

More ABCs of opening an MD optical dispensary

Space allocation, staffing, and marketing and promotion are all considerations

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Editor's Note: In last month's "Dispensing Solutions" column, Pamela B. Fritz left off with a discussion on space allocation for the MD dispensary (see *Ophthalmology Times*, July 15, 2003 issue, Page 42). There are several other considerations in determining proper space allocation.

If the dispensary is to be combined with the practice's patient waiting area, be sure there is adequate room in the waiting area for smooth patient flow from the practice to the dispensary. Most importantly, make sure not only that the patients can see the dispensary area, but that the access is both inviting and easy.

Another important space consideration may be additional exam lanes. I almost always recommend that ophthalmologists consider the addition of optometry to the practice. This is to ensure that the dispensary has a consistent flow of prescriptions. Even if additional lanes will not be in use by the time the dispensary opens, planning to have this space available will be important for your projected long-term business plan.

Some other considerations:

- n Ideally, the dispensing tables will have computer stations.

- n Where will the patients pay for their eyewear? The optical dispensary should have its own payment area.

- n Will the dispensary be doing any in-house lab work? Even if this is not set up initially, now is the time to plan the space. Labs need plumbing and ventilation to meet certain industrial codes.

Apply for your DMERC number I have covered the issue of accepting assignment at length in a past article in the "InDispensable" section of *Ophthalmology Times* (Jan. 15, 2003, Page 52). I continue to think it is an important patient satisfaction issue, so be sure to make an application (CMS-855S) to get your DMERC number for the dispensary.

Contact the National Supplier Clearing House (www.palmettogba.com, or call 866/238-9652). You can also download the application from the Web site: www.cms.hhs.gov/providers/enrollment/forms/. Even if you plan to enroll electronically, print out a copy of the form so that you can do a "practice" sheet.

A couple of important tips in the application:

- Fill out the correct name for the optical dispensary where the eyewear will be sold. If your optical dispensary has its own name (example: practice name, Leslie J. Weil, MD, optical dispensary name, Weil Optical) be sure the DMERC application is in the name of the dispensary.
- If the dispensary has its own phone number, be sure to use that number in the application, not the practice number.

These points may seem picky, but if you don't do it right, you'll be headed for problems later.

The National Supplier Clearinghouse Web site has lots of other helpful information under "Supplier Enrollment" about filling out this application. Be sure to check out the "State Licensing Directory" to see what your state requires you to submit with your application.

Staffing the dispensary Without a doubt, you need a qualified, professional optician to run your dispensary. Many states license opticians, but in any case an ABO (American Board of Opticianry)-certified optician is crucial. Ideally, an experienced licensed/certified optician with cross-training in an ophthalmology practice would be great. The same optician with excellent technical as well as sales skills and some management background would be the ideal.

Finding the right person will take some time, so start as soon as the timeline for the dispensary construction is established. Have a written job description. Advertise in the local classifieds. I have also had great luck through the representatives of optical vendors (they know who is looking for a new position) and local optical laboratories.

Be sure that whoever interviews the candidates has optical dispensing know-how and will ask the candidates the right questions to assess their capabilities. Check references carefully. From personal experiences, I would caution against hiring someone who has a relative who works for a competitor or who has another "part-time" position with a competitor. Remember that anyone else who sells eyewear in your market area should be considered a competitor!

Compensation Obviously, the greater the experience and expertise, the higher the compensation.

The most successful compensation situations I have set up (for both employer and employee) are ones that compensate opticians for basic job performance, while allowing them to reap the rewards of their sales through incentives. Incentive packages can vary. They will depend on the practice set-up, as well as the personalities of employees. Do you provide incentives for other practice employees, such as receptionists, technicians, or optometrists?

Dispensary employees should be rewarded for optical sales, but this should be based on an individual's performance. Optical management should receive additional compensation based on

the overall increased performance of the dispensary. Base your bonuses on increases over the previous month or year to date. Employees that share in the profits and help increase them are likely to be the most productive.

Setting up vendor accounts Usually, I set up the MD dispensary frame selection to accomplish the following:

- Meet your patients' demographic needs. For instance, a pediatric ophthalmologist's product mix would be different from that of a practice with a high rate of cataract surgery.
- Differentiate from the competition. This is where you need to know what your competition is selling, not only frames but lens products. Strive to be new, innovative, high-tech, and exciting in the products you sell.
- Good selection, but not too many vendors. Five to eight frame vendors can give you a broad range, because many companies cover all aspects of frame products from value to designer, from kids to adults. Key vendors' sales representatives can be a big help in working with your optical sales staff and planning your marketing strategies.
- Establish a good lab relationship. Your lab is a valuable resource for product instruction, promotions, and sales training for your staff.

I usually suggest that you keep your cost of goods at about 32% to 36%. The type of optical goods (high end or low end) that you are selling will affect this number. The important thing is not to let price be the only factor when buying from a frame vendor or setting up a lab account. Timely service, quality products, and the real informational and educational help that frame companies and optical laboratories can give you and your staff is invaluable.

Marketing and promotion It goes without saying that most MD practices are not used to dealing with marketing, merchandising, and promotion. It is critical that you formulate a specific plan to market your practice and your optical dispensary. It is also important that you have a budget set up to accomplish this. Many times we use the "soft" marketing approach, which involves a lot of internal marketing and patient communications tools.

Your patients deserve to know about the services and about the quality of eye care you provide through both the practice and the optical dispensary. As a consultant, I have often used the "raving fans" concept (from the book by Ken Blanchard). The concept is that you should not just strive for "satisfied patients," but that your patients should become your "raving fans."