No Financial Interests

Administrator’s Responsibilities

- Talent Acquisition/Human Resources
- Training and Motivation
- Product Acquisition/Negotiating with Vendors
- Inventory Control
- Facilities/Shops
- Marketing
- Budgeting/Benchmarking
- Customer Satisfaction

Must Read-The Dispensing Ophthalmologist

by Arthur De Gennaro

Available only through AAO Website Bookstore.

Talent Acquisition/ Human Resources

We start with hiring the right people.
Talent Acquisition -  
**Hiring the right people**

- Involve Managers in the hiring process
- Have a multiple step interview process
  - Phone screen
  - Face to face
  - Observation and second interview
- Ask the right questions

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The Interview

- Behavior/Competency based questioning
- Questions based on the competencies you are looking for in the candidate.
- Require specific answers, not vague generalities
- STAR method
  - Situation: a recent challenge and situation in which you found yourself
  - Task: What did you have to achieve?
  - Action: What did you do?
  - Result: What was the outcome of your actions?

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Example Questions

- Tell me about a specific time when you delivered outstanding customer service?
- Describe the most difficult customer you have ever dealt with. What was the situation, how did you handle it, what was the outcome?
- Give me a specific example of how your excellent service helped the companies growth and/or profits?

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Example Questions

- Describe a specific situation when you were criticized by a patient or customer. How did you react? What was the outcome?
- Describe your least favorite work environment? Why was it your least favorite? What would you have changed about it?
- Describe your favorite supervisor? How did they manage you?

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The person sitting in front of you is looking and acting as good as you will ever see them look and act. Don’t think it will ever get any better!
Tips

- Get a second opinion
- Be careful of the “Halo Effect”. An observer’s overall impression of a person influences the observer’s feelings and thoughts about that person’s character.
- Always hire a 10!
- Trust your gut

Training and Motivation

Your Staff is Everything!

- It is not enough to have the “right people” hired
- Nor is it enough to have the “right people” doing the “right things”
- Those “right people” must be doing those “right things” “RIGHT”
- …and that takes training

The Practice with the best trained staff wins!

Employee Expectations

- Pre-application expectations disclosure
- Be very up-front and clear about all employee expectations
- Eliminates bottom 20% of applicants and 80% of all future personnel problems

Be "slow to hire," ensuring new people have the right skills and team chemistry; but "quick to fire," if you’ve made a mistake and the new employee can’t grasp the complexities of the job or work well with others.
Staff Improvement

• The fastest way to improve your staff is to eliminate the bottom 20%
• Eighty percent of your human resources problems come from your bottom 20%
• Sound hiring practices decreases ever hiring the bottom 20%

--The Disney Institute

What it Takes!

• Commitment
• Passion
• Vision
• Planning
• Hard Work

Non-Money Compensation

• Status and recognition compensate the sales force almost as much as money – sometimes more
• Recognition outside the department is necessary and also increases cooperation in the hand-off process

Know Your Marketplace – Know Your Customer Required Reading for Managers

Commitment
Passion
Vision
Planning
Hard Work

Promote from Within!
“Customers do not become completely satisfied by accident. It’s a deliberate process that requires continuous commitment, frequent training, constant monitoring, and financial consequences for those who don’t measure up.”

*Exceeding Customer Expectations, page 85*

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**Training to Expectations**

- Clearly define expectations
- Utilize talk tracks whenever possible
- Have a training plan and “chunk it out”. Manager should sign off on completed sections verifying competency.

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**The Compensation Package**

- Must be in writing; dated and signed
- Must be clear and easy to understand and calculate
- Bonuses must be attainable and be at least 20% of total compensation to motivate

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**Compensation Plans must be transparent and in writing.**

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**Product Acquisition**
Product Acquisition

- Know the vendors system and maximize rebates, discounts, and free pairs
- Shop the competition (If you offer the same thing as a big box store, I guarantee it will be more expensive on your frame board)
- How do you differentiate yourself from the competition?

Purchasing Responsibilities

- Frames
- Lenses
- Accessories
- Equipment, tools, and fixed assets

Based on what sells, what works, not personal preference

Set a Practice Goal

For Inventory Turns

- Different viewpoint between ophthalmology and optometry practices:
  - Ophthalmology practices carry smaller inventories and expect to turn product more often: 3-4 turns a year
  - Optometry practices carry larger inventories and expect to turn product only 1-1.8 turns per year
- Optometry practices demand higher capture rates
- Optometry practices depend more on optical sales

Right Size Your Inventory

- # Jobs / # of Refractions = Capture Rate
  - 250 Days x 300 Refractions a day = 2500 Refractions a year
  - 2000 Jobs / 2500 Refractions = 80% Capture Rate
- # Refractions X Capture Rate = Sales
  - 2500 Refractions X 80% Capture Rate = 2000 Sales
  - 2500 Refractions X 65% Capture Rate = 1,625 Sales
- # Jobs/Product Turns = Frames on the board!
  - 2000 Jobs / 4 Turns = 500 Frames on the board
  - 2000 Jobs / 3 Turns = 667 Frames on the board
  - 2000 Jobs / 1.8 Turns = 1,112 Frames on the board!!

Create Ideal Frame Inventory

Based from Practice’s Demographics

Practice Demographics

- Gender: Male, Female
- Age:
  - Children: age 1-12
  - Young Adults: age 13-21
  - Adults: age 22-60
  - Mature Adults: age 60+
- Percent of frames sold at each price point
- Early Adapters to Late Adapters - Fashion Awareness
Evaluation Your Inventory

- You just may not have the right frames on your boards
- Buy eyewear which helps create differentiation in your optical shop
- In order to create a unique experience, your product must stand out
- Buy product that you can not find in every shop
- Know what your customers want

Price Points

Determine your price point segments from lowest priced frame to highest priced luxury frame.

Know what percentage of your sales are in Each category.

Stocking Frame Boards

- 12 frames per rod
- 2-3 frames per rod in under stock
- Stock each company’s “Top Ten Best Sellers” by model, color and size
- Additional 2-3 frames are buyer’s choice or previous “Top Ten” that may not have sold when the new “Top Ten” list changed
- Requires frame reps’ commitment to identify best sellers!!

Know Your Market Place

Be responsive to your niche markets! Every practice has one.
Every supplier or vendor relationship must be evaluated prior to their regular renegotiations. This process is similar to staff evaluations and equally important.

- Give more business to each vendor by reducing your number of vendors
  
  - Expect better prices, discounts and service
  
  - Larger discount off Average Wholesale Price
  
  - Annual or semi-annual co-op or cash rebate percentage off your purchases
  
  - Early payment discount

- Negotiate Aggressively!!

For every dollar saved $6 drops to the bottom line!

Assuming a 35% tax bracket, you must take home $1.53 for every $1.00 that you will be able to spend.

Assuming a 65% practice overhead, you must now collect $4.40 to take home that $1.53 needed pre-tax for every dollar you will ultimately be able to spend.

Consultants recommend a fee schedule at least 150% of Medicare rates which may produce a 67% collection rate. You will need to bill $6.57 to collect the $4.40 needed to take home the $1.53 so that you can spend $1.00.

Inventory Control/ Loss Prevention
What’s At Risk?

• Loss potential ranges from 2%-20% of sales.
• Assuming $80K in Sales per month.
  $20,000-$200,000!!!!

Have An Inventory Tracking System

Frames Inventory

• Beginning inventory
• Frames purchased
• Frames sold
• Ending inventory

Manual Inventory

• Monthly (recommended)
• Quarterly (at least)
• Annual (for IRS)
• Annual (for Tangible Taxes)
• Intermittent (for practice valuation, insurance policies)

Manual Frames Inventory

• Rotating inventory teams – 2 members/location
• Reconciliation team from Accounting Dept
• Frame board Plan-O-Grams: what goes where
• Policy: All boards totally stocked at all times
• Video Cameras: 24/7

Security Cameras

• Almost 100% “catch rate” on stolen merchandise
• Creates more professionalism among staff
• Levels the playing field
• Provides accountability/respect
Facilities & Shops
In house marketing and an effective hand-off from MD/OD to Optician is the most effective form of marketing.
Your employees are great billboards for the Optical Merchandise

Senior Expo’s

Branding At Time Of Dispense

Benchmarking & Budgeting

Benchmarking & Budgeting

- Sales/Collections
- Capture Rate
- Avg $ per sale
- Avg Days to Notify
- Avg Days to Dispense
- Remakes % by Doctor and Lab
- COGS %
- Payroll %

Benchmarking

All industries have ratios or averages that allow managers to quickly determine the state of their business. One glance at these averages will let you know exactly what is right or wrong with the business at that particular time. These ratios or averages are called benchmarks.

--Bill Gardner, Jr.

Scorecards

Adapted from the Harvard Business School, help everyone assess the success of the optical division.
**Transparency Through Benchmarking**

- You will only be able to communicate successfully with optical staff if you have documented facts

- Benchmarking
  - A standard used to measure how we are doing
  - A measure of practice efficiency

**In Retail Sales, Feedback must be DAILY!**

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**Customer Satisfaction**

By a show of hands, how many people in the room have an excellent customer service plan?

So how do patients feel about their experience at our practices?

Here’s one of our patients to tell you about his experience...
Getting started...

Define what your patients’ expectations are.

“The first step in exceeding your customer’s expectations is to know those expectations”

– Roy Hollister Williams

Customers minimum level of expectations?

1. Knowledgeable staff to answer phone
2. Clean and Safe environment
3. Good Value
4. Reasonable wait time “Days to Notify” and “Days to Dispense”.
5. Good bedside manner from Doctor and Optician
6. Advanced technology utilized to maximize outcomes.

If you do those things, don’t expect a pat on the back.

It’s just enough to get by!

We Inspect, what We Expect
Survey consists of 13 questions where patients can rate the categories in questions from one to five. One equals short of expectations, and five exceeding them.

The patient can fill in the doctor with whom they visited, as well as the location. A special internal code is added to the survey batch to verify the information.

A space is also provided for additional comments and if the patient would like to be contacted directly about any outstanding issue or concern.

The Survey

- Survey consists of 13 questions where patients can rate the categories in questions from one to five. One equals short of expectations, and five exceeding them.
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- A space is also provided for additional comments and if the patient would like to be contacted directly about any outstanding issue or concern.

Consider A Committee Approach

- Patient Appeals committee is responsible for handling patient complaints and refund requests
- The burden does not fall on one person
- The information related to the issue is shared amongst the team to help recognize and prevent future issues

The Results

- The results are tallied by the score the patients give for each question. Once all scores are tallied, it is transferred by the spreadsheet to a snapshot as illustrated below to compare against a national database.
- If you have multiple providers, it’s a good idea to have a batch for each location. This will allow you to assess the nuances of each location’s customer service and look for differences.
- The results are summarized and a practice wide total snapshot for comparison to the national database.
- The snapshot also provides specific results to every question in the survey so different areas can be targeted for improvement.

Implement Change

Share the Results

- Customer Service Committee is comprised of CEO/Surgeon, Chief of Optometry, Practice Administrator, Office Manager, and Optician.
- Meet once per month to review results
- Each member holds their department members accountable
- Praise positive results publicly
- Coach negative results in private

The Results

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- The results are summarized and a practice wide total snapshot for comparison to the national database.
- The snapshot also provides specific results to every question in the survey so different areas can be targeted for improvement.
Implement Action Plan

- With information and input from doctors and management staff, a recommended plan of action to address areas of concern from patients can be developed and implemented.

Thank You!