Business
for a Successful

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An optical dispensary that is part of an eyecare practice typically provides products and services to the practice's patients with only a small portion (5 to 15%) of its sales originating from other sources. As such, the day-to-day operations are typically administered by a professional optician.

Operational guidelines that dictate ultimate profitability of an optical dispensary are no different from those of any other contemporary business. Thus, when the managing optician is provided with the practice's business plan for the dispensary, daily operational decisions are based on projected results.

The business plan for the optical dispensary need not be overly complicated. However, it should set forth the available resources the optician can depend on and the practice's expectations regarding sales and profit. This article provides the basic information that should be included in a workable optical dispensary business plan.

Resources

To be successful, an optical dispensary must have basic adequate resources. Overlooking any one can affect sales, profit, employee morale, and patient satisfaction.

Space

Too often, practices provide space for the dispensary as an afterthought. The purchase of prescription eyewear involves issues that are private to the patient, and the business of the dispensary is private to the practice.

Proper planning before a dispensary is in operation can create an environment in which both buyer and seller can function without distraction, thereby maximizing sales.

The size and layout of the dispensary can also have an impact on sales through the planned allotment of space for various types of brand signage (e.g., logo plaques, displays, cases, photographs, promotional pieces). In today's retail frame market, brand recognition is a significant factor in pricing and multiple-pair sales. Suppliers of brand-name products routinely furnish a range of point-of-purchase material to en-

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hance the sales of their products. All too often, this material cannot be used in the practice because of space limitations.

Inventory

As the number of vendors of frames, lenses, and accessories continues to increase, it is often difficult to limit the quantity and variety of the products in your inventory. The practice can set parameters that will help the optician select vendors that "fit the plan". These parameters include

- estimated spectacle sales per day
- average income and age of the patient base
- total investment allowable for the inventory
- percentage of patients covered by third-party programs.

Management Systems

Your practice's management system may not include a dispensary operating platform. An operating system that seamlessly integrates the costs and sales of the optical dispensary into the overall practice will save the optician separate reporting activity and provide the practice manager with real-time financial data regarding the receivable and payable contributions of the optical dispensary to the overall practice.

The optical department's management system should, at a minimum, address the following:

- All materials should be included in the database along with the supplier, your cost, the retail price, the inventory on hand, and the date of first purchase.
- All inventory items should include units sold per current day, per month, and year to date.
- Supplier fields should include provision for notes regarding policies, salesperson contact, discount, total board space allotted, and total sales by month, year to date, and previous year.
- Patient fields should include data that will allow periodic evaluation of the optical department sales including

  —date of last visit
  —name, address, telephone number
  —age, sex, eye color, hair color
  —frame style, material, features, color
  —lens style, material, supply lab, and prescription
  —items of interest to patient but not purchased
  —follow-up mail date.

A system that contains these data elements can be used to meet important goals, such as the following:

- Expand the practice's target market by identifying the weak points in patient population.
- Capture additional sales by following up on items of interest.
- Control inventory by purchasing according to established usage trends.
- Maximize the value of your inventory by eliminating mer-

chandise that performs below minimum turns established in the system.

- Expand, reduce, or eliminate supplier board space by true comparison of retail results as a percentage of space allotted. (If a supplier occupies 10% of the board and produces 30% of the sales, it is a good candidate for additional board space.)
- Produce mailing lists for specific patient categories (e.g., a children's trunk show).

Expectations

No practice would set up an optical dispensary without expectations of the benefits it will accrue. These expectations should be clearly stated so that all involved know the goals and philosophy of the new endeavor.

Margin

The practice should set the minimum acceptable profit margin as well as a general pricing policy. This important guideline will help prevent future misunderstandings.

Product

The general "culture" of the practice should be reflected in the product selection. This can be achieved through staff meetings that allow full and free exchange by the entire staff regarding the "taste level" to be reflected in products offered.

Multiple Sales

Although well intended, expectations for multiple sales can place the optician squarely between the mandate to "deliver" and the comfort level of the patient. Thus, the practice must clearly define its position. The proportion of the optician's income that is derived from salary versus incentive is important to establish.

Vendor Relations

The extent that the practice wishes to maintain its general business reputation and credit worthiness must be clearly communicated to the optician. Guidelines for prompt payment, appointments for sales representatives, returns, exchanges, number of vendors, and obsolete products will help the optician conduct the business of the dispensary in a manner that reflects the disciplines of the overall practice.

As the optical retail business expanded in the 1970s and 1980s, the number of suppliers increased significantly. As a result, most optical dispensaries are constantly solicited by sales people. These encounters are often unproductive because they always involve an optician who cannot visit with every salesperson and a salesperson whose job it is to make the call and try hard to present the product.

The first and most important step to professional vendor relations is establishing fair and reasonable practice guidelines for sales visits. The guidelines should include

- sales visitation rules for salespeople with existing accounts
- sales visitation rules for new salespeople
- blocks of time each week devoted to sales presentations
- rules for a salesperson's routine inventory or board maintenance including frequency and best time of day.

When the rules of the game are clear, fair, and reasonable, the benefits in time, problem solving, currentness of product, and sales apply equally to optician and salesperson.

Customer Service

The practice should provide general guidelines for its patients in terms of credit, no-charge items, length of warranty, defective definition, and maximum turnaround time from selection to delivery. Important to good service is to track patient satisfaction and then make changes or additions based on the results.

It's Your Choice

Your list of resources and expectations can be as simple or as extensive as you wish and your practice requires. No matter the complexity, however, your business guidelines must be clear and fair. If they are, you can reduce cost, increase profit, enhance patient satisfaction, and avoid confusion. æ

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