Optical Turnaround
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No Financial Interest

Declining Profitability

What was going on?

1.86% Sales Lost
$1860 per $100,000

- 43.9% employee theft
- 31.4% shoplifting
- 18.6% administrative error
- 6.1% vendor fraud

Problems
• Embezzlement
• Inventory Control
• Cost of Goods Sold
• Staff Commitment
• Capture Rate

Embezzlement
• Inventory shrinkage
• Diversion of jobs
**Embezzlement**
- Prosecution
- Loss of OD license

**Inventory Control**
- Staff control purchasing
- Vendors
  - reduce #
  - communicate expectations
  - document understanding
  - review purchases and sales
  - assess return rates

**Inventory Control**
- Purchase for demographic
- Maintain product mix
- Check in/check out system
- Serial number inventory
- Monitor

**Cost of Goods Sold**
- Well over 40%
- Tightened inventory control
- Monitoring and analyzing sales
- Analyzed margins
  - increased markup
  - added discount

**Cost of Goods Sold**
- Considered adding a lab
  - improved equipment
  - lower start-up costs
  - increases control
  - reduces job costs

**Cost of Goods Sold**
- Rejected adding a lab
  - product liability
  - regulatory
  - lens blanks inventory
Staff Commitment

• Obtained ABO certification
• Fired problem people
• Hired customer-service driven
• TRAINED thoroughly

Staff Commitment

• Involved everyone in the optical presentations at staff meetings discuss eyewear with patients
• Emphasized continuing education all staff attend seminars read professional literature

Capture Rate

• 40-55% MD’s
• 75-90% OD’s
• 2/3 of income

Capture Rate

• Patient directed to optical at check in
• Tech/Assistant present Lens Menu
• Dr. mentions eyewear options, discount
• Dr. mentions optical and recommends opticians

Other Strategies

• Developed lens packages premium value
• Emphasized specialty lenses and lens treatments
• Worked with businesses to supply safety glasses

Other Strategies

• Recognized what our retail position was
• Emphasized personal service
• Marketed ourselves as quality providers
• Focused on internal marketing