

Blatant Business Opportunities

Four things that can invigorate your practice and make the net profit take off!



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Chris Faul

"The decision to highlight them was unsolicited and purely based on the benefits offered."

Pre-ambule

IN THE PAST, I have religiously adhered to the protocol of not touting any product or commercial enterprise in my writings and lecturing. This time however, I am crossing that barrier here and will brazenly, present four business opportunities that, if properly embraced, can have a profound effect on the well-being of your business. With relatively little effort these business notions can be taken on board. All that is required is a positive attitude and some forward planning.

Declaration

The writer declares that he is a shareholder in VME. There is no affiliation to the other business opportunities presented here. The decision to highlight them was unsolicited and purely based on the benefits offered.

Our four gems are:

1. In-house Lens Casting
2. Buying Groups
3. Topograher Keratograph 5M
4. Graduate Institute of Optometry

1. In-house Lens Casting - Q2100

If you can produce four multifocal lenses per day, you will save in the order of R 500 000 per annum on your lab account. The Q2100 costs a fraction of a mini lab, is as easy as pie to operate (no optical experience required) and the quality is beyond question (free form moulds and two Colt Awards for quality). Moreover, it takes up less than two meters of table top space.

There cannot be an easier way to make more money. The key point is, that you don't have to do this by compromising your standards. You will provide your patients with top quality lenses that compare with the best available and you will be able to provide them with a superior same day service when the need is required. The ideal profile is the rural practice in a remote area with high traffic of patients. The lenses are available in clear and photochromic with a standard hard coat. The index is 1,56 with an Abbe of 40. It costs R 100 to make a pair of CLEAR lenses and R 280 for a pair of PHOTOCROMIC lenses. This is the case for any design, multi focal, bifocal or aspheric single vision. Because of the low manufacturing cost this product can serve the low end of the market but because of the quality can also serve the high end of the market.

All the technical information is available on the web sites including a demo video. www.opticaldynamics.com
www.visionmachinery.co.za
<https://www.youtube.com/watch?v=VbFogX7fWQY> - you tube clip
For a demonstration call Harry Modise:
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The VME folk have developed a profit calculator which, by entering five variables, will determine whether your lab profile and pricing make the Q2100 viable in your practice. At the current exchange rate, you can buy one for R 258 000, which of course is subject to change and excludes shipping but includes training. A word of caution, it will not be wise to purchase a Q2100 with the hope of increasing turn over. The volume must already be there, in which case, you will make more profits from day one.

2. Buying Groups

The easiest way to improve one's net profit is to improve the gross profit percentage. The plight of the solo practitioner is the lack of purchasing power to demand the same discounts the big players get. Enter the Buying Group. Buying Groups have been around in the USA forever and it remains a mystery why it has taken so long to rear its head here in South Africa. There are two things that influence the price of product:

1. How much you buy?
2. When do you pay?

By meeting these two conditions to the satisfaction of suppliers, Buying Groups are able to negotiate a good deal on behalf of its members.

One would have to carefully assess the terms and condition of each buying group, but they generally have the following rules in common; membership is usually free with no binding contract. A member can resign merely by giving one month's notice in writing. Settlement is 30 days or less. Don't join if you can't commit to this, because the business model simply cannot work if payments are not made in line with the terms stipulated. Members should support the Buying Group to the maximum of their ability. It is no good if a Buying Group sits with lots of members who all just pick a few cherries and support everybody else. Collectively the success depends on the buying power.

In essence, there is absolutely no risk in trying out the concept. Whilst they offer a number of additional services, ultimately, the main function is providing the independent optometrist with a decent GP%. It is by this bench mark that any buying group should be evaluated. It would therefore be wise to compare your GP% before and after joining the buying group. A GP% of between 67% and 70% would be excellent for a solo practitioner. Don't ever lose sight of the fact that a Buying Group should have the main function of getting you a better deal when you buy something. A word of caution when it comes to promises in doing marketing and training and even worse when the web site addresses the consumer directly with promises of greatness of all its members. In my opinion, this is just not realistic, especially with no binding agreement in place. The idea should be; let the independent optometrist be just that - independent in her or his mode of practice. The Buying Group must offer a good price and the member must pay swiftly and enjoy the better GP%. Happy days!

Optical Alliance

Marietjie Kriel

Value Vision Optometrist

Keegan Sher

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3. Topographer – Oculus Keratograph 5M

It is not often that a game changer comes along in terms of optometric product or equipment. One thinks of the advent of disposable contact lenses, auto refractor and the non-mydratric fundus camera. There is another one here right now and that is the Keratograph 5M. I come from an era of PMMA contact lens material (google it). That was all we had way back then. We had to fenestrate sometimes to try to get oxygen through to the cornea (for the millennials – a hole drilled through the hard lens). Then came the gas-permeable lenses and the soft lens. Over the past two decades, disposable soft lenses have dominated contact lens sales. However, a huge section of the contact lens market was left out in the cold. The Oculus Keratograph 5M has unlocked the clinical door to so many capabilities. Especially in the area of irregular corneas but also in terms of gas permeable fits. The Keratograph 5M is truly a remarkable piece of equipment. It provides a bag of clinical tricks that will delight any eye care practitioner. The features are too many to deal with here but it basically covers Topography, Documentation – automatic classification and diagnosis, Contact lens fitting, Dry eye screening and much more such as:

- Horizontal visible iris measurement
- Average corneal sagittal height measurement
- Colour and fluorescein videos and imaging
- Lens flexure topography
- Meibomian gland scan - the dysfunction of meibomian glands is the most frequent cause of dry eye. Morphological changes in the gland tissue are made visible using the Meibo-Scan.

The Keratograph 5M makes scleral lens fitting so much easier and provides an excellent visual outcome to many patients with irregular corneas who would otherwise be left destitute.

Spearheading the sales of the Keratograph is Basil Kotzé B.Optom (RAU) CAS (USA) MBA(Stell), National Sales and Marketing Manager, Genop Healthcare. Basil has an outstanding knowledge of scleral and gas permeable fitting. He has conducted many workshops, seminars and lectures and is recognized within the profession as an expert in the field. This is important because he can give the necessary guidance to the practitioner who wants to enter this field of practice. I believe that the Keratograph 5M with a number of nice add-ons, can be acquired for under R 200 000. As if that isn't enough, you can get Eyespace software (<http://eyespace.com.au>) which will import data from the Keratograph 5M, to empirically design a rigid contact lens as well as serve as an excellent educational tool.

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4. Graduate Institute of Optometry (GIO)

Since all optometrists have access to the same products in terms of frames, contact lenses, spectacle lenses, sunglasses and accessories, it becomes very difficult to differentiate one's practice to entice a consumer to choose you. All that really remains as a differentiation tool is your service which relates to your staff's performance and most importantly, your clinical skill.

The GIO was founded in 1998 and over the years has made a great contribution to optometry with its post graduate courses to optometrists.

A significant mile stone was the bridging of the South African qualification with the New England College of Optometry's doctoral degree. Thirty-five local optometrists completed all 6 didactic courses (each in a different field), broken up into various modules and awarded a CAS or certificate of advanced study. Seven continued to complete the one-year practical at NECO (New England College of Optometry – Boston) to graduate with an OD.

Subsequently, many shorter specialty courses have been offered – the well-known CAS qualification.

The GIO also offers 10 newsletters per year which includes CPD exercises for 30 points, 6 of which are ethics. A great advantage is being able to instantly print your CPD certificate off the website if and when required. Results of the GIO year-end quality assurance survey showed that almost 70% of participants agreed that the newsletters have changed thinking in the clinical aspects of practice.

Every year the GIO brings out world class speakers to present very powerful clinical topics. In my opinion these seminars and workshops should be sold out in an instant and yet, Stef Kriel says, they are lucky to break even in most cases. How can this be when they are offering courses of international standard on our doorstep?

Using the GIO as a spring board on a regular basis over time, the optometrist can set him or herself up to open doors to untapped markets in optometry and above all, create the opportunity to differentiate as an expert in specialty fields. To graduate and from then on just "pitch up" at work every day, is not going to make one very competitive in the optometric market. Cost should never be an excuse not to attend these courses/seminars – SARS is going to assist you with the bill anyway. The point is, one cannot afford to lose out on these opportunities. Approximately 3,5 million people in South Africa are diabetic with a staggering 5 million being pre-diabetic. The larger problem is those who are undiagnosed. Optometry, of course, plays a primary role in the diagnoses of diabetes and the grading of diabetic retinopathy. So why not attend a course?

GIO's 2017 programme will include: updated information and workshops on contact lenses, myopia control, therapeutics, diabetic retinopathy grading, taking a medical history, dry eye, sports vision, premium spectacle lens prescribing, nutrition, electronic health records, industry benchmarking. Says Stef Kriel: *"The workshops will be aimed at not only improving skills, but to open new potential income streams such as; basic health assessment, dry eye evaluation and change analysis with the new K5, punctal plugs, diabetic retinopathy grading from photographs and the OCT and advanced contact lens fitting with OCT"*. A new addition is a tract for Optometric Assistants to train on all the pre-exam equipment, with the view to relieve the load on the optometrist's consulting time.

The GIO is currently conducting a pilot study with Iso Leso, whereby optometrists with an OCT can earn an extra R 200 per exam if they upload patient data onto a secure platform in order to receive an expert opinion. The aim is to secure R 845 per exam for participating Optometrists, starting 2017.

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Affordability

Affordability will always be part of the equation. Mostly one has to spend money to make money. To put things into perspective, let us look at the affordability and the justification of indulging in each one of our four gems.

When considering an equipment purchase, it is useful to employ this rule of thumb:

Five-year lease at prime rate:

Monthly payments work out to R 21,49 per R 1000. In other words, a purchase of R 200 000 will cost you about R 4298 per month.

20-year Bond at prime rate:

Monthly payments will cost you R 9,89 per R1000. Therefore, R 200 000 taken out of a bond will cost you about R 1978 per month.

Lens Casting

In the first instance, the number of patients you see per month must be enough. What is enough? Should you see enough patients to, on average, prescribe four multi focals per day, you will add around R 500 000 to your annual earnings. Clearly, it can work for two or three jobs per day as well, depending on the lens design, for example multi focal photochromic. Utilising the Profit Calculator, one can accurately assess the viability of acquiring a Q2100 by uploading five variables. They are:

1. Number of working days per month
2. Interest rate on your loan
3. Net price after discount you pay your lens supplier
4. Number of lenses you will make per month.
5. Related additional cost e.g. another salary and finance charges.

Using our rule of thumb, your lease (R 258 000) will cost R 5544 per month which equates to R 66 533 per annum. It would be possible to make several times that in profit if you have sufficient number of jobs. These numbers are arbitrary but serves to illustrate, that one can very accurately calculate whether a Q2100 is viable for your practice.

Buying Groups

This decision here is very easy, because there is usually no cost or risk in joining and one can resign at any time by giving one month's notice in writing. All that remains is to monitor the GP% to see if it turns out to be worthwhile.

Keratograph 5M

To put things into perspective here, it is safe to say, the value derived from the many functions of this piece of equipment, will at least be equal in value to the contribution of your highest paid member of staff. For example, if we paid R200 000 (not the actual price) and using our rule of thumb, it will cost us R4298 per month. Surely, the K5 has the potential to add way more value than that, by bringing in incremental business.

GIO

Can one place a price on knowledge? A simple way to put this expense into perspective, is to budget R30 000 per year for Continued Professional Development. This equates to R2 500 per month. Go look at your Income Statement and find an item that you spend more or less that amount on. You will probably find you spend way more on staff teas! At R2 500 per month, it should be a very easy decision to invest in yourself as a professional clinician. By pursuing a specialty through the GIO, you have great potential to receive a handsome return on a small financial investment.

Conclusion

With the information provided here, it should be relatively easy to assess the viability of introducing these concepts into your practice. All that remains, is a positive attitude and the will to make it work. Don't be the one who graduated and from then onwards, only rocks up at work.



NEW ITEMS PRICED TO GO!



Auto Refractometer
in colour with table
SMR-111C

Auto Refractometer
with table
SMR-111C



Trial Lens 266B-
Plastic loop metal rim
TF-266K1



Chart
Projector
CHA-001



Keratometer
KER-001



Slit Lamp
with table
SLA-001



COMBO:

Auto Refractometer/
Keratometer combo
SMR-K1



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