

Measuring Data-Driven Performance & Setting Goals for Growth



Turning prescriptions into eyewear sales helps build a profitable practice. According to recent data, more than 54% of total revenue in optometric practices stems from product sales.^{1,2} While many practitioners intuitively feel they capture a significant number of sales in the dispensary, the actual walk out rate is often much higher

than perceived. In fact, the capture rate for eyewear typically ranges from 50 to 60%^{2,1} and the contact lens capture rate is just 35%.² As you can see, these measured percentages reflecting actual capture rates leave considerable room for practices to increase product sales, patient satisfaction and their bottom line.

Uncovering Opportunity & Calculating Target Performance

To create meaningful change, it is imperative for practices to have a quantitative understanding of how their practice is currently performing. Measuring your practice's data provides important information you can use to review office processes, facilitate goal setting and increase your control over the direction of business growth. While eye care practices are complex businesses with a full spectrum of activity that could be examined, focusing on eyewear sales — typically the single largest contributor to gross revenue — is an informative place to start. Eyewear revenue can be influenced in two significant ways: the number of pairs being sold and the average price per pair. Let's examine goal setting as it pertains to both.

Product sales volume is often discussed in terms of capture rate. And while capture rate has many definitions, in optometric practices with dispensaries, it is commonly calculated as:

Units of Complete Eyewear Sold Divided by No. of Refractive Exams

For example, if you perform 100 refractive exams which generate new prescriptions and sell 60 units of Rx eyewear, your capture rate is 60%. This calculation is affected by both the number of patients purchasing eyewear and the sale of multiple pairs. In fact, if every new prescription was fulfilled in your practice and some purchased multiple pairs, you could attain a capture rate of over 100%. This metric is simple to calculate and utilizes data readily available from most management systems. Practices performing in the top 25% typically achieve a capture rate of 78% or higher.¹

To project growth based on increasing your capture rate:

Step 1 Determine your current capture rate over the course of a month by dividing the number of eyewear sold by the number of refractive exams performed. (Optical shops can simply replace the number of exams with the number of Rx patients visiting their location.)

Step 2 Set a realistic target goal (sample: 60%).

Step 3 Calculate the target eyewear sales volume by multiplying the number of refractive exams by the new target capture rate. (sample: 250 exams x 60% = 150 total units of eyewear, 25 incremental pairs).

Step 4 Project incremental revenue by multiplying the incremental number of eyewear to be sold by your average revenue or price per pair.

Capture Rate Performance Calculator								
Current Performance Per Month			Target Performance Per Month			Target Revenue Per Month		
No. of Refractive Exams	Units of Rx Eyewear Sold	Dispensing Capture Rate	Target Capture Rate	Total Units of Rx Eyewear to Be Sold	Incremental Units of Rx Eyewear to Be Sold	Average Rx Eyewear Revenue Per Pair	Incremental Rx Eyewear Revenue	Total Rx Eyewear Revenue
250	125	50%	60%	150	25	\$280	\$7,000	\$42,000

Note: The average price per pair is dependent on frame quality and lens features and can vary greatly from practice to practice. However, studies show the average price for a frame hovers around \$130 and lenses are \$150-160 for a conservative total of \$280 for a complete pair.^{1,3}

Now that we have looked at the potential effects of increasing the number of eyewear sales, let's consider what may happen if we also aim to **increase each ticket amount**.

Step 5 **Set** a target increase for the value of each unit sold (sample: 25%) and calculate your new target revenue per pair (sample: \$350).

Step 6 **Evaluate** the potential effects of this metric alone (sample: \$8,750 incremental revenue) and in combination with increasing the number of pairs sold (sample: \$17,500 incremental revenue).

Capture Rate & Average Ticket Performance Calculator								
Current Performance Per Month			Target Performance Per Month			Target Revenue Per Month		
No. of Refractive Exams	Units of Rx Eyewear Sold	Dispensing Capture Rate	Target Capture Rate	Total Units of Rx Eyewear to Be Sold	Incremental Units of Rx Eyewear to Be Sold	Average Rx Eyewear Revenue Per Pair	Incremental Rx Eyewear Revenue	Total Rx Eyewear Revenue
		%	%					
Increase the average revenue per Rx eyewear unit by						%		



Customize this table with your own practice data.

Enter your own practice data and performance goals into the **white highlighted fields** to calculate your potential revenue per month.

To set goals as a function of product sales data rather than capture rate:

Step 1 **Enter** the number of refractive exams performed and units of eyewear sold per month.

Step 2 **Set** a realistic improvement goal (sample: 20%) considering the potential number of patients not fulfilling their prescriptions in your practice.

Step 3 **Determine** the target increase in the units of eyewear to be sold by multiplying current sales volume by the target increase percentage (sample: 125 units x 20% = 25 additional units to be sold).

Step 4 **Calculate** incremental revenue by multiplying the incremental number of eyewear units to be sold by your average revenue per pair.

Rx Eyewear Sales Volume Performance Calculator

Current Performance Per Month		Target Performance Per Month			Target Revenue Per Month		
No. of Refractive Exams	Units of Rx Eyewear Sold	Increase of Rx Eyewear Sales	Incremental Units of Rx Eyewear to Be Sold	Total Units of Rx Eyewear to Be Sold	Average Rx Eyewear Revenue Per Pair	Incremental Rx Eyewear Revenue	Total Rx Eyewear Revenue
250	125	20%	25	150	\$280	\$7,000	\$42,000

Now, also **increase the average ticket sale** per unit.

Step 5

Set a target increase for the value of each unit sold (sample: 25%) and calculate your new target revenue per pair (sample: \$350).

Step 6

Evaluate the potential effects of this metric alone (sample: \$8,750 incremental revenue) and in combination with increasing the number of pairs sold (sample: \$17,500 incremental revenue).

Rx Eyewear Sales Volume & Average Ticket Performance Calculator

Current Performance Per Month		Target Performance Per Month			Target Revenue Per Month		
No. of Refractive Exams	Units of Rx Eyewear Sold	Increase of Rx Eyewear Sales	Incremental Units of Rx Eyewear to Be Sold	Total Units of Rx Eyewear to Be Sold	Average Rx Eyewear Revenue Per Pair	Incremental Rx Eyewear Revenue	Total Rx Eyewear Revenue
		%					
Increase the average revenue per Rx eyewear unit by					%		



Customize this table with your own practice data.

Enter your own practice data and performance goals into the **white highlighted fields** to calculate your potential revenue per month.

► **To explore the performance goals required to achieve a specific revenue increase:**

- Step 1** **Enter** current practice performance including number of exams, units of eyewear sold and total gross revenue generated by Rx eyewear.
- Step 2** **Set** a target increase for Rx eyewear revenue (sample: 20%) and calculate potential incremental revenue ($\$35,000 \times 20\% = \$7,000$). If preferred, you can set the desired incremental revenue amount directly. When setting a revenue goal, it is important to consider growth opportunity, such as the gap between the number of products sold and number of prescriptions being generated.
- Step 3** **Determine** how many additional units of Rx eyewear will need to be sold to meet the revenue goal by dividing the incremental revenue desired by the average revenue per pair (sample: $\$7,000 / \$280 = 25$ units of eyewear).
- Step 4** If you **increase the average revenue per pair** (sample: 25%), the number of units required to reach the revenue goal will decrease.

Performance Goals Calculator								
Current Performance Per Month			Target Revenue Per Month			Performance Required to Reach Target Revenue		
No. of Refractive Exams	Units of Rx Eyewear Sold	Total Rx Eyewear Revenue	Increase of Rx Eyewear Revenue	Incremental Rx Eyewear Revenue	Target Total Rx Eyewear Revenue	Average Rx Eyewear Revenue Per Pair	Incremental Units of Eyewear to Be Sold	Total Units of Rx Eyewear to Be Sold
			%					
Increase the average revenue per Rx eyewear unit by						%		



Customize this table with your own practice data.

Enter your own practice data and revenue goals into the **white highlighted fields** to calculate the number of eyewear units that need to be sold to reach your desired target revenue per month.

- ▶ There are many ways to help increase both your eyewear capture rate and average ticket sale, and illustrating total cost as an estimated monthly payment is one of them. From patients adhering to a monthly budget to those who appreciate smart financial resources, promotional financing is an appreciated value and convenience for a broad spectrum of consumers.



Did you know?

\$571 is the average out-of-pocket spend for a patient opening a CareCredit account in an optical practice — that's after any potential insurance allowance and applied discounts.⁴

- ▶ When setting goals, be sure to contact your CareCredit Practice Development Team at **800.859.9975 (press 1, then 6)** to request a custom Performance Review. Together we can examine how your practice has been utilizing patient financing solutions, ways to integrate them more effectively and the new contactless tools available to help further streamline the application and transaction processes.

Not yet enrolled with CareCredit?

Call **866.853.8432** or visit **carecredit.com/optometry** to get started today at no cost.

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1. ECPU MBA Key Metrics Report 2018

2. KPI Trend Report 2019

3. VisionWatch, The Vision Council Market Analysis Report 2019

4. Average 2018 1st ticket sale in an independent optometry practice that accepts CareCredit.