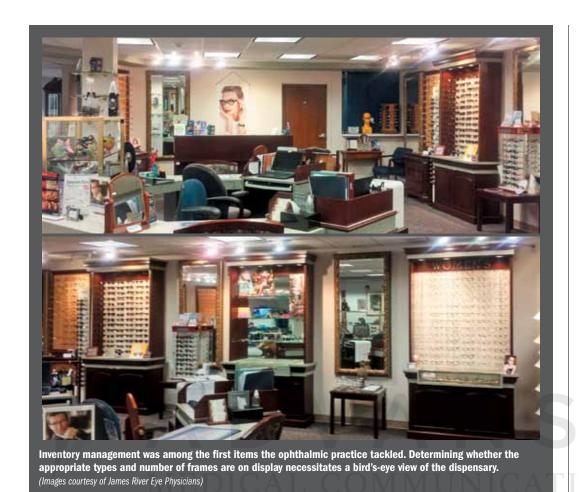
Photo courtesy of Alcon Laboratories)

MDISPENSABLE



Business is thriving: So what's the challenge?

Case study highlights how practice, outsourcing partnership can tame inventory control, lighten load

By Kurt Behrle

NEWPORT NEWS, VA ::

ames River Eye Physicians, an ophthalmology practice offering full-service eyecare in Newport News, VA, was thriving.

News, VA, was thriving.

The problem? Its in-house optical dispensary had begun to demand too many staff hours and resources. On top of that, the dispensary was not making as much of a profit as physicians running the practice thought it could.

Brian J. McKee, MD, MS, one of the practice's two board-certified ophthalmol-

ogists, made the decision to outsource the management of the practice's optical dispensary (Vision Associates of Warren, NJ).

"Before we made the decision to outsource, our dispensary was operating inefficiently—even with two part-time optometrists and two part-time account people," Dr. McKee said.

"Although our practice's profits had grown each year, our optical dispensary profits weren't growing along the same curve," he added. "We knew this meant we weren't converting the optimal rate of eye-care patients into eyewear customers."

Continues on page 65: Case study

(In Brief)

Consumer survey

ALCON LENS SOLUTION WINS 'PRODUCT OF THE YEAR'

FORT WORTH, TX :: ALCON LABORATO-RIES' CLEAR CARE PLUS with HydraGlyde was recently awarded "Product of the Year" for in the Eye Care Category of the 2016 Consumer Survey of Product Innovation.

The hydrogen peroxide contact lens cleaning solution with proprietary Hydra-Glyde Moisture Matrix technology provides outstanding cleaning and disinfection with long-lasting comfort, according to the company in a prepared statement.

"CLEAR CARE PLUS has been a welcome addition to the contact lens-care category among eye-care professionals," said Carla Mack, OD, MBA, FAAO, director of professional and clinical support at Alcon.

"To be named Product of the Year in the Eye Care Category also clearly shows that consumers have embraced the innovation in this product, which combines the excellent disinfection of a hydrogen peroxide solution, with the added benefit of HydraGlyde Moisture Matrix technology," Dr. Mack said.

The product was launched in 2015 and is available in most mass, drug, and grocery retailers



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CASE STUDY

(Continued from page 61)

Among the practice's challenges was the piecemeal, non-strategic fashion in which sales representatives and other vendors were bringing in frames. Inventory control and economy of scale were two of the main goals the practice hoped to achieve.

Additionally, since the practice accepted many different vision plans, third-party insurance billing had become very time-consuming. The ability to turn over the labor-intensive processing of optical claims to a third party was appealing.

MANAGING INVENTORY

Inventory management was among the first items the ophthalmic practice decided to tackle.

"Lens refractions and their subsequent frames sales capture rates determine a dispensary's size, as well as its income potential," said Mary Walker, director of operations at Vision Associates Inc. "Ophthalmologists should strive to achieve capture rate benchmarks. When these numbers underperform, the inventory a dispensary is presenting to its customers can be a significant factor."

Determining whether the appropriate types and number of frames are on display necessitates a bird's-eye view of the dispensary, because a major factor could be a shortage of appropriate products for the particular patient base. From there, the calculations are math meets metadata.

The dispensary inventory ranged between 800 and 1,000 frames at any given time. A full analysis was given to the practice's market to fully understand competitive prices structures and consumer preferences. The conclusion was its inventory was not being bought and managed as strategically as possible.

The practice's existing inventory was sold off and meaningful changes were made to its purchasing and benchmarking structures. An inventory customized to the patient base was created, enhanced computer software was introduced, and three new opticians—two full-time and one part-time—who

were trained in proper inventory management were brought in.

The new staff members "provided heightened expertise regarding the latest eyewear technology and incorporated added incentives for patients to patronize the dispensary," Dr. McKee said.

"Frames are selling at an accelerated rate because they better appeal to our demographic," he said.

The optical dispensary management firm also helped set price point and discounting strategies that led to an increased per-sale profit margin.

MARKETING PROGRAMS

Marketing programs and collateral were introduced to increase dispensary foot traffic and help boost sales.

For one such effort, patients were given football-shaped cards to fill in with their contact info. Patients then placed the card in a box located (where else?) in the optical dispensary, with monthly winners receiving a free pair of eyeglasses.

The ophthalmic practice also took advantage of its prime Center City office location by starting a program providing area workers with an optical shop discount.

The bottom line? James River Eye Physicians is now in its fifth year of working with the optical dispensary management firm, and 2014 was its highest year yet in terms of sales. Its optical dispensary sales have increased precipitously, making it far more representative of a growing, thriving business.

Having enjoyed such success, Dr. McKee has the following advice for managers of robust ophthalmic eyecare practices: "[We] learned that it is simply not feasible to give 100% to your ophthalmology practice while still optimizing an optical dispensary. We highly recommend taking advantage of the mentorship and installation of best practices that an optical dispensary management firm can provide."



KURT BEHRLE is co-principal of Vision Associates Inc., which offers turnkey, customizable optical dispensary management and consulting services.

'Frames are selling at an accelerated rate because they better appeal to our demographic.' — Brian J. McKee, MD, MS

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