*

### **Part I - The Basics of Lean Management**

- 1) What are the principles of being lean?
  - a) Overlying Principles
    - i) Define Value
    - ii) Map the Value Stream
    - iii) Create Flow
    - iv) Establish Pull
    - v) Pursue Perfection
  - b) Avoid Waste
    - i) Defects
    - ii) Overproduction
    - iii) Waiting
    - iv) Non-utilized talent
    - v) Transportation
    - vi) Inventory
    - vii) Motion
    - viii) Extra-Processing
- 2) The 5S Method
  - a) Sort
  - b) Set in Order
  - c) Shine
  - d) Standardize
  - e) Sustain

\*Example of 5S in action will be given
- 3) The Five Step Process of "Leaning"
  - a) Define - find problems
  - b) Measure - find gap that problem encompasses
  - c) Analyze - find the reason for the gap existing
  - d) Improve - close the gap and get rid of the defects
  - e) Control - sustain improvements

### **Part II - Understanding Inventory Management**

- 1) Introduction to Inventory Management for Optometrists
  - a) Definition of inventory management

- b) Importance of efficient inventory management in an optometry practice
    - i) Keeping Costs Down
    - ii) Ensuring patient satisfaction
    - iii) Ensuring staff satisfaction
  - c) Objectives of inventory management
    - i) Create Operational Processes
    - ii) Repeatable and Simple
- 2) Types of Inventory in Optometry Practices
  - a) Frame inventory
    - i) Prescription frames
    - ii) Sunglasses
    - iii) Contact lenses
  - b) Lens inventory
    - i) Single vision lenses
    - ii) Progressive lenses
    - iii) Specialty lenses/coatings (e.g., anti-reflective coatings, photochromic lenses)

### Part III - Strategies & Best Practices

- 1) Inventory Management Strategies
  - a) Forecasting demand
    - i) Historical sales data analysis
      - (1) Demographic based
      - (2) Predictive analysis
    - ii) Seasonal trends and variations
      - (1) Understanding style projections
    - iii) Customer preferences and feedback
      - (1) Chart Notes
      - (2) Surveys
  - b) Setting reorder points
    - i) Determining safety stock levels
      - (1) Historical based
      - (2) Low Inventory repercussions
    - ii) Economic order quantity (EOQ) calculations
      - (1)  $EOQ = \text{square root of: } [2(\text{setup costs})(\text{demand rate})] / \text{holding costs}$
  - c) Supplier relationship management
    - i) Identifying reliable suppliers
      - (1) Timeliness
      - (2) Cleanliness
      - (3) Quality
    - ii) Negotiating favorable terms and pricing

- iii) Utilizing group buy/alliance pricing
      - (1) Leveraging larging buying power
    - iv) Ensuring timely deliveries
      - (1) Feedback system
      - (2) Comparing UPOD vs OPUD
  - d) Implementing a tracking system
    - i) Inventory software options
    - ii) Barcoding and scanning technology
    - iii) Traditional non-barcoded examples
    - iv) Integration with point-of-sale (POS) systems
- 2) Inventory Management Best Practices for Optometrists
  - a) Regular stock audits
    - i) Cycle counting
    - ii) Spot-checking discrepancies
  - b) Price Elasticity Testing
    - i) Example for frames
  - c) ABC analysis
    - i) Categorizing items based on value and sales frequency
    - ii) Prioritizing management efforts accordingly
  - d) FIFO and FEFO principles
    - i) First-in-first-out (FIFO) for perishable items
    - ii) First-expiry-first-out (FEFO) for time-sensitive products
  - e) Minimizing obsolete inventory
    - i) Clearance sales and promotions
    - ii) Donating expired products to charities
  - f) Employee training and awareness
    - i) Educating staff on inventory management procedures
    - ii) Encouraging accountability and responsibility

#### Part IV - Measures, Metrics and Technology

- 1) Inventory Control Measures
  - a) Inventory turnover rate calculation
    - i) Monitoring stock movement and sales velocity
    - ii) Identifying slow-moving items
  - b) Stockout prevention
    - i) Real-time inventory tracking
    - ii) Automatic reorder notifications
  - c) Return and warranty management
    - i) Handling defective products
    - ii) Processing manufacturer warranties
  - d) Loss
    - i) Accounting for theft and missing inventory

- 2) Technology and Software Solutions
  - a) Inventory management software
    - i) Features and functionalities
    - ii) Popular options for optometry practices
  - b) Point-of-sale (POS) integration
    - i) Streamlining inventory and sales data
    - ii) Reducing manual data entry errors

#### Conclusion

- 1) Recap of the importance of effective inventory management in optometry practices
- 2) Emphasize the benefits of streamlined processes and cost savings
- 3) Encourage continuous improvement and adaptation to changing needs and technologies.
- 4) Establish the importance of maintaining lean operations with inventory management and how to incorporate lean management consistently