

# Unlocking the Secrets Of the \$Million Practice



## VM STAFF REPORT

NEW YORK—A million dollars. Sure, it's not as much money as it used to be, but it is still an impressive figure, particularly for an independent optical business to generate in a year.

Especially, when you consider that the average estimated annual retail sales, including exams, for a single location is \$720k, according to Jobson Optical Research's Census database, January 2014 update.

So how does one buck the average? That's what

*Vision Monday* wanted to know. So we reached out to four independent practices in various parts of the country to let us in on their secrets to pulling in seven figures in a single location. And we're sharing those secrets with you.

It should be noted, that the number one similarity in these practices, regardless of location, was a staunch dedication to delivering the highest level of optometric care possible. After that, real estate played a surprisingly significant role.

From the books they read and biggest mistakes

they made along the way to their most significant investments and the industry partner vendors they rely on, they spilled it all.

Their stories run the gamut from practical to inspirational. On page 38, we found all the common threads and pulled together their top eight "Keys to Success" for becoming a million dollar practice. With some of the tools in their arsenals being put to use by more ECPs in the U.S., perhaps the 2015 Jobson Optical Research's Census database average will be even higher. ■

—dcarroll@jobson.com



**How would you describe your business?**

A demonstration project for what optometric eye-care delivery can be in the 21st century.

**How long did it take you to meet or exceed the \$1M mark?**

Five years from a cold start.

**What sets you apart from your competitors?**

Constant reinvestment in location and instrumentation, on-going training of support staff and absolute cleanliness of facility. We also employ one of the most successful optometric public relations and marketing agencies.

**Do you have any previous business experience you were able to apply to this business?**

I was the founding partner of a large professional group practice in Connecticut. In 1998, this practice was acquired by a publicly traded medical group, at the time practice revenues exceeded \$5.2 million.

**What have been some of the most significant investments you've made into your business that have proven successful?**

Over the years, ongoing marketing and promotion of our unique practice model has paid handsome dividends. We regularly spend about 7 percent of gross revenues on marketing.



**Best book you've read or course you've taken as it applies to your business?**

I learned a lot from a marketing book called "Christ Was an Ad Man" by Robert Pritikin. I've attended many practice management seminars; my favorite speakers include Bob Koetting and I currently attend Jay Binkowitz's seminars.



**Dr. Bauman & Associates, PLLC**

**Owner: Robert C. Bauman, OD**

**Location: Stowe, Vermont**

**Annual Gross Revenue of Single Location:**

**\$1,826,000**

**Square footage: 4,500**

**Years in Business: 8**

**Number of employees: 12**

**www.drrobertbauman.com**



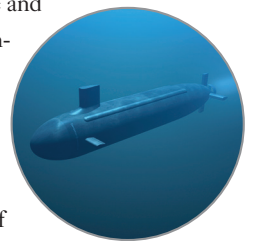
"Total dedication to excellent patient care."

**What is the best business decision you ever made?**

To reinvest into my practice and real estate associated with my practice before investing in the stock market, etc. Invest in what you control directly.

**What are some of the mistakes you made along the way?**

Early on, I incorrectly assumed that treating staff members generously and rewarding productivity would guarantee diligence and dedication, but a staff member is either diligent and willing to work hard or they are not. Some just are not willing to apply themselves. Every one of our employees is incentivized monthly, based on a production yardstick that they have control over. The analogy I like to use is we're all in a submarine, and if one person doesn't do their job, we're all in trouble.



**How do you market your practice?**

Every single patient gets a personalized Eyefinity report in a bound folder that contains all their photos and fields, plus a written summary that is reviewed with them by the doctor. They don't get this from others. That's one of the major keys to our success and makes us stand out from the crowd. It's important to focus your energies where it's going to show. We survey every single patient for every single visit. Those surveys come back to me sealed and I review every one of them.

**Closing Remarks?**

This is a get rich slow scheme, but it's a great profession and you can go far.



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**How would you describe your business?**

A full service optometric practice serving patients of all ages from infants to age 90.

**What sets you apart from your competitors?**

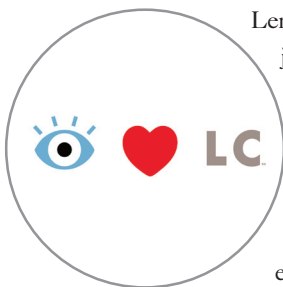
I jumped on dry eye treatments fairly early, and we've built up a good dry eye clinic. We have a large contact lens practice and if you have that, you should do dry eye treatment. We also recommend a lot of nutraceuticals, such as Omega 3 and macular supplements.

**How long did it take you to meet or exceed the \$1M mark?**

It took us 18 to 20 years for our gross charges to routinely exceed \$1 million.

**Do you have any previous business experience that you have been able to apply to this business?**

I worked some retail positions in college and optometry school that gave me insights into running my own business. Before optometry school, I worked at



LensCrafters when they were just starting out. I learned the importance of retail sales to optometry and the allure of fast service to the public. In addition, I worked at a high end gift and accessories store geared toward an affluent customer. I learned the value of building relationships and of not judging people based on their appearance.

**Have any vendors or industry groups been particularly helpful in your success?**

We utilize our optical laboratory and frame vendors in making sure our employees are well trained. Joining doctor peer groups has been enlightening as well. We are currently members of IDOC. I think the value of peer to peer groups is the exchange of ideas and information that your local peers might be unwilling to share.



**Northwest Vision Center**

**Owner:** Yoongie Min, OD and partner Marie Schiff, OD

**Location:** Columbus, Ohio

**Annual Gross Revenue of Single Location:**

**\$1 million**

**Square footage:** 3,700

**Years in Business:** 23

**Number of employees:**

**6 full-time and 2 part-time**

**www.nwvision.org**



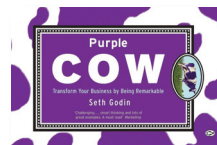
*"Ethical, progressive, caring, detailed and adaptable."*

**Is there one investment in particular you feel help set you on the course toward the \$1M mark?**

Purchasing our own office building. We were able to design our office from scratch to maximize patient flow, ancillary testing and our optical area.

**How do you measure R.O.I.?**

With any technology we put in, there are two main ways to measure R.O.I. One is the financial aspect, how quickly does the technology pay for itself or become profitable? The second, is the clinical aspect, does it help us take better care of patients?



**Best book you've read or course you've taken as it applies to your business?**

"Purple Cow" by Seth Godin is full of stories of companies that dared to be different to be successful.

**What is the best business decision you ever made?**

Bringing in a partner early. Optometry is difficult enough to do by yourself. My partner and I have been able to share responsibilities, bounce ideas off one another and cover for each other.

**What are some mistakes you made along the way?**

The biggest mistake I made was choosing office locations early on. My first office was in a location that had signage but was difficult to see from the street, and I think it hindered my early practice growth. The other mistake, especially early on, was hiring the wrong people. Looking back, I should have been much more selective.



**Closing Remarks?**

The Golden Rule: Treat others as you would like to be treated. I always try to remember that in dealing with patients.

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**How would you describe your business?**

A professional independent optometric practice.

**How long did it take you to meet or exceed the \$1M mark?**

We've been in business for over 60 years...it took a while.

**Have any vendors or industry groups been particularly helpful in your success?**

We think of our vendors as partners in our business and rely on them to help with their national and local marketing knowledge—fashion and frame industry: Luxottica, Safilo and Marchon; efficiency modeling (as in contact lens distribution center efficiency with ABB Concise); ophthalmic lens production and cost of goods control with strategic partners of supply chain materials both in retail product and lab/lens production with VSP Optics Group.

**What have been some of the most significant investments that have proven successful?**



Regular staff education including onsite and off-site, a finishing lab, pre-examination retinal scans, OCT, electronic patient communication technology, comprehensive online store.

**Is there one investment in particular you feel help set you on the course toward the \$1M mark?**

Educating, maintaining and properly compensating a professional staff, both financially and intangibly.

**What is the best business decision you ever made?**

Purchasing our own building.

**How do you measure R.O.I.?**

It depends on what metric we are measuring.



**Livermore Optometry Group**

**Owner:** Steven Faith, OD, FFAO, and partner Clark Abramson, OD, FFAO

**Location:** Livermore, California

**Annual Gross Revenue of Single Location:**

**In excess of \$1 million**

**Square footage:** 5,600

**Years in Business:** 67

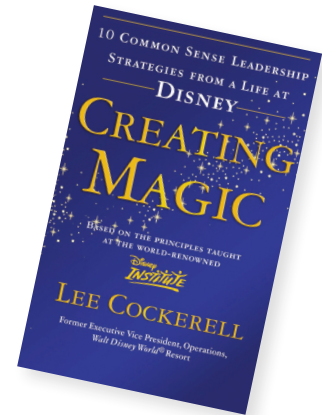
**Number of employees:** 30

**www.livermoreoptometry.com**

There are differences in the clinical R.O.I. on new equipment and the R.O.I. on capital investments in our physical plant. These are often not measured but felt; we call that R.M.I. (Return on Mental Investment). For example, when we started using OCT, it helped answer questions for us about patients' vision and that was of very high value to us.

**What business or management resources do you regularly rely on?**

Professional study groups, Primary Eyecare Network (PEN) meetings, Management & Business Academy (MBA) meetings, nonoptical industry marketing and management resources (including automotive, retail research, financial industry resources and consumer research data).



**Best book you've read or course you've taken as it applies to your business?**

"The 17 Indisputable Laws of Teamwork" by John C. Maxwell and "Creating Magic" by Lee Cockerell.

**What are some of the mistakes you made along the way?**

Underestimating the power of observation, patient sensitivity and support of our staff. Letting personality get in the way of sound business practices.

**Closing Remarks?**

Make sure people like you.

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"Professional, friendly, technological, academic and efficient."



### How would you describe your business?

We are a full-scope family practice with an emphasis on ocular disease and specialty contact lens fits.

### How long did it take you to meet or exceed the \$1M mark?

Seven years.

### What sets you apart from your competitors?

My staff is extraordinary. We also believe in consistently bringing in the best and newest technology for patient care.

### Do you have any previous business experience you were able to apply to this business?

During optometry school, I worked for a doctor at a large private practice. His mentorship helped teach me everything that I needed to know for jumping into owning and running a practice.

### Have any vendors or industry groups been particularly helpful in your success?

PECAA has extremely helpful in keeping my cost of goods under control and they have a lot of things in place to help me in the management of my business.

### Is there one investment in particular you feel help set you on the course toward the \$1M mark?

Four years ago, I bought the building that I am currently in. I doubled my square footage, and with it, my gross fees because we could handle the volume. With more exam lanes, the space to provide more testing and a much larger dispensary, the infrastructure is there to provide the high quality care that we strive for.



## Dr. Korthals and Associates

**Owner:** Mike Korthals, OD

**Location:** Mason City, Iowa

**Annual Gross Revenue of Single Location:**

**\$2.1 Million**

**Square footage:** 4,700

**Years in Business:** 15

**Number of employees:** 10

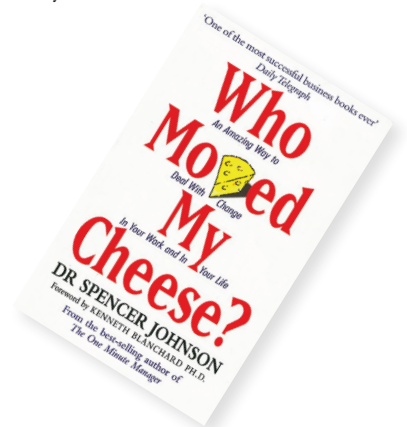
**www.mikekorthalsod.com**



"Personal, integrity, caring, distinctive and full service."

### Best book you've read or course you've taken as it applies to your business?

"Who Moved My Cheese?" by Spencer Johnson, MD. It's not an optometric business book but it was a good book to get me thinking and looking differently at my business.



### How do you measure R.O.I.?

Before I do anything new, I always look at the potential for making or losing money. There have been very few instances that I brought something in knowing that it wouldn't create a positive cash flow situation. I look at a piece of equipment cost vs. potential reimbursements and make a decision from there.

### What are some of the mistakes you made along the way?

About six years ago, I was ready to try EHR and I found a program that I thought I really liked. The transition went horribly and the program wasn't what was promised. It ended up costing me some money and I almost lost staff so I just went back to the original practice management system and added EHR to it.



### Closing Thoughts?

A ship has one captain for a reason. A practice needs one voice or direction.

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## The Million Dollar Practice's Keys to Success

**1** **Location, location, location** was a reoccurring theme among these million dollar doctors. If you are not in a position to purchase a building be sure to pick a visible, easily accessible location, recommends Min.

**2** Each underscored the importance of **a comfortable office**. "Maintain a clean, pleasant and comfortable environment," said Min; while Korthals stressed having enough room for the patients to feel comfortable looking at frames.

**3** According to Bauman, Livermore and Min, your practice will only be as good as your staff. **Hire, train, pay and incentivize people properly**. Accept only the finest performance from staff.

**4** Min says, **stay abreast of current technology**. Bauman even suggests buying a new piece of equipment each year to add to the range of diagnostic services you can offer your patient and Korthals recommends having an in-office laboratory to make glasses on site.

**5** Livermore advises **controlling your personal overhead**; in other words, be sure that your personal lifestyle and commitments don't drive decisions you might not otherwise make about your business.

**6** "Don't try to be all things to all people," said Min and Bauman added, "if you make a mistake, whether involving staff or patient, admit it promptly and **don't try to blame others for your shortcomings**."

**7** Livermore and Bauman touched on setting the proper example for your staff. **"Arrive early, stay late, be a person of integrity**. Never ask staff members to do anything you would not do, including cleaning the toilet if necessary," clarified Bauman.

**8** Lastly, don't forget that **most practices are built by one referral at a time**.