

Frames - Understanding Patient Needs and Regulatory Requirements.

*(Maximising Profitability from
Understanding Customers Needs and
Analysing Stock Sell Through).*

GOC say...

- 4.12 Dispenses & advises on...
...frames, taking into account the patient's needs & requirements...Understanding of frames (Size, materials, relationship between frame & face)...Appropriate selection & justification
- 4.3.1 ...Demonstrates an awareness of...
...dermatological effects of the materials to be able to advise patients accordingly.

Discussion 1 – BENEFITS

- New patient – how do you introduce them to frames?
- Fashion/function (or both)?
- Who takes the lead (Pt. or DO)?
- ‘Brand’ – is it a benefit?
- Bad experiences/allergies?
- List frame BENEFITS (to both patient & optician).

CUSTOMER Benefits

- Retains shape over time
- Lightweight
- Flexible
- Durable
- Corrosion Resistant
- Hypoallergenic
- Fit
- Comfort
- Complements 'Thin & Light' lens choice.

OPTICIAN Benefits

- Reliable
- Aftersales support
- No minimum order quantity
- Good margin potential
- Good sell-through
- Satisfied customer = customer loyalty
- Builds your professional reputation.
- Reinforces lens advice – 'Thin & Light' lenses need a light frame.

Forced Selling

- NOT pushing
- Up to date products
- Informed choice
- Offer the best product
- Prejudging? NO



GOC 2.3 Obtain Valid Consent

It must be:

2.3.1.1 Voluntarily

2.3.1.2 By the patient

2.3.1.3 By a person with the capacity to consent.

2.3.1.4 By an appropriately **informed** person.



- Patient frame selection:
 - Aesthetics/brand
 - Fulfil specific needs
- Assist the patient.
- Wrong choice? YOUR fault.



Buy frames based
on what you like...

...as long as you
like them because
they meet
customers' needs



Discussion 2 – FRAME STOCK

- Describe your frame buying process.

Buying Decisions

Rational

- Features
- Performance
- Quality
- Results
- Reliability
- Price

Emotional

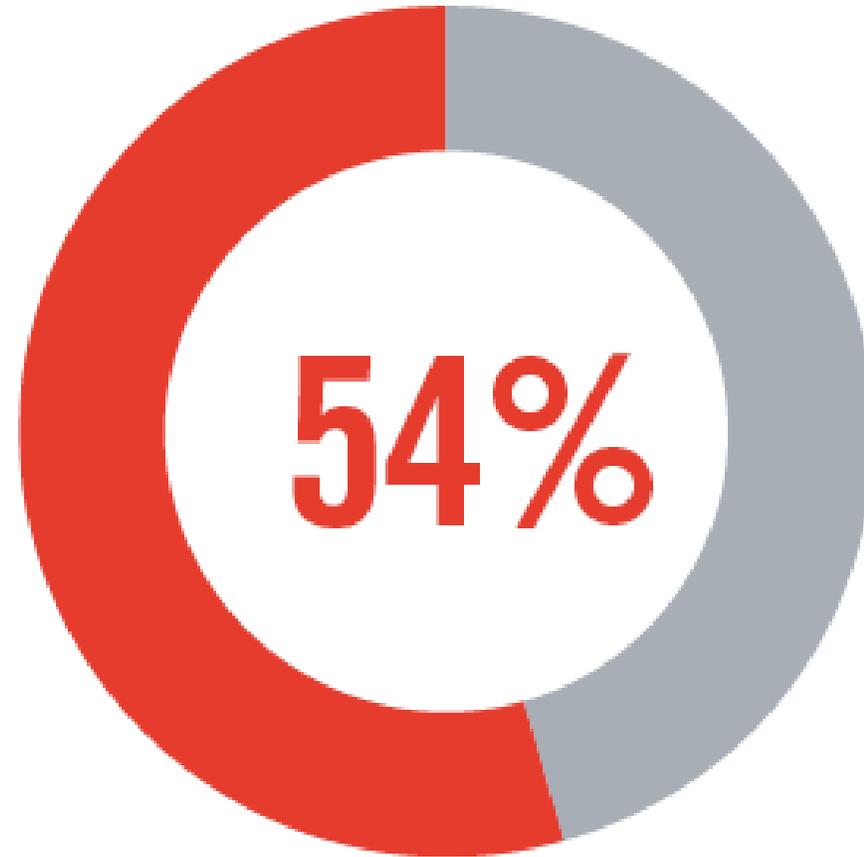
- Brand
- Look & feel
- Confidence
- Less pain
- Safety
- Fear



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FRAME BUYING DECISION MAKING

Half of practices do not
carry out proper
statistical analysis to
help in making frame
buying decisions.



FRAME BUYING DECISION MAKING

Analyse stock sell-through.

**BEST
SELLERS**

FRAME BUYING FOCUS

Match frame profile to customers' needs.

Delight your customers.



Discussion 3 – IDENTIFYING NEEDS

- Identify main customer profile types.
- Identify frame features and benefits to meet their needs.



Frame buying decision making

- Ladies
- Gents
- Teens
- Children
- Special requirements
- Nickel allergy
- Adjustable bridge
- Short sides
- Comfort bridge
- Lightweight.

Discussion 4 – KNOW YOUR STARS

- What are your best performing frames?
 - Evaluation?
 - Measurement?
- Reordering procedure?

Best Sellers!

STOCK SELL-THROUGH

Stock-turn influences merchandising.

Stocking slow moving frames

Patients now have a right to know whether the frame they are buying is brand new or ex-display.



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FRAME PROFITABILITY

Frame profitability comes from high 'sell-through' of frames with a good margin which delight your customers by exceeding their expectations.

Discussion 5 – MERCHANDISING COMMUNICATION

- Frame display
- Could it be improved? .



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Frame Displays – Discussion Points

The below are all methods of frame display in use today:

- By brand/range
- By patient height
- Random chaos
- 'Hunt the frame'
- By type?
- By patient category
- By brand/type within patient category?

- **Which is the best?**
- **Do you have a duty to communicate your method to patients or potential customers (browsers)?**



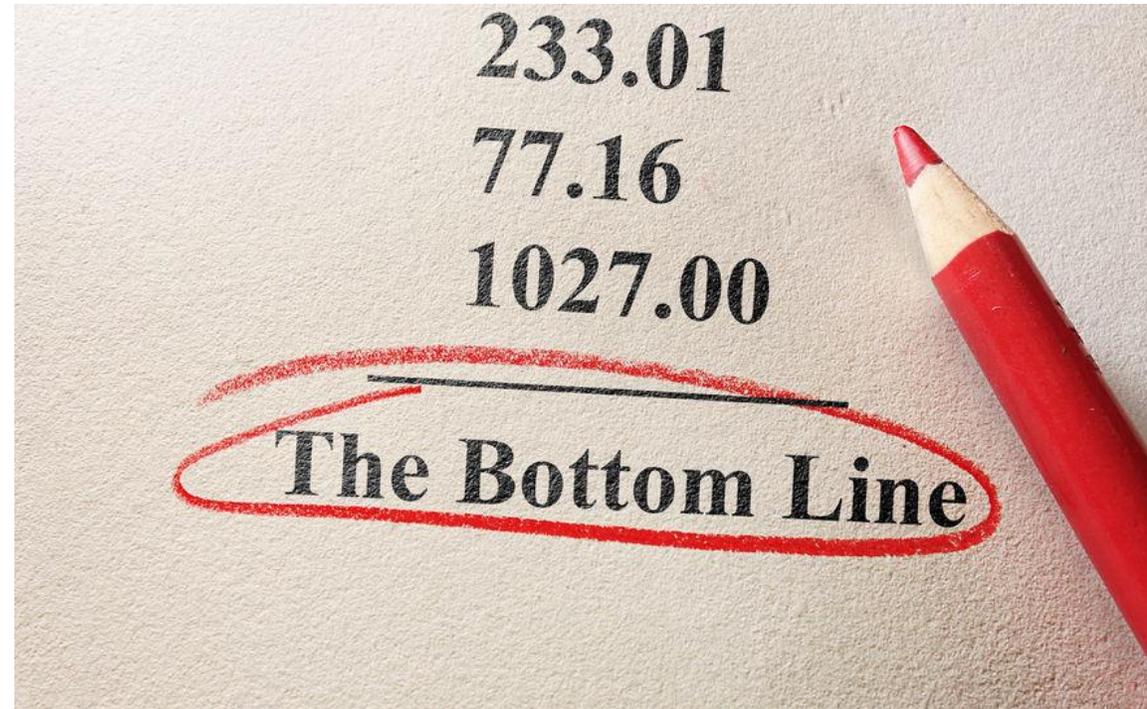
FRAME BUYING DECISION MAKING

You cannot afford to 'like' a frame for any reason besides profitability.

FRAME BUYING DECISION MAKING

A rational, analytical approach will make a significant improvement in your business.

However, it requires discipline.



MEASURING STOCK SELL-THROUGH

We hear of *ideal* stock turns of four per year.

If you knew this, what would you do?.

MEASURING STOCK TURN

The following is a simplified example of measuring stock turn:

Plan your frame showroom into key frame areas (categories) to allocate relative frame stock levels.



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MEASURING STOCK TURN

Most systems are arranged in drops' of approximately 14.

If you have 30 drops, this gives you an ideal stock level of:

$$14 \times 30 = \underline{420}.$$

MEASURING STOCK TURN

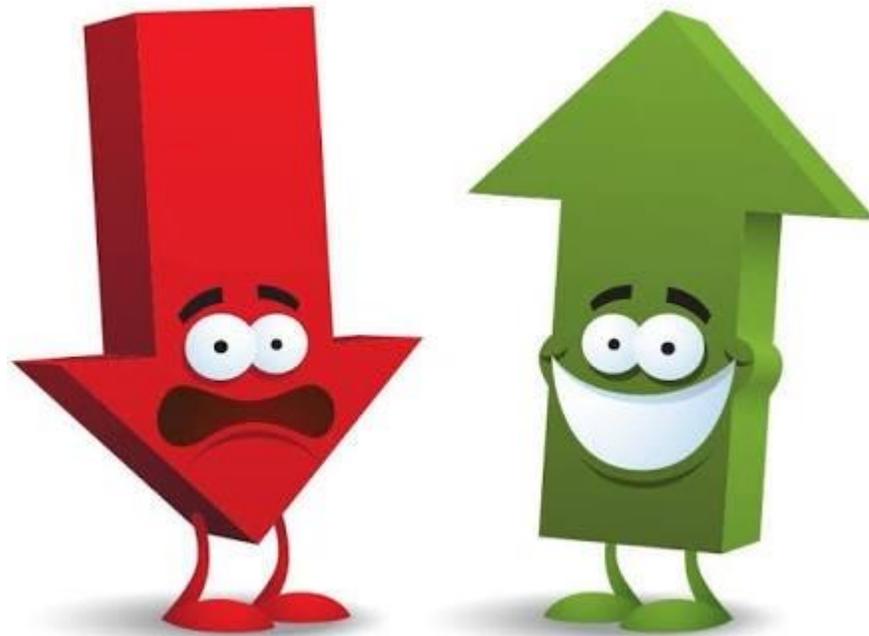
Divide your drops into key categories (weight stock depending on the nature of your practice).

Typical categories:

- Children and Teens
- Voucher
- Women
- Men
- Designer
- Rimless.

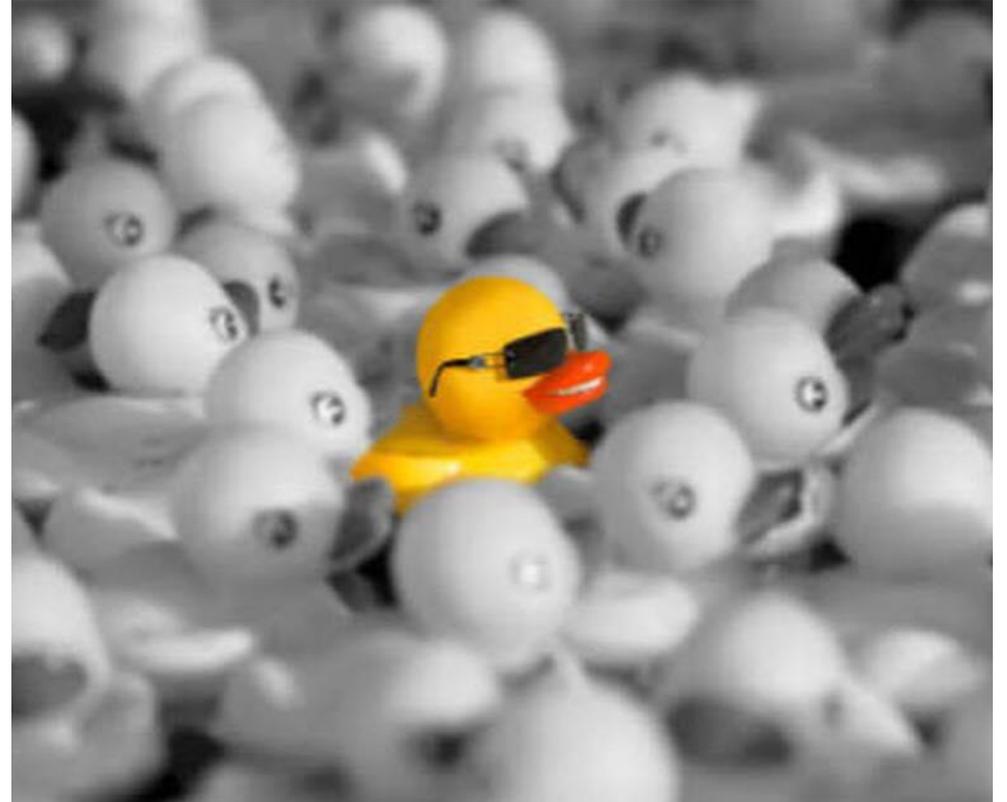
STOCK TURN

You need information that helps you make decisions.



STOCK SELL-THROUGH

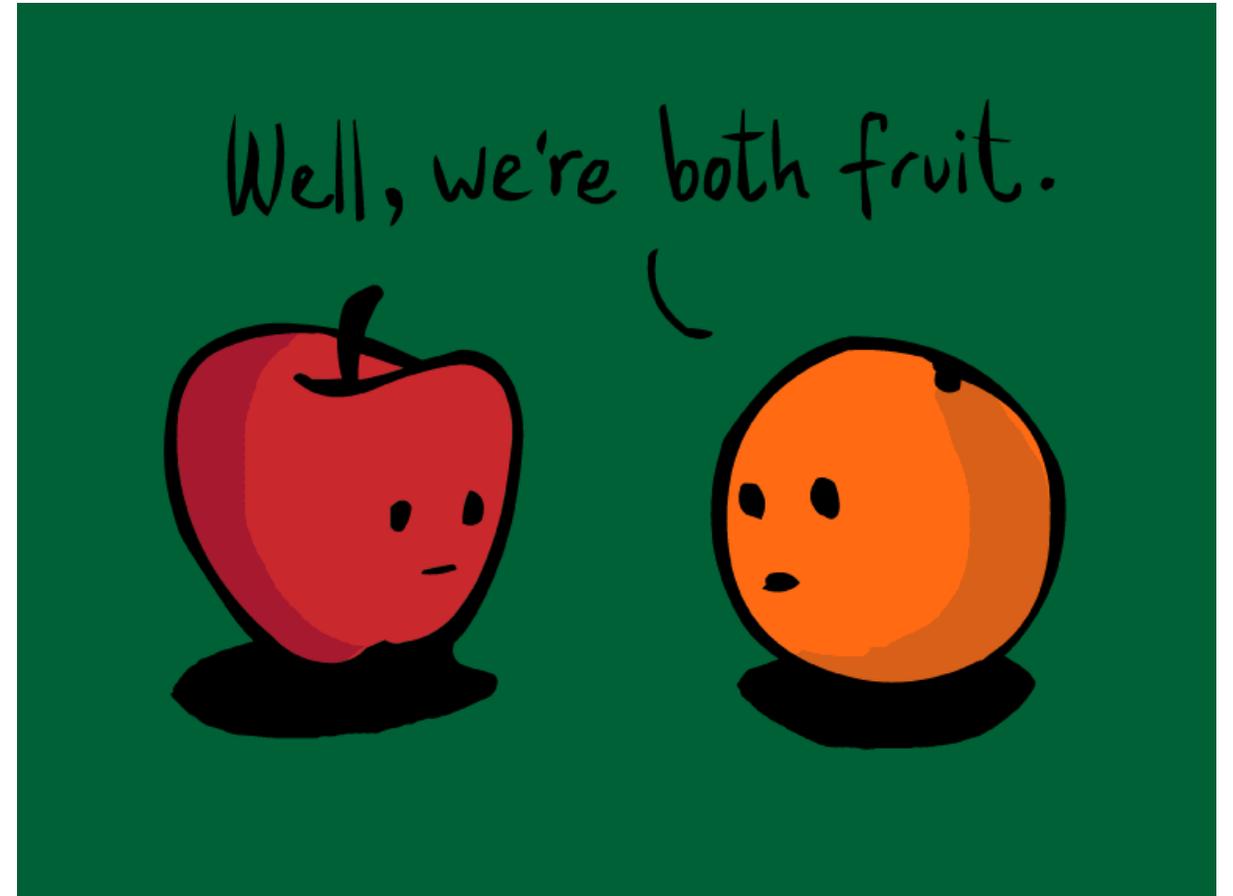
Stock sell-through figures are as individual as a practice.



STOCK SELL-THROUGH

Decide what you want to measure.

Meaningful groups of frames that you can compare the sales performance against within your practice.



EXAMPLE: WOMEN'S PLASTIC

Let's take the women's category as a worked example.

Say of the 30 drops, six are allocated to women.

Of those six drops, one is Brand A.

EXAMPLE: WOMEN'S PLASTIC

There are, therefore, 14 pieces of Brand A to monitor.

In this case, you would probably divide the drop into seven metal and seven plastic.

EXAMPLE: WOMEN'S PLASTIC

Each category, drop and sub group needs to be measured.

Category: Women's
Drop: Brand A
Sub-group: Plastic.

EXAMPLE: WOMEN'S PLASTIC

As you sell a women's Brand A plastic, make a note on a spreadsheet (preferably electronic).

At the end of each day, reorder by what you have sold.

If you sold two women's Brand A plastics, reorder in this sub-group (It doesn't need to be the same model, just the same category/drop/subgroup).



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EXAMPLE: WOMEN'S STEPPER PLASTIC

Repeat this process daily, making a note on your spreadsheet and re-ordering to maintain the subgroup of seven.

At the end of three months analyse your results.

Let's say in this period you sold five women's Brand A plastic frames.



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EXAMPLE: WOMEN'S PLASTIC

As you sold each one, you replenished your stock so your stock level of this sub-category remains seven.

Now you can begin to analyse stock turn and project your three months results.

SMART STOCK SELL-THROUGH

Turn this into an annualised stock turn.

Sales in three months (one quarter year) would equal 20 sales in a year (five x four quarters).

SMART STOCK SELL-THROUGH

A stock turn is given by dividing the annualised sales for this sub-group (20) by your maintained stock level for this sub-group (seven) – so $20/7$.

The projected annualised stock turn for this sub group is, therefore, 2.86.

SMART STOCK SELL-THROUGH

Make a note of this figure and as each quarter ends, repeat this exercise.

This will allow you to compare quarterly performance and see whether it is improving or worsening.

As each quarter builds, you will develop a more robust stock turn figure.



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PITFALLS AND MAXIMISING RESULTS

If you run promotional activity e.g. a SALE, this may affect your stock sell-through.

Stock sell-through may increase, but at a commercially detrimental price, possibly causing a switch sale from a frame that would have sold on its own merits at full price.

Be aware & make an allowance for this.



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PITFALLS AND MAXIMISING RESULTS

Analysing stock sell-through begins to add value within your business when you compare all your sub-groups.

Sort them into highest to lowest stock turn order.

PITFALLS AND MAXIMISING RESULTS

Under-achieving frames are the weakest performers in your practice.

"Why am I stocking them?"





PITFALLS AND MAXIMISING RESULTS

The best performers are the stars in your practice.

You need to increase your stock of these frames.

PROFIT

There's one more element to add to this equation.
How much profit did these subgroups generate?



PROFIT Example:

Sub-group: Women's STEPPER plastic

Average stock: 7 pieces

Value: £245

Average profit per piece: £70

Stock turn: 2.86

$7 \times £70 \times 2.86 = \textit{profitability p.a. of £1,401.40}$



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PROFIT Example:

This shows that the stock holding cost of generating £1,401.40 of profit per annum is £245.

For comparative purposes, this needs to be seen as a ratio of:

$£1,401.40/£245 = 5.72$, with 5.72 being the comparative figure.



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PROFIT Example:

Applying this means you can look at the relative profitability of all the subgroups within your practice.

The higher this figure, the better.

Include this profitability score in your sub-groups analysis tables to assist you in your stock turn analysis.

You will tend to find these are closely related.

HINTS AND TIPS

Organise your stock into meaningful categories, groups and sub-groups.

Once organised, maintain stock numbers in these groups.

Measure sales and review every three months.

HINTS AND TIPS

Identify under-achievers and star performers.

Take action by increasing or reducing frame sub-group stock profiles in accordance.

Be mindful of the profitability of sub-groups.

HINTS AND TIPS

Many suppliers offer a next day delivery service so you can replenish stock as you go along.

This is most helpful when trying to manage your stock in this way.

Replenishing 'just in time' also helps with cash flow.

HINTS AND TIPS

- See sales representatives from frame companies.
 - Give your star performers priority.
- Remain focused on the needs of the customers.

HINTS AND TIPS

- Give informed choice.
- Present options.



Above all, offer a range of frames suited to your practice's unique patient base.

Understand your customers, analyse facts and figures.

Work with knowledge not instinct.

Every frame tells a story


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It's a feeling

