

EyeSystems



Frame Inventory

Managing Your Profit Center

www.EyeSystems.info Mary E. Schmidt, ABOC, CPO Mary@EyeSystems.info

EyeSystems

Goals for workshop

- Create buying systems to smooth outgoing and incoming cash flow.
- Help create systems that make life simple.
- Give guidelines that make working with inventory, reps and patient's easier.

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Why Manage Your Inventory




- Dispensary generates more revenue per square foot than exam room.
- 35-50% of practice revenue, up to 60%.
- You can impact the revenue for the dispensary.
- Improper inventory management costs the practice profits.

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Frame Inventory

- How much inventory do you have in stock?



Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Frame Inventory

- Why do you have that amount?



Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Frame Inventory

- How do you buy frames?



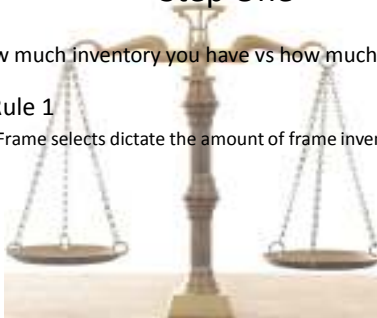
Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Step One

How much inventory you have vs how much you need?

- Rule 1
Frame selects dictate the amount of frame inventory.




Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Assess the Practice

- Number of exams per day.
- Number of frame selects per day.
- Use a one month average.



Original Thinking *EyeSystems* Unique Solutions

EyeSystems


Patient Assessment Worksheet

- Eye Exams per day _____
- Frame selects per day _____ x 5 = _____ per week
- Frame selects per week _____ x 4 = _____ per month
- Frame selects per month _____ x 12 = _____ per year
- Frame selects per year _____ ÷ 4 = _____ inventory needs

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Churning



- What is CHURNING?
- Why target 4 turns?
- What is the costs of exchanging frames?

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Step Two

Evaluate Current Stock

- Rule 1
Expand on best selling frames - eliminate look-a-likes.
8 basic frame shapes.
What do patient's often say?

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Evaluate Current Stock

Organize by Frame Style

- Begin with older men's plastics, then men's metal - double bar, single bar....
- End with older ladies plastics at the other end.

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Step Three

Fine-tune Your Stock

- **Rule 1**
Eliminate the frames that aren't selling well and expand on your favorites.
- ID the top 10 and get every color and size.
- Men versus Women

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Step Three

- Meet with reps and exchange "churning" product.
- Think merchandising like at Macy's or the GAP.
- When styles "cool off" is when your rep relationship is critical.

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Vendor Evaluation Form

Company Name	Complete one for each vendor, not personal, just business
Location	Where company located or product origin
Representative	Rep name – if a lot of turnover consider eliminating line
Location	If rep is close, BO'd frames and special help is easier
Price Ranges	Re-evaluate by dollar, Low-end may have high end lines and vice versa
Return/Exchange Policy	Ease of doing business is what we are looking for
Warranty	Changing standard
Number of styles in line	Many reps adjust their bag by account. Tell them that you are re-evaluating and want to consider their whole line
Back Orders	If they have BO'd product get it off the board
POP Materials	Use POP in all your displays, the more the better

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Vendor Evaluation Form

Strengths	Ask the reps to evaluate their own company, what they think they do best!			
Weaknesses	What don't they do well...kids, sunglasses, plastics?			
Company Performance	Poor	Good	Very Good	Excellent
Reps Performance	Poor	Good	Very Good	Excellent
Ease of Doing Business	Poor	Good	Very Good	Excellent

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Vendor Evaluation Form

Company Name	
Location	
Representative	
Location	
Price Ranges	
Return/Exchange Policy	
Warranty	
Number of styles in line	
Back Orders	
POP Materials	

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Vendor Evaluation Form

Strengths	
Weaknesses	
Company Performance	
Reps Performance	
Ease of Doing Business	

Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Step Four

Maintaining Your Inventory

- Inventory stabilized – Best Method
 - Frames purchased in kits (mix of colors and sizes).
 - Frames stay on the board!
 - Do not pull product for each patient. If it is in the tray your next patient can't see it.
 - Frames are drop shipped to the lab.
 - Establish relationship with the CSR's at each vendor.
 - Arrange special shipping.
 - Meet with reps quarterly.
 - Do not increase or decrease allotted spaces.
 - When exchanging product stay within category and style.



Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Step Four

Maintaining Your Inventory (cont'd)

- Inventory stabilized – Best Method
 - Areas to consider:
 - Eliminate fluctuations in inventory and cash flow.
 - Product ordered only after patient's have paid a deposit (must cover your costs).
 - Most popular styles, sizes and colors are always available for your patient to see.
 - Returns are at a minimum (\$15 per frame exchange cost).
 - It may take 6-18 months to implement depending on the condition of your inventory.



Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Step Four

Maintaining Your Inventory

- TAG Specifications – Good Method:
 - Frames ordered in kits only.
 - Frames are pulled for each patient.
 - Frames must be re-ordered daily.
 - Save tags and order frames using tags.
 - Retag incoming frames.
 - Meet with reps quarterly to assess effectiveness of product.
 - Do not increase or decrease allotted spaces.
 - When exchanging product stay within category and style.



Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Step Four

Maintaining Your Inventory

- TAG Specifications – Good Method
- Areas to consider:
 - Minimizes fluctuations in inventory and cash flow.
 - Product is ordered only after patients have paid a deposit.
 - Deposit covers costs.
 - Most popular styles, sizes and colors are NOT always available for the next patients to see.
 - Returns are minimized.



Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Step Four

Maintaining Your Inventory

- Board Management – OK Method:
 - Frames are ordered by rep.
 - Frames are pulled for each patient.
 - Frames should be re-ordered regularly.
 - Meet with reps regularly to assess effectiveness of product.
 - Spaces assigned.
- Areas to consider:
 - Fluctuation in cash flow.
 - Frame styles and colors not varied.
 - Returns unpredictable.
 - Initial decrease in staff time.



Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Step Four

Maintaining Your Inventory

- Periodic Re-order – Bad Method:
 - Frames are ordered in any assortment.
 - Sometimes subject to personal style or mood.
 - Frames do not stay on boards.
 - Meet with reps as needed.
 - Frames are re-ordered as needed or not at all.
- Areas to consider:
 - Tremendous fluctuation in cash flow.
 - Most popular styles are OFTEN NOT available.
 - Returns are at a maximum.



Original Thinking *EyeSystems* Unique Solutions

EyeSystems

Implementation



1. Assess your inventory quantity and need.
2. Determine your strongest sellers.
3. Evaluate vendors.
4. Meet with reps and adjust inventory.
5. Be patient – target 6 – 18 months.

Original Thinking EyeSystems Unique Solutions