

PRACTICE RESTART – OPTICAL PLAN

COMMENTARY

Understanding the Current Consumer Mindset during COVID-19.

Recession Retailing was a phrase used specifically during the 2008-09 recession. It described the mindset of the consumer, fractured into two groups:

Group A. Consumers who had no money to spend due to economic circumstances and, as a direct result, required sales and discounts to continue buying, if they did so at all.

Group B. Consumers who still had money but were ashamed of their economic situation and thus reduced how much they purchased or did so under cover.

It is possible we will see the same behavior following the stay-at-home orders across the country, just as we think consumer spending should be returning to “normal”. Will we be faced with *Revenge Buying*? A preference for *Covert Branding*? Will our inventory need to be positioned to take advantage of *The Lipstick Effect*?

Everything seems more palatable with a kitschy name, and this time there is a new one, *Quarantine of Consumption*. This shift is very real and a little different, as it is more far-reaching than I believe it ever has been. How does a retailer (defined as a person or business who sells goods to the public), reach a consumer who is either ordered to be home, or voluntarily unwilling to leave it? And, if the shift in the consumer mindset lasts, what does that mean in the Optical?

We’ll tackle these questions, how to understand and work with the predictable consumer mindset shifts (we’ve seen them before), and more with a reopening plan for your Optical addressing 3 key areas:

1. **People**
2. **Product**
3. **Place**

And a fourth topic, how IDOC can help.

PEOPLE

1. ***Take stock of your team*** – If you were forced to let them go, consider who you can/will bring back.
2. ***Assign new roles and responsibilities*** – now is the time to lean on your team’s current strengths, not train them in new areas.
 - a. ***Identify your strongest buyer.*** Assign this person to do all the frame purchasing and own the lab relationships moving forward. This person need not be a stylist but ***MUST*** have a firm grasp of how to read, and adhere to, a simple budget. Your team can still inform on style but will have no say over how many units are purchased and when.
 - b. ***Identify your strongest merchandiser.*** This person has a strong opinion, and sense of style. Look for someone who understands visual cues. Does someone on your team always come in wearing clean shoes? They never leave a post-it lying around? Is their car always clean and tidy? Who on your team has the nicest watch? These may seem strange questions, but the person who ticks these boxes will understand how the units purchased by the frame buyer will be best placed on the sales

floor. Following the direction of less is more, and an uncluttered environment equals an uncluttered mind, assign this person to merchandise your frames.

- c. **Identify your strongest salesperson.** This person may not currently be working in your Optical or may not have been before. You'll want to look for someone who has three essential qualities:
1. ***They must be able to influence without aggravating.*** Do you have a team member who can always talk an angry coworker down? As the owner of the business, which team member are you always happy to see?
 2. ***They must be able to leave their personality at the door, their approach shifting based on other's demeanor.*** Is there someone in your office you don't know much about personally? People often make the mistake of believing that a good salesperson is loud or brash and often it is quite the opposite, when the person we are speaking to is quiet, we often believe they either agree with us, or we project our own personality on to them which makes them seem more likeable. Being able to listen, and not speak, is sometimes the most important indicator of a good salesperson. This strength will come in handy, particularly now.
 3. ***If this is more than one person in your practice, create brand specialists.*** This is a fun approach that creates a feeling of ownership whereby the optical brands are divided among the team and they are each individually responsible for ensuring the brand is always in stock, properly represented, and that the rest of the practice is trained on the product.

PRODUCT

My first piece of guidance to you is not to beg for new. Please do not expect or demand of your manufacturers that they show you new collections, styles, colors, or drop new brands right now. They have been hit with the same economic realities that you have, furloughing staff, sitting on old inventory, and watching their profit disappear overnight. According to The Business of Fashion, the wholesale industry in wearables has already cancelled Spring collections and has begun cancelling Fall lines as well, anticipating that consumer spending will remain light through at least October. Let's work with what we have! Let's focus on capture rate. Provide luxury service to every patient that walks through our doors. And maximize sell-through by optimizing our inventory.

This is not the time to be purchasing product at all. Instead what I want you to do is optimize your inventory. If we are analytical, honest, and brave, we can create an inventory every patient would be happy to shop from what we already have. Below, your first steps:

Identify the Goal:

1. Utilize your PM Software or EDGEPro by GPN Technologies, if you have it, to identify how many total frames your practice sold in 2019.
2. Divide the number of frames sold in 2019 by 3 to a minimum of 500, and a maximum of 1500. That will tell you how many total frames you should have in your Optical. Write this number down.
3. Divide that number by 36. That will tell you how many brands you should have in your Optical. Write this number down.

Face the Reality:

1. Count every frame unit in your practice including insurance frames, kid's frames, and sun, recording their brand names to be able to determine how many brands you have and how many units in each brand. (Optical and Sun in a single brand, for example Ray-Ban, count as 2: RB Rx and RB Sun).

It is likely your reality numbers are much higher than your goal. Many independent practices are over-inventoried. The key here is not to rush to buy as soon as you re-open or slightly before. First, let's take stock of what we have, and make the best of it. Next week, we'll discuss what to do about righting your inventory during this time of disruption.

PLACE

All retailers, healthcare providers, teachers, parents, families, and businesses will be facing a new reality when they re-open. This is not necessarily a bad thing. There is no going "back to normal", only forward to better. Let's talk about how to maximize your capture rate during this time, a critical metric to ensure the profitability of your practice when potentially facing a reduced exam book.

1. Utilize your PM Software or EDGEPro by GPN Technologies, if you have it. **Identify your top 3-5 brands sold in 2019 by revenue not units.** Units will inevitably show you a list of "insurance" or "managed care" frames that fly off the shelves but rarely generate revenue beyond the insurance reimbursement to the practice, and never engender patient loyalty. Focus on the top 3-5 brands by total revenue generated (if not available use patient pay dollars).
2. Take a bit of time either with your family if you have grown children and therefore a variety of face shapes to try on adult frames at home or involve your staff if you can. Have a group of men and women try on the frames you already have in stock in those top 3-5 brands. **Identify 36 total units that look good on most face shapes.** Ensure there is still variety in shape and material. Do not choose frames that all look the same.
3. **Separate those 36 units into 3 trays of 12 units each.** Aim for one tray to be unmistakably male, one unmistakably female, and one genderless. Do not include sun or kid's frames in these selections. Every frame on the trays should be listed above the VSP standard frame allowance. Place these trays in the exam lane. If you have multiple exam lanes, each should have 3 trays (this is not normally necessary, but we are recommending it for the time being.)
4. It is likely during this time that your patient exams will be more spaced out than they usually would be. That does not mean the patients must leave faster but rather that we will have more time with each one. Use it! **After the exam, have the Optician come to the exam lane and keep the patient there.** Provide a handoff in the exam lane to the Optician in front of the patient, telling them whatever details about the prescription and lens recommendations they need to know.
5. The Optician stays in the exam lane with the patient (the OD can move on) and shows them the tray that is best suited to them. It is a safe bet to begin with the genderless tray. If the patient responds unfavorably to the selection, you can then pull out the tray that is biased toward their gender. **And let the patient choose a frame.** The Optician then takes the frame and the prescription and lens information from the OD and places the order, sending the patient on their way home.

Next week, we will discuss options for getting completed jobs to the patients.

HOW IDOC CAN HELP

Our Optical Consultants are available on demand to help you identify your inventory goals and understand your reality. **Call or email them today to review what your ideal inventory level.** Just as we know our annual revenue, these numbers are critical so that we can move forward to our next steps.