



National Academy of Opticianry
Continuing Education Course

Approved by the American Board of Opticianry

Frame Board Management

National Academy of Opticianry
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National Academy of Opticianry

PREFACE:

This continuing education course was prepared under the auspices of the National Academy of Opticianry and is designed to be convenient, cost effective and practical for the Optician.

The skills and knowledge required to practice the profession of Opticianry will continue to change in the future as advances in technology are applied to the eye care specialty. Higher rates of obsolescence will result in an increased tempo of change as well as knowledge to meet these changes. The National Academy of Opticianry recognizes the need to provide a Continuing Education Program for all Opticians. This course has been developed as a part of the overall program to enable Opticians to develop and improve their technical knowledge and skills in their chosen profession.

The National Academy of Opticianry

INSTRUCTIONS:

Read and study the material. After you feel that you understand the material thoroughly take the test following the instructions given at the beginning of the test. Upon completion of the test, mail the answer sheet to the National Academy of Opticianry, 8401 Corporate Drive, Suite 605, Landover, Maryland 20785 or fax it to 301-577-3880. Be sure you complete the evaluation form on the answer sheet. Please allow two weeks for the grading and a reply.

CREDITS:

The American Board of Opticianry has approved this course for one (1) Continuing Education Credit toward certification renewal. To earn this credit, you must achieve a grade of 80% or higher on the test. The Academy will notify all test takers of their score and mail the credit certificate to those who pass. You must mail the appropriate section of the credit certificate to the ABO and/or your state licensing board to renew your certification/licensure. One portion is to be retained for your records.

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INTENDED AUDIENCE:

This course is intended for any managing optician, office manager and/or frame buyer.

COURSE DESCRIPTION:

This course will help an employee and/or business owner have a grasp on expectations from frame vendors. It will give them a guideline as to the best way to maximize money being spent on the products in the optical area and know that the money they are spending is improving profit margins.

LEARNING OBJECTIVES:

1. How to evaluate what you already have on your frame boards.
2. Guidelines for vendor expectations.
3. How to determine inventory mix.
4. A way to reorder without over stocking your boards.
5. Effective ways to keep track of credits when you return frames.
6. Learn to calculate frame turns.

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Frame Board Management

In an ophthalmic practice, the frames you select and the vendors you choose have a large impact on the profit for that business. If the correct mix of frames are purchased, eyewear sales should be approximately 60% of the practice profits.

Questions to be answered: Are there enough frames? Are there too many frames? Do you have frames for the patient demographics? Are the frame representatives working for you?

You need a plan. The ideal plan will balance stock, secure the best prices on frames, reduce expenses, and give the practice a reputation for having the latest trends in eyewear.

Considerations for Enacting Your Plan:

- Evaluate the frames you currently have in stock
- Vendor expectations
- Inventory mix
- Reorder system
- Returns/Exchanges
- Frame turn rate

Evaluate the Frames you have in stock

If you are working in a practice where there are frames already on the boards, evaluate the frames you have in stock. The sales vendors for each company can tell you when you purchased the frames, which frames may be discontinued, if frames are soon to be discontinued, and which frames can be exchanged for something new.

When you have frames that cannot be returned you will need to decide if you will sell them, discount them or donate them. If you sell them, remember that there will be no way to replace the frame if it should break. You could discount them as a second pair sale, for example, as readers, computer eyewear or sunglasses. Be sure to let the customer know there will be no warranty. If you donate the frames, it would be a tax write off for the business.

Vendor Expectations

Are your frame vendors/sales representatives working for you?

Are you getting the maximum discount possible? With most companies, the discount you receive depends on the number of frames you purchase. Ask for a discount or an even larger discount than you are currently getting.

What are your expectations from your sales reps?

There is a growing trend in offices to write up expectations for the frame sale reps. Have them read and sign the agreement. It is a great way of letting them know exactly what is expected of them, before, during and after their appointment.

Examples of expectations and an explanation as to the importance:

- Book an appointment.
By working on an appointment basis only, you have the opportunity to be organized and prepared.
- If you will be more than 30 minutes late, please call to see if it is still OK to come in for the appointment.
-If you only allot one hour to see reps between customers, you do not want to be rushed and not have enough time to effectively concentrate on this visit.
- Do an inventory of your product when you arrive.
-This will help you to avoid reordering something you already have.
- Pull any frames that are on my stale list.
These are frames that have not sold in a set amount of time. (Detailed later)
- Pull all frames that are being discontinued.
-Each company sends its frame reps a list of frames “to be pulled” from their sample bags. If a frame becomes discontinued, you run the risk of not being able to offer a warranty replacement for your customer.
- We expect to see any new frame styles that have come out since our last appointment.
- Write up a return authorization for any frames that are being exchanged /returned (this includes any defective warranty returns).
- Leave with me or email the frames that we have chosen to order
- Make no substitutions to my order without permission (this includes style and color).
- Book your next appointment before you leave.

Have expectations for them, but you should also respect and have considerations for their time and effort. Because most reps are independent contractors, if for whatever reason you cannot see them on the day of your appointment, call them to reschedule. If you call in sick, ask someone in the office to call them before they show up at the office only to find out that you are not there. You are partners. They will go out of their way to do what you need. There will come a time when you will need to ask them for help, to search for and deliver a backordered or discontinued frame for a customer in need.

If the rep is not living up to your expectations, it may be time to find another company that can offer better service. Unfortunately, selling through the product is your only option. A company cannot send you another rep; there is typically only one rep for each brand and territory.

You do however have options. You can see the sales rep a couple more times, only make even exchanges with frames that are being discontinued or stale -- Only keep current frames on the boards, not reordering what was sold until the product sells out completely.

This same thing can be done if a frame line is a slow mover. Be sure to let the rep down easily, it will not be personal; it's what's best for the business.

Questions you should ask when considering a new vendor:

- Which frame collections do you carry?
- What is the price range of each collection?
- What discount can you offer? (this usually depends on the number of frames you will stock)
- What is your return/exchange policy?
- Can we get free shipping?
- What warranties do you offer?
- Will you work our trunk show?
- Do you offer tiered billing? 30-60-90 day billing.
- Does your company offer co-op dollars? Money for advertising?
- Do you offer product education for staff?

Inventory Mix

The mix of frames you have on your boards should be determined by patient demographics. If your patient base is mostly children, it stands to reason that you would have a wide variety of children's frames. If you are near a nursing home, you will need to purchase frames with a deep "B" measurement to accommodate a multifocal.

Some frame buyers like to have the same frame in two or three colors and two sizes. Others like to have a wider variety of frame styles. This will depend on the budget and frame board space.

Decide what price point you think is best for your demographic. However, never assume that just because you are in a small town that the residents do not want to be stylish and have frames with pizzazz. To have a price point for everyone, have a variety of high end to lower end priced frames.

Offer a good mix of sizes, color, and styles. Do not only choose frames because they look good on you. Not everyone likes your same style. You may not like an orange frame but someone will.

Name brands sell and customers will pay more for a name. For most people name brands are a status symbol. Position name brands in a prime location in the office. Highlight the brand with a special display on a shelf or in a cabinet with point of purchase material.

Keep up with trends. You should read trade magazines and look through fashion magazines for the latest styles in fashion. Going to trade shows such as Vision Expos East and West would benefit any frame buyer. The newest trends are introduced at these shows, and your office has the chance to have the newest styles before anyone else in your area. The trade shows are also the perfect place to choose new vendors, and it gives you the opportunity to browse complete collections without taking up office time.

Now, let's take a look at the question – What should my mix of frames be?

The answer will depend on a couple of things. Is this an existing practice and you are remodeling/re-evaluating your frame boards or is this a new practice?

If the answer is you are remodeling/re-evaluating your frame boards, you already have a gauge as to how many men's, women's, kids and sunglasses that sell in the practice. Your mix will be based on your patient base.

If this is a new practice, start with a low number and a somewhat even mix of men's and women frames. Put in a small number of kids and sunglasses. Add frames as your patient base increases and you get a good gauge as to what frame mix sells.

The chart below is an example of an average mix of frames:

Board Spaces	Men's Frames 30%	Women's 45%	Kids 10%	Suns 15%
400	120	180	40	60
600	180	270	60	90
800	240	360	80	120

When deciding on frame mix, consider your mix of Women's zyl, women's metal, men's zyl, men's metal, kids zyl, kid's metal, non-prescription and ophthalmic sunglasses, safety eyewear, sports glasses.

Be sure to look at available space in the office. How many frames spaces do you have? Do you have locked cabinets? Empty shelves? You do not have to fill those spaces with frames. Use point of purchase material to decorate the shelves and to cover unused frame boards.

Reorder System

You will need to decide how often frames will be reordered as they sell; daily, weekly, or will you wait until the frame vendor visits your office. If the frame rep is making a regular appointment, that will give you a regular and steady reorder. If the rep is only visiting your office four times a year, you should consider ordering via telephone or online on a regular basis. Doing so will ensure that you have your best sellers available for purchase. Most companies offer free shipping with online orders.

Tracking frame sales is made easy with a computer program inventory management system. At first, entering every frame (including name, size, color, price, and vendor) will be an arduous task, but once it is in place, it will be a great time saver. Most computer inventory systems use the UPC codes that are already printed on the bags that come from the manufacturer. When you enter and scan the code, the frame is identified and entered into inventory.

There are several good computer programs that give you all the reports you need before a frame rep comes in for their appointment. Most of the inventory management systems come with this feature. The computer will give you a sold report based on the selected date entered and do most of your reordering process for you. Most programs will give you a stale report from a pre-determined date that you decide. For example, you decide 8 months is going to be the maximum time that any frame is to sit on your frame board without selling, the computer will generate that specific report. All you will need to do is have the report ready when your frame rep arrives for the appointment. You will then exchange each stale piece for something new in its place.

If you do not use a computer inventory system, you should have an alternate way of knowing what frames have sold. One way is doing it manually. Most frames come to your office with a card that has the frame name, size, and color printed on it; those cards can be filed in a file box by brand. The card would be pulled when the frame sells, the card would be filed in a sold box, and then those cards are given to the frame reps when they come in for their appointment.

If you don't want to use tags, you can write on the demo lens. Using a fine-tip permanent marker, write on the lens the month the frame came into your office and price. Example: 10/\$210. By writing the month on the lens, you have a simple way of knowing how long the frame has been on the board.

Example: If the rep is there in the 10th month and you want to send back anything older than 8 months old, you would want to send back any frame with the months 10, 11, 12 and 1 on the lens.

Returns/Exchanges

When the frame rep writes up your return authorization for any frames that you are sending back, have them also add your defective returns. These are frames or frame parts that you may have warrantied for your customers. You have already purchased the replacement and now you will get a credit for the items you are returning. You will send a copy back with your return and keep a copy for yourself. File the copy in an easily accessible place. When the credit arrives, cross-check to be sure you received credit for each item sent back.

There may be times when a frame is discontinued but the frame was not pulled in time to get full credit. According to your vendor expectations, this should not happen, but if it does, call the frame rep. They will either get you full credit or they will send you a free frame to make up for the cost.

If you find there is a frame brand that you are doing more exchanges/returns than you are sales, it is probably time to choose another brand to take its place.

Frame Turn Rate

Frame inventory is a large investment for an ophthalmic practice. It is money that sits on the frame board until someone decides to buy it. For that reason, you want to be sure the number of frames you have in stock is profitable for the practice. Do you have enough frames? Do you have too many frames? To know the answer, you must know your frame turn rate. It is a measure that will let you know how many times your "total" frame inventory sells annually. It will aid in determining what inventory amount should be achieved and support the sales goals predicted and desired. Your turn rate is computed by dividing the number of frames sold by the number of frames you keep in stock.

HOW MANY TURNS ARE ACCEPTABLE?

The answer to this question is relative to the gross margins of the frames. The *Gross Margin* is the difference between the sales price of an item and the cost of sales of the item. It can also be expressed as a ratio (Gross Margin / Sales Price of Item). Assume a frame costs \$20 and is sold for \$100, the gross margin is \$80 (\$100 - \$20) or 80% (\$80 / \$100). If a frame line has a gross margin of around 25%, it should turn approximately 6 times in an annual cycle. If the gross margin is higher, the inventory may turn at a rate of 2 to 3 times per year. The general rule to follow is lower gross margins demand more frequent turn rates. Higher gross margins demand less turn rates.

IMPROVING FRAME INVENTORY TURN RATES

The fastest way to improve the turn rate is to order fewer frames in greater intervals. An example of this would be to avoid the habit of ordering frames once every six months. Instead, a better approach would be to order frame inventory monthly. Use the previous month usage to predict needed inventory.

By doing so, the following benefits will be achieved:

1. Increased cash flow
2. The inventory will remain fresh for patients
3. Ability to pay vendors
4. No overstocked inventory

It is important to note that if a frame line has a turn rate of 8 times per year, it should not be interpreted that every frame in the line turns 8 times per year. Every dispensary will have good selling frames moving at 15 times per year and less active products moving at 2 times per year. On average, frame inventory lines will have turned 8 times.

As demonstrated in this course, it is vital to the cash flow of a dispensary to manage the frame inventory in a way that maximizes inventory turn rates. Since money does not grow on trees, it is necessary to capitalize on this concept.

Conclusion

Properly managed frame boards result in money saved and higher profits. Get started on a plan. Your inventory will be easier to handle, returns will be better tracked, and you will know if the amount of frames on your boards is the correct number for the patients that are walking through the door.

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