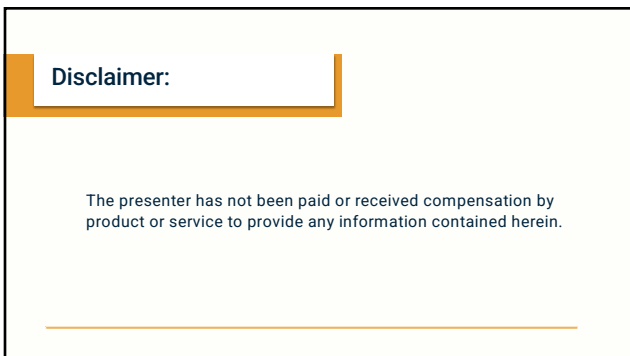
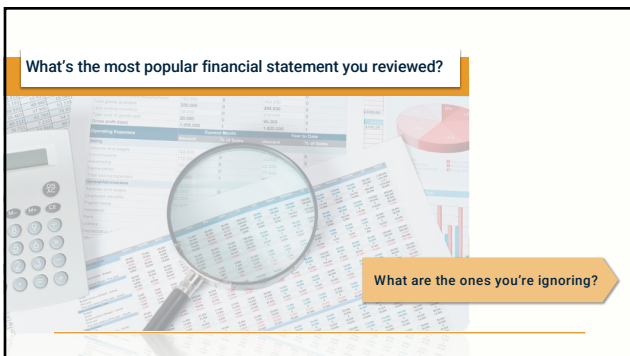


1



2



3

"The Big Three"

Balance Sheet Income Statement Cash Flow Statement

4

❖ Profit/Loss (Income statement)

- i. Most popular reference but most misleading
- ii. "How much money do we make?"
- iii. Game of Plinko
- iv. "I'm going to reduce my expenses!"
 - a) Focus on gross revenue

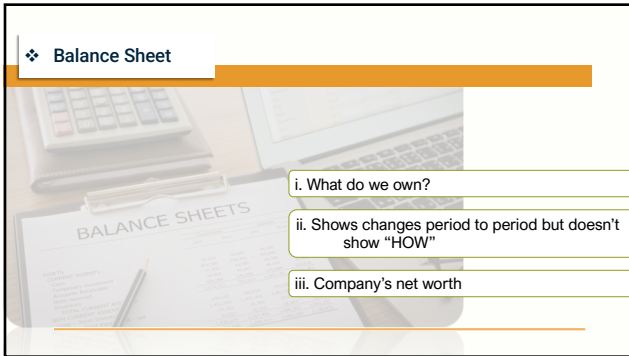
5

❖ Statement of Cash Flow

- i. CASH!!
- ii. Favorite but underutilized
- iii. Cash flow adjustments not shown as expenses
 - a) Debt
 - b) Answers: "Where did it all go?" and
 - c) "How much money will be left?"

6

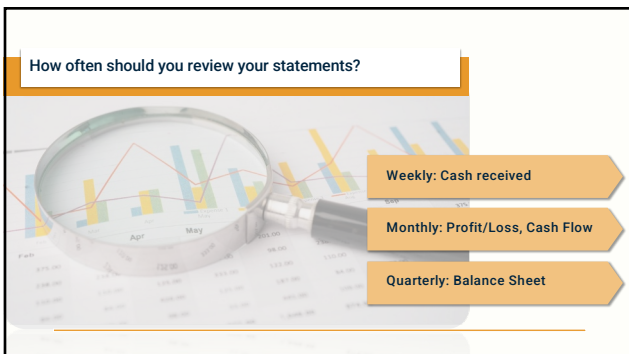
❖ Balance Sheet



- i. What do we own?
- ii. Shows changes period to period but doesn't show "HOW"
- iii. Company's net worth

7

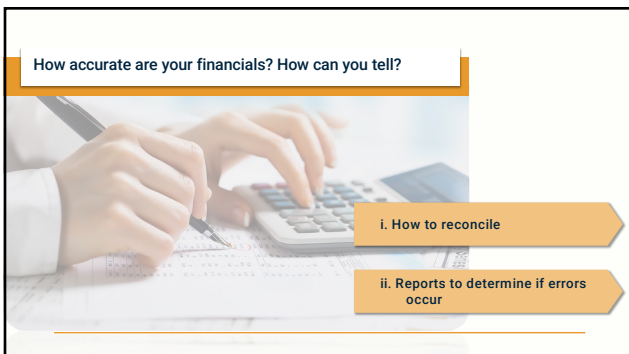
How often should you review your statements?



- Weekly: Cash received
- Monthly: Profit/Loss, Cash Flow
- Quarterly: Balance Sheet

8

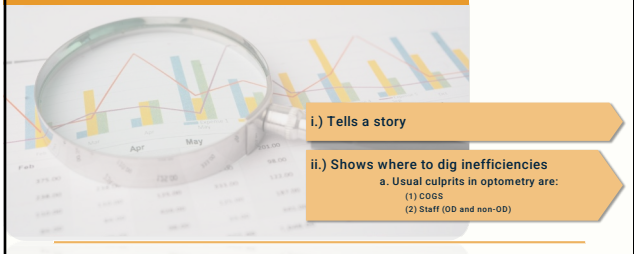
How accurate are your financials? How can you tell?



- i. How to reconcile
- ii. Reports to determine if errors occur

9


What's the purpose of your financials?



- i.) Tells a story
- ii.) Shows where to dig inefficiencies
 - a. Usual culprits in optometry are:
 - (1) COGS
 - (2) Staff (OD and non-OD)

10


KPIs of Practice



- i.) Most popular:
 - Rev/PI
 - Capture rate
 - Fill rate
 - Rev/ OD FTE
 - Rev per staff FTE
 - Photo capture rate
 - Percentage of new patients
- ii.) What systems do you use to track your KPIs?

11

Improvements on profitability



- i.) Soft vs hard dollar benefits:
 - a) Soft: No capital required
Ex: increasing RPP, 2nd pair sales, Annual supply
 - b) Hard: Additional expense required
Ex: additional lane, new camera, increasing size of optical
- ii.) Reducing or preventing high fixed expenses
 - a) No. 1 culprit: Buying/leasing huge place to start

12

Distilling down optometry into 3 variables

- Revenue/patient
- Patients/day
- Doctor Days/week

A x B x C = Gross revenue

13

Your time in/on/out of the practice

- i.) Relationship of Time & Money**
 - a. More time, can make more money
 - b. With more money, you can't make more time
 - c. Don't spend more time to save more money
"You're spending your most precious commodity."
- ii.) Multiplier effect**
 - a. Associate
- iii.) Building support team within**
 - a. High net/low volume practice = fewer team members
(1) Higher margin of efficiency error
 - b. High volume/low net+more team members
(1) Lower margin of efficiency error

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Conclusion

Begin with the End in mind

Understand what you want for your practice.

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Conclusion



The quicker you get a handle on the financial health of your practice, the faster you can focus your energy on areas where you need to improve.
