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# Profile of Independent Practice Optometry

# Profile of Private Practice Optometry

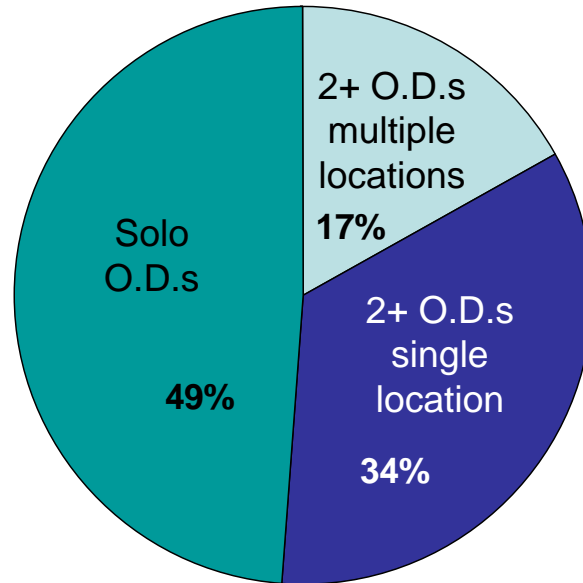
(Financial Aspects of Optometric Practice —  
Practice Economics and Growth)

**Behavioral objectives:** The purpose of this module is to provide an overview of the current size and characteristics of private practice, including revenue, sources of income, patient traffic, expenses, tax status, staffing, etc. The student will achieve an accurate perspective on the business aspects of practice, eliminating possible misperceptions that could hinder career development. The module will convey the importance of retail management to practice success, encouraging further exploration of merchandising, optical products, marketing techniques.

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## MODES OF PRACTICE OF PRIVATE PRACTICE O.D.S



Source: PAA estimates



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# MODES OF PRACTICE OF PRIVATE PRACTICE O.D.S—SOLO O.D.S

## SOLO O.D. SINGLE LOCATION

Percentage of private practices

49%

	Small	Median	Large
Gross revenue	<\$450,000	\$600,000	>\$900,000
Staff employees	3-4	4-5	7+
Office square feet	1,800	2,100	3,000+
Weekly hours of operation	43	45	45
Active patient base	3,500	4,700	7,000+

Source: MBA Practice Profile

## MODES OF PRACTICE OF PRIVATE PRACTICE O.D.S–MULTI O.D./SINGLE LOCATION

### 2+ O.D.s SINGLE LOCATION

Percentage of private practices

35%

	Small	Median	Large
Gross revenue	<\$700,000	\$950,000	>\$1.5 million
Staff employees	5-6	7-8	12+
Office square feet	2,600	3,000	3,800
Weekly hours of operation	44	48	52
Active patient base	6,000	8,000	12,000+

Source: MBA Practice Profile

## MODES OF PRACTICE OF PRIVATE PRACTICE O.D.S–MULTI O.D./MULTIPLE LOCATION

### 2+ O.D.s 2+ LOCATIONS

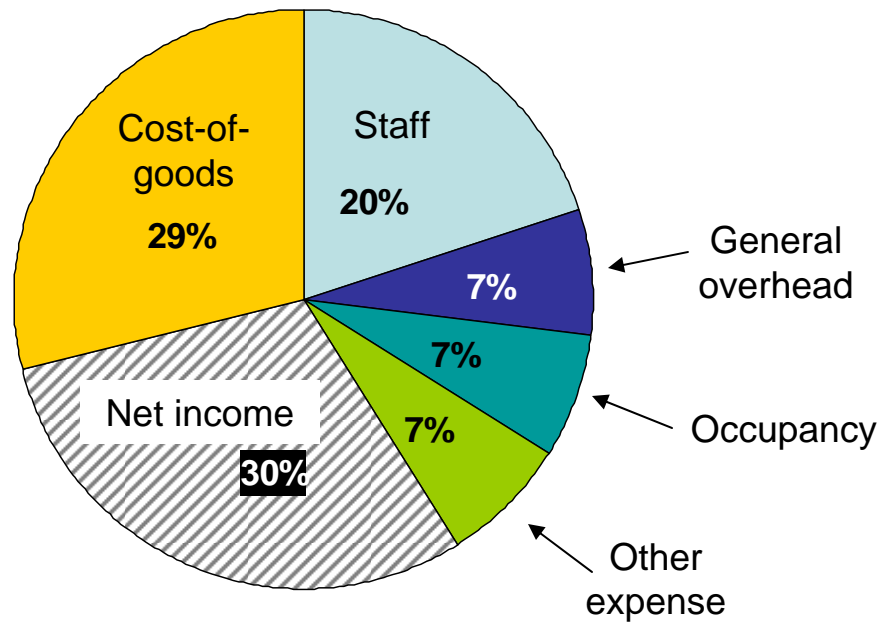
Percentage of private practices

15%

	Small	Median	Large
Gross revenue	<\$800,000	\$1.2 million	>\$1.5 million
Staff employees	5-7	10	12+
Office square feet	3,500	4,000+	4,000+
Weekly hours of operation	43	48	52
Active patient base	6,000	10,000	12,000+

Source: MBA Practice Profile

# PRIVATE PRACTICE O.D. EXPENSES AND NET INCOME

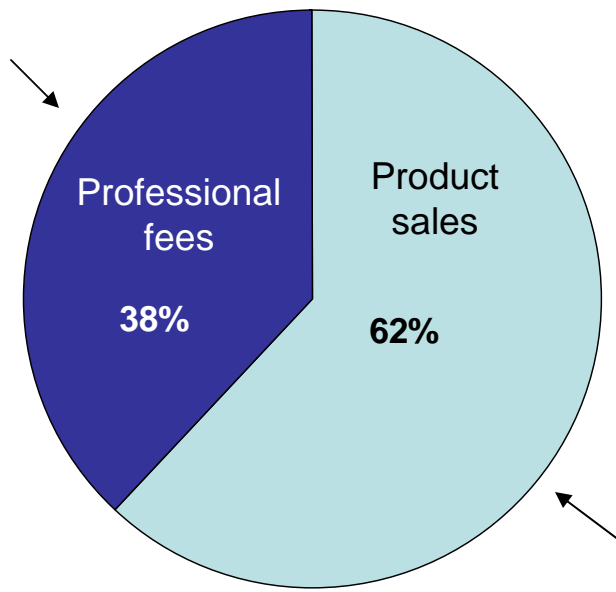


Source: MBA Practice Profile



# SOURCES OF INCOME OF PRIVATE PRACTICE O.D.S

<b>Total professional fees</b>	<u>38%</u>
Eye exams	23%
Medical fee income	15%



<b>Total product sales</b>	<u>62%</u>
Eyeglasses	44%
Contact lenses	16%
Sunwear, other	2%

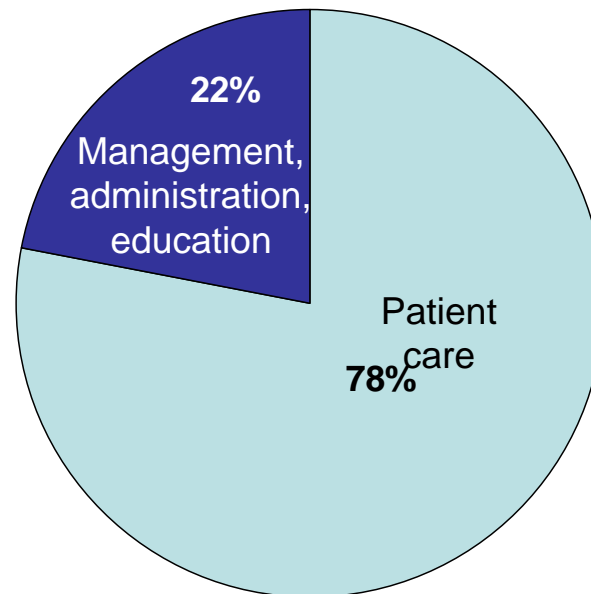
Source: MBA Practice Profile

## PRIVATE PRACTICE O.D. EXPENSES AND NET INCOME

### ————— Gross Annual Revenue —————

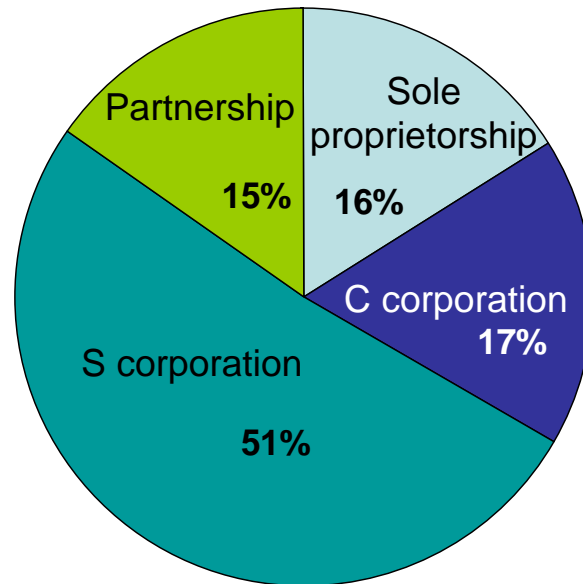
<b>Gross revenue</b>	<b><u>100%</u></b>	<b><u>\$500,000</u></b>	<b><u>\$650,000</u></b>	<b><u>\$800,000</u></b>
Professional fees	38%	\$190,000	\$247,000	\$304,000
Product sales	62%	\$310,000	\$403,000	\$496,000
Cost-of-goods	29%	\$145,000	\$188,500	\$232,000
<b>Gross profit</b>	<b>71%</b>	<b>\$355,000</b>	<b>\$461,500</b>	<b>\$568,000</b>
<b>Sub-total other expenses</b>	<b>41%</b>	<b>\$205,000</b>	<b>\$266,500</b>	<b>\$328,000</b>
Staff	20%	\$100,000	\$130,000	\$160,000
General overhead	7%	\$35,000	\$45,500	\$56,000
Occupancy	7%	\$35,000	\$45,500	\$56,000
Other	7%	\$35,000	\$45,500	\$56,000
<b>Net profit/O.D. income</b>	<b>30%</b>	<b>\$150,000</b>	<b>\$195,000</b>	<b>\$240,000</b>

## TIME UTILIZATION OF PRIVATE PRACTICE O.D.S



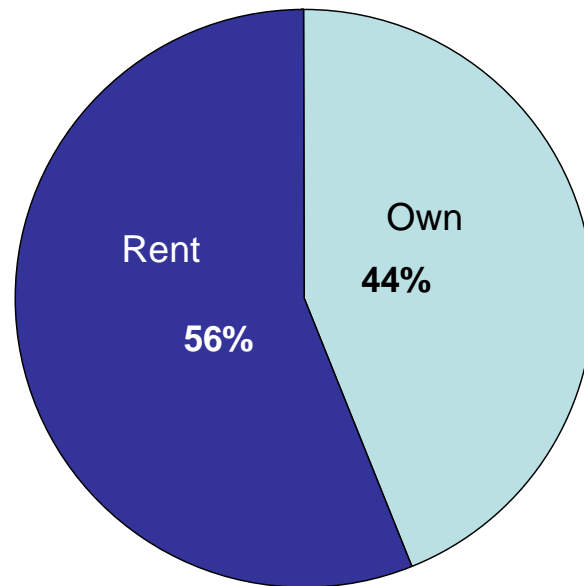
Source: MBA Practice Profile

## LEGAL/TAX STATUS OF PRIVATE PRACTICES



Source: MBA Practice Profile

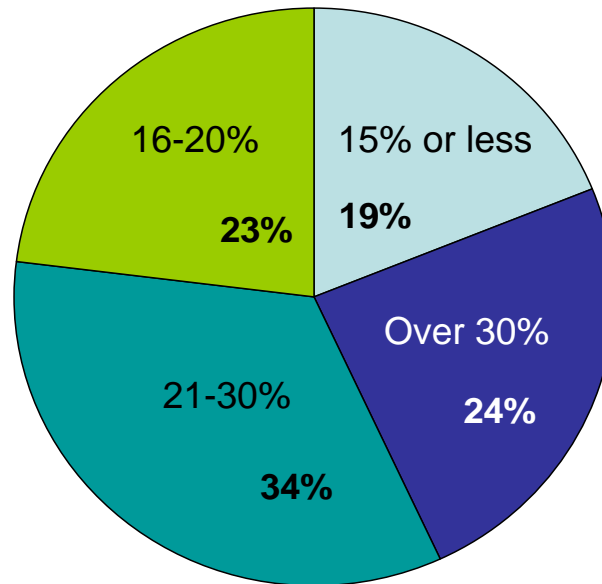
## OWNERSHIP OF OFFICE REAL ESTATE BY PRIVATE PRACTICE O.D.S



Source: MBA Practice Profile

## NEW PATIENT RATIO

(percentage of patients served in past year who were new to the practice)



Median = 23%

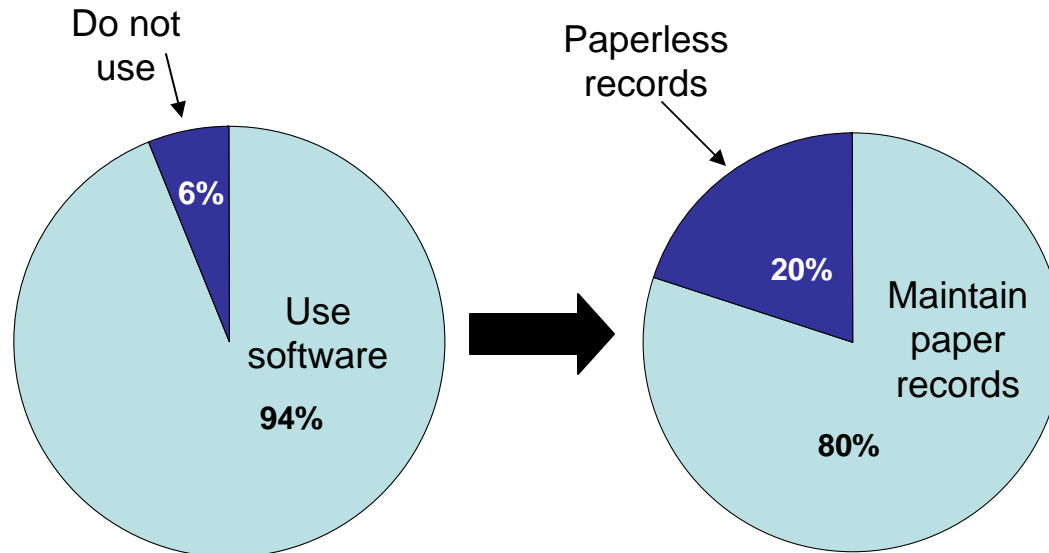
Source: MBA Practice Profile

## PRIVATE PRACTICE O.D. PRACTICE STAFFING AND SALARIES

<u>Title</u>	<u>Median Annual Salary</u>	<u>Percentage of Total Employees</u>
Optician/frames stylist	\$32,906	25.1%
Optometric assistant	\$26,000	21.5%
Front desk/receptionist	\$25,002	19.7%
Office manager	\$40,414	7.9%
Insurance clerk	\$28,683	6.6%
Lab manager/technician	\$33,155	6.0%
Contact lens technician	\$27,102	5.2%
Bookkeeper	\$33,779	3.4%
Other	-	4.6%

Source: MBA Practice Profile

## USAGE OF PRACTICE MANAGEMENT SOFTWARE

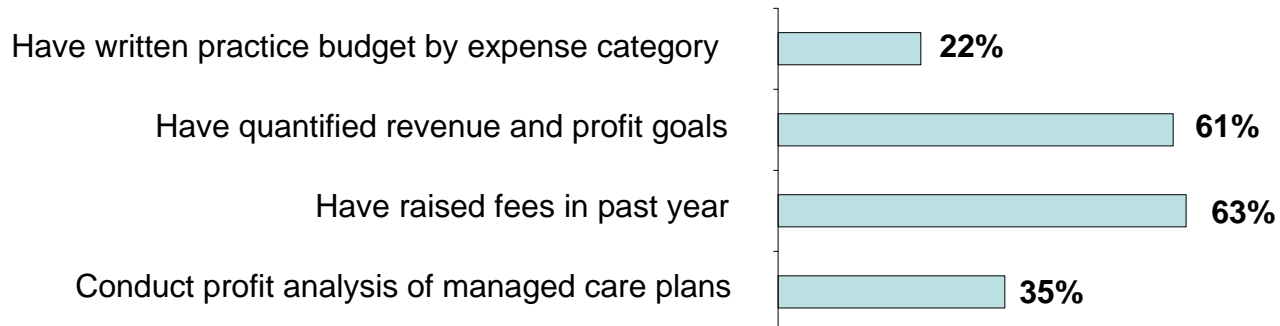


Source: MBA Practice Profile

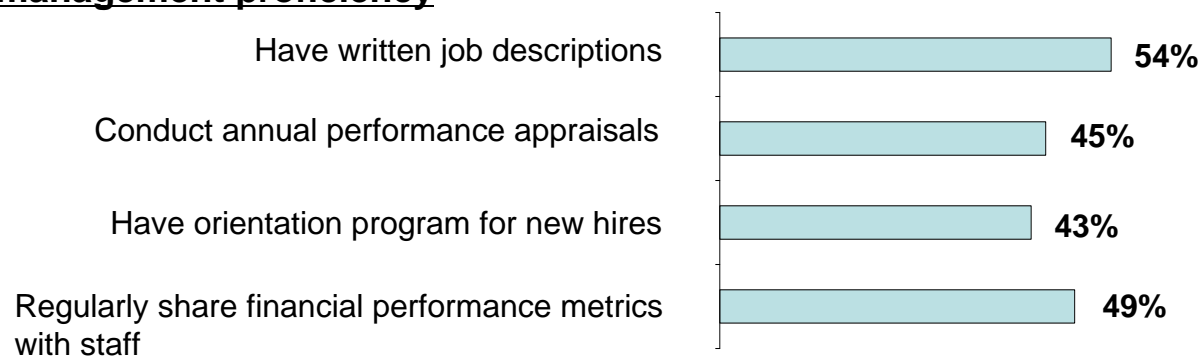


# PRIVATE PRACTICE O.D. MANAGEMENT PROFICIENCY

## Financial management proficiency



## Staff management proficiency



Source: MBA Practice Profile

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