



FOUR STRATEGIES TO ENHANCE YOUR COST SAVINGS



Take a close look at your expenditures when considering how to increase your profitability.

BY CHRISTOPHER LOPEZ, OD, AND AARON NEUFELD, OD

Running an optometry practice comes with many challenges. Staffing costs are ever-increasing, vision plan reimbursements have largely remained stagnant, and inflation affects spending. Why would anyone want to enter this embattled industry?

We do it because, despite the challenges, optometry can be a wonderful profession. We get to improve patients' lives while typically earning a six-figure salary.¹ Associates earn an average of \$155,000, while practice owners take home around \$262,000.¹ Owning a practice, however, also

comes with significant burdens. As Shakespeare once said, "Uneasy lies the head that wears a crown."

Profits—and how to increase them—are at the forefront of a business owner's mind. Two key strategies for enhancing profitability are growing revenue and cutting expenses. A past *Modern Optometry* article of mine (CL) outlined how to increase income,² but not enough attention is given to cost savings. Optometry practices cannot simply expense-cut their way to earning millions, but it is still prudent to carefully analyze expenditures so that you do not miss opportunities to

earn more from your business. There are four strategies you can implement to grow your practice. They are:

1. Offer preferred contact lenses
2. Hire virtual staff
3. Switch lens labs
4. Optimize merchant services

This article explores each of these strategies in depth.



OFFER PREFERRED CONTACT LENSES

Many practice owners tend to undervalue margins on contact lens sales, but with approximately 45 million Americans



wearing contact lenses,³ optometrists would do well to re-examine their contact lens business.

One idea to cut costs associated with your contact lens business is to narrow your contact lens options to one or two preferred vendors, which may provide several advantages.

Inventory Management

Focusing on one or two contact lens vendors can simplify your inventory management, as having fewer lens products can reduce the overall complexity of stocking and tracking these products.

Improved Purchasing Power

Practices can often negotiate better pricing and/or terms by concentrating on their purchases from one or two vendors. This cost savings allows offices to enjoy higher profit margins and/or pass the savings benefit on to patients.

Stronger Vendor Relationships

Closer relationships with fewer vendors can lead to better support services, such as staff training and enhanced customer service. Strengthened relationships may also provide access to newer offerings, giving your practice a competitive edge.



HIRE VIRTUAL STAFF

Business owners tend to have reservations about

hiring virtual/remote staff. Common concerns include a candidate's ability to be on time, their aptitude, and their work ethic. However, don't these apprehensions also apply to in-person staff members? Not only that, but hiring remote staff may prove advantageous for several reasons.

Reduced Overhead Costs

No additional office space is required for remote staff, and they usually provide their own equipment (eg, a laptop). In addition, compensation

for remote workers tends to be lower, leading to cost savings for the business. For example, paying a virtual employee \$9/hour on a 40 hour/week schedule for 1 year amounts to approximately \$18,000/year with no benefits offered. Paying an in-person employee \$19/hour for the same amount of time would come out to \$38,000/year; include a benefits package worth \$5,000/year, and the total compensation would be \$43,000/year. That's a savings of \$25,000.

Wider Talent Pool

With hiring virtual staff, optometry practices are not limited to candidates in their geographic area—a significant perk for rural practices. A broader talent pool also improves the ability to hire for specific tasks, such as scheduling, patient communication, and scribing. Moreover, there is minimal concern for a staff member leaving for a competitor's office.

Increased Flexibility

Remote staff can often work flexible hours, accommodating the

practice's needs outside of traditional office hours. This flexibility can be particularly beneficial for handling administrative tasks, customer service inquiries, and other nonclinical responsibilities that do not require a presence in the office.

Improved Staff Satisfaction

By outsourcing administrative tasks to remote workers, in-office staff can focus more on patient care and other core activities. This can improve operational efficiency and enhance patient experiences. Moreover, redistributing tasks to virtual team members can lighten the workload of in-office staff, improving job satisfaction and reducing burnout.



SWITCH LENS LAB

Switching to a different lens lab typically wouldn't inspire a great deal of excitement for a practice owner.

Nevertheless, there are several reasons why making such a switch might be beneficial.

AT A GLANCE

- ▶ Narrowing your contact lens options to one or two preferred vendors can simplify your inventory management, negotiate better pricing and/or terms, and form closer relationships with vendors.
- ▶ Hiring virtual/remote staff doesn't require additional office space and can allow you to hire from a broader talent pool for specific tasks during flexible hours.
- ▶ Switching to a different lens lab can improve the quality of spectacle lenses you offer, allow for faster processing and delivery times, and reduce the cost of goods sold.
- ▶ Changing over to a new merchant service can lead to substantial savings and a better payment processing experience, accelerated payment distribution, and advanced security features.



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Improved Quality and Technology

If your laboratory is using outdated technology, switching to a more advanced lab can significantly improve the quality of spectacle lenses. However, simply switching to a big brand lens company isn't going to turn a practice around—especially if the same lens options are also sold in competing offices. Considering independent labs can offer comparable (or better) lenses, marketing the technologies offered could provide a significant benefit in establishing your practice brand.

Better Turnaround Times

Patients nationwide have come to expect their glasses to be made in 1 to 2 weeks. Unfortunately, many practices are forced to deal with certain labs that are notorious for slow turnaround times, which can lead to patient dissatisfaction. Switching to a lab with faster processing and delivery times may enhance overall patient experience.

Lower Prices

If a laboratory offers competitive pricing with good quality, making a switch could reduce the cost of goods sold and, thus, improve profitability.

Better Customer Support

Many labs promise excellent customer service, but, as we are aware, this is often untrue. Fortunately, some labs do offer terrific support for dealing with order issues, technical questions, and warranties—all of which are crucial for business success. (Pay close attention to lab warranties and terms. Better guarantees may be a strong incentive to switch.)



OPTIMIZE MERCHANT SERVICES

Switching to a new merchant service can offer optometry practices many advantages.

Lower Processing Fees

Because rates can vary significantly, are often high, and can include hidden costs, finding a service that offers lower transaction fees (and transparency) can lead to substantial savings and a better payment processing experience. With the launch of ODs on Finance Merchant Services, we are seeing practices paying an effective rate of 2.5% or higher. If the effective rate were lowered to even a conservative 1.73%,

the savings could amount to \$15,400 per year for a \$2 million practice.

Turnaround Time

Optometry practices are accustomed to functioning in a delayed cash flow environment, but certain applications that some merchant service providers offer can expedite the delivery of funds. Some practices may even see payments distributed in as little as a few hours. If accelerated cash flow is of importance, consider upgrading software applications.

Better Security

Protect your patients and your practice from data breaches and fraud, which can be costly and detrimental to your reputation, by switching to a merchant service provider that offers advanced security features.

SIMPLE STEPS IS ALL IT TAKES

The strategies outlined above are practical approaches to enhancing profitability. Implement these methods and watch your optometry practice (and your bottom line) grow. ■

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2. Lopez C. Expand your opportunities for profitability. *Modern Optometry*. 2023;6(6):36-39.
3. Centers for Disease Control and Prevention. About contact lenses. March 20, 2024. Accessed June 5, 2024. www.cdc.gov/contact-lenses/about/index.html

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