

Scotoma's of
Practice Profitability

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sco·to·ma

/skəˈtōmə/ ⓘ

noun MEDICINE

A partial loss of vision or a blind spot in an otherwise normal visual field.

1

Disclaimer

Ryan Parker is an employee of EssilorLuxottica and has a relevant financial relationship.

Good news is we are not talking about products in this lecture!

2

Practice
Profitability

3

Financial Goals

To get an estimate of the financial goals, take the total of all costs associated with the product (material cost, fabrication, labor, etc.) and add it to your profit/growth goal.

Market Position

Know the market positioning of your practice:

- Is your product a brand or generic?
- How recognizable is the product among consumers?
- How does it stack up against competitors?
- Is it exclusive?

Customer Base

Know your base customer:

- Will you attract more customers or turn them away?
- Will your customers be willing and able to pay for the products/services?
- How will your customers view your dispensary?







Pricing

Pricing is the process of assigning a value or a price to a product or service. It is extremely important to set the "right" price as it is the basis for generating profits for a business and needs careful consideration while devising the business strategy. These are the things you need to consider when pricing your product or service

4

Consumer Voting

- Our purchases are votes for the products and services we believe in
- 78 percent of U.S. workers live paycheck to paycheck to make ends meet*



*Source: Pew Research Center, 2015. 78% of U.S. workers live paycheck to paycheck to make ends meet.

5

Repurchase Cycle: Age

Age Group	Repurchasing Cycle	Units sold	Number of Eyeglass wearers	Population
18-34	1.85	22.1	40.8	75.7
35-44	1.75	13.4	23.9	44.0
45-54	1.80	16.2	29.1	43.0
55+	2.17	31.4	68.3	88.8

Financially Dependent

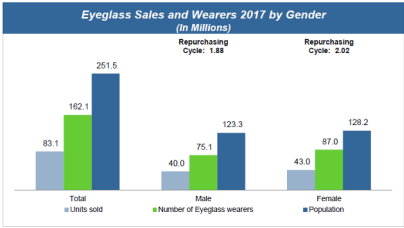
Financially Free

Financially Prudent

6

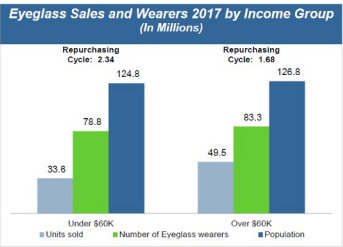
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Repurchase
Cycle:
Gender



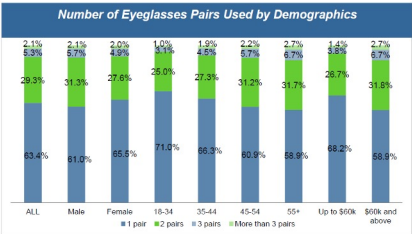
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Repurchase
Cycle:
Income



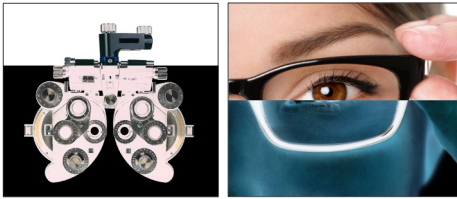
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Multiple
Pairs



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Private practices account for **66%** of exams...



...but only **48%** of eyeglass sales.

10

Top Key Metrics

- Expense Category % of Gross Revenue
- Exams per OD Hour
- Gross Revenue per Exam
- Gross Revenue per OD Hour
- Gross Revenue per Staff Hour
- Annual Gross Revenue/Active Patient
- Eyewear Rxes per 100 Complete Exams
- Eyewear % of Gross Revenue
- Contact Lens % of Gross Revenue
- Eyewear Revenue per Pair
- Eyewear Multiple Pair Sales Ratio

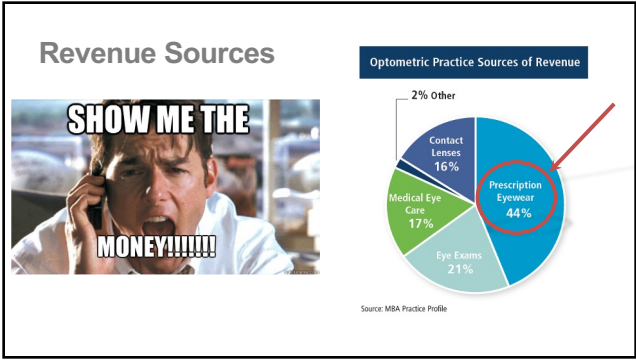
Know WHY before you figure out how!

11

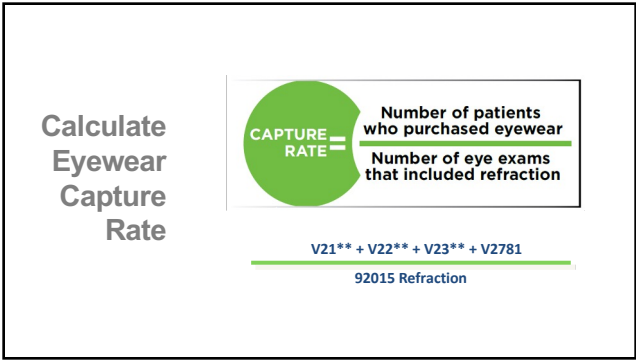
Capture Rate: The Lowest Hanging Fruit (\$\$\$)

- Understand ECP Revenue Sources
- Identify the Financial Opportunity
- Calculate Capture Rate
- Discuss Best Practices for Improving Capture Rate

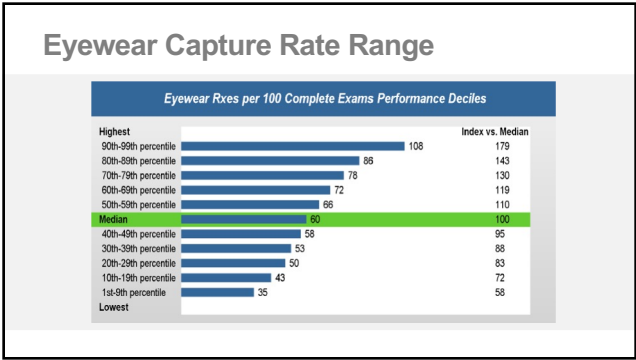
12



13



14



15

IMPACT

60% → 67% is 0.6/day = \$34,481 increase

60% → 80% is 1.1/day = \$64,037 increase

Assumptions
\$750,000 Gross Revenue/yr
2,170 exams w/Rx
Avg \$227/pair

16

How Can We Improve Our Capture Rate

17

18

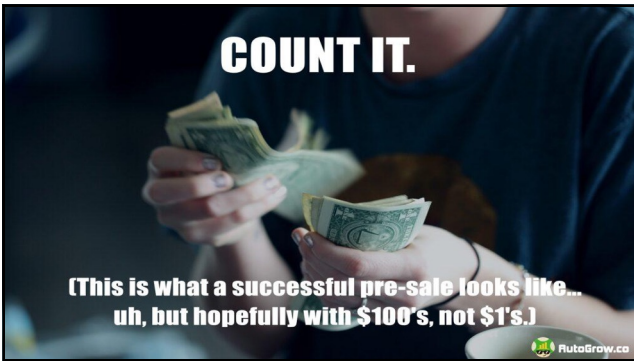
Improving Capture Rate

Strategies for improving capture rate:

- 1. Pre-sell - ask patients to bring current eyeglasses and prescription sunwear with the to exam
- 2. Assess current patient flow – How long does it take to see the optician?
- 3. Recommend eyeglasses to all contact lens wearing patients
- 4. Merchandise well - structure office experience to enhance
- 5. Devote at least 25% of office space to optical dispensary
- 6. If patient asks for Rx to take with them, ask why



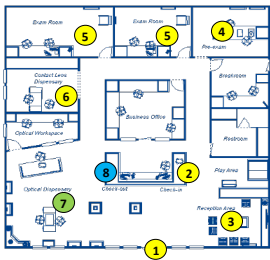
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20

Traditional Patient Flow

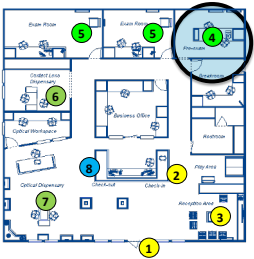
Typical flow: money part is at the end



21

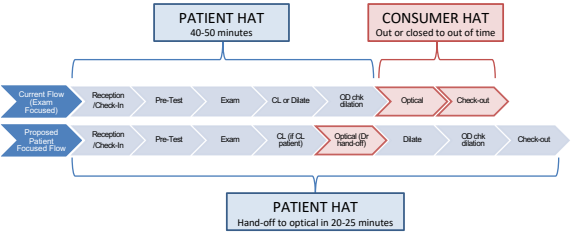
Patient Focus Flow

Updated flow: Allows that patient to see the optician as early as after the pre-test



22

Patient Focused Flow



23

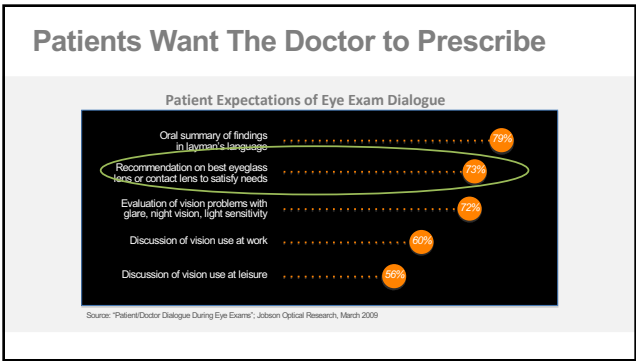


Contact Lens Patients

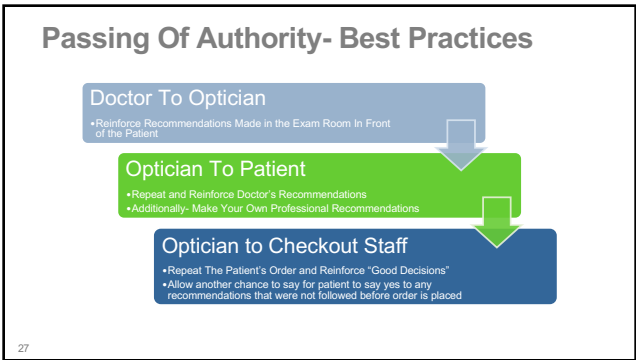
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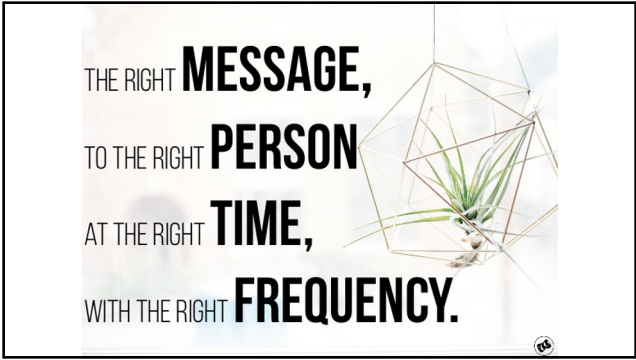
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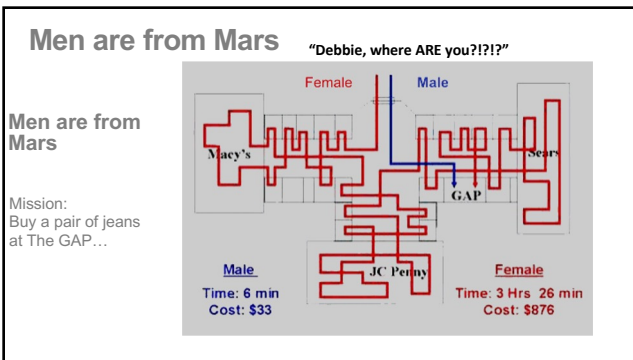
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Endowment Effect

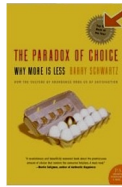
When we own something, we tend to judge it to be of a higher value than others would



34

Consumers do NOT like Choices

Consumers purchase less when faced with too many choices...



"Just give me what my insurance covers" is often a dodge to avoid a financial choice...

35

ASK WHY.

36

Key Learning Points

- 1 Identify your opportunities
- 2 Calculate Your Capture Rate
- 3 Set Realistic Improvement Goal
- 4 Build Your Strategy
- 5 Measure Your Success

37

THANK YOU



38