

OBM Meeting
November 5, 2019

Measuring Success: Things I Wish I'd Known

Speaker: Dr. Dave Kading

#1: Complainers are Losers

Hubble & Warby Parker

- Businesses that can poach patients from optometrists for their vision screening. But don't complain about this, attempt to work around it or even identify what makes them so successful so that you can somewhat imitate it to a certain degree
- Keys to success: Convenience, Fashionable, Affordable

#2: Hustle: Make Your Competition Irrelevant

"Proceed as if success was inevitable"

- Don't approach life with this mentality, it's "B.S."

Methods

- Specializing
 - Helps you to stand apart. Often, a great way to be frequently referred.
 - E.g. Vision Therapy is an easy way to make a lot of money but also significantly contributes to the humanitarian aspect.
 - Dr. Kading does a Dry Eye Clinic

#3: Greatness Happens Outside your Comfort Zone

Dr. Kading's Grandfather

- Never used a slit lamp
 - Technology today plays a huge role in changing how optometry evolves over time

Expanding Horizons

- Be open-minded to new ideas/inventions and look to identify better treatment methods
 - Conventions, Academy

Branding

Neurologically, humans are powerfully attracted to anything that is "free"

- The manner in which you advertise matters and affects your sales
 - Ex: In your optical shop, saying "Buy One, Get One Free" is the same as "50% off glasses." But, seeing "free" in the advertisement draws people in more.

Statistics

Survival of Small Businesses

Over 6 Million small businesses are started each year in the US

- 1/3 survive 10 years or more
- Generally, 50-70% fail within the first 18 months

80-20 Rule

- 20% of optometrists will represent the highest innovators in the field

Finances

Gross vs. Net

“Gross” - How much money your practice actually collects from insurances and patients

“Net” - How much money remains after paying off all expenses (employees, etc)

Private Practice: Overview

- Average Revenue for each refraction: **\$306**
- Top 5% most expensive refractions: **\$529**
 - Dr. Kading’s Office: Revenue/Refraction (\$800) vs Revenue/Patient (\$600)
 - Not every patient gets a refraction
- Goal: Increase Efficiency
 - Decrease number of refractions but earn higher amounts of money per patient
- Salary of the optometrist varies with the revenue income and distribution into the various components of the practice

National Averages for Private Practices

—> “If you bring in \$1 Million each year, even the smallest percentage change in this breakdown can make a significant difference.”

- 28.7% = Net Revenue
- 28.8% = Cost of Goods
- 19.7% = Staff
- 12.3% = Overhead
- 6.9% = Occupancy
- 2.0% = Equipment
- 1.6% = Marketing

Sample Scenario

- Cost of Goods = \$100K/Year
- Rent = \$20K/Year
- VF and bought OCT (\$50K - 5 Year Term) last year (Phillis has glaucoma)
- Pays local company for Marketing (\$20K/Year) (Phillis’ niece)

Sample Scenario

- 1,800 Exams/Year
- Generates \$450K/Year
- Works 4.5 Days/Year (1 Week CE, 2 Week Vacation)
- Staff tells him he can not afford to take more time off

- 4 Staff Members (\$15, \$18, \$24, \$35/Hr) (FT = 2,000 Hours)
- Overhead = \$100K/Year

Observations

- Phillis is taking home an extra \$50K that is unaccounted for
 - Solution: Fire her :(
- Overhead of 22% is unusually higher than the 12.3% Average
 - “Overhead” - Anything that the practice buys that it does not sell
 - Solution: Cut 5% of the Overhead from removing Phillis

Breakdown of Sample Revenue

- 44% = Optical
- 32% Office Visits
- 16% Contact Lenses
- 6% Special Testing
- 2% Medical Treatment

General

- Optometric Insights = Company that Dr. Kading owns
- “I encourage you to start looking at the metrics of how businesses are run.”

Contact Lenses

- Most patients don’t properly clean their lenses in the way they are supposed to
- Top 2 Reasons why people stop wearing contact lenses: discomfort and dryness

Recommended Books

1. *Swim With the Sharks*
2. *Mind Set*
 - a. 2 Types: *Growth and Fixed*. *Growth* = “I can change and improve.” *Fixed* = “This is the way it is and nothing I do can change it.”