

## A Strong Business Model Helps ODs Now and in the Future

In her third decade of practice ownership, **Laurie Sorrenson, OD, FAAO**, feels like she's hit her stride. She is not actively planning a retirement or transition—although an unexpected opportunity appeared when her son graduated from optometry school and joined her. “I had no idea he was going to go to optometry school,” she says. Now, it's likely that he will at some point start to buy into the practice a bit at a time.



But she's in no rush to get out of the business. In fact, about 10 years ago, she decided to dive into the business of optometry, investing the time, money and effort into making sure the practice was delivering top returns. “I figured I could invest passively and earn maybe 10 percent per year. But if I could invest in my practice and earn 10 percent growth there each year, it would keep compounding.” Doctors who invest in improving the quality of services, technology and products in their practices are going to have a more attractive business to sell, too. With her location in the hot market of Austin, Texas, she feels like she would have plenty of interested buyers, if that time came.

Until then, she plans on continuous tweaks to improve efficiency. She has discovered that she actually loves the business aspect of optometry. She and **Michael A. “Mick” Kling, OD**, of San Diego, California, have joined together as trainers for Business of Optometry, a one-day business training program for Vision Source® doctors to help them

evaluate their business, define practice goals and learn strategies for achieving those. One of the points that they make is that with a high-performing practice with well-trained staff and excellent processes in place, optometrists can pull back from the business of patient care and still watch the practice grow and thrive. In other words, even if you're sensing retirement in the future, it's not necessary to sell to the first buyer.

### Empowering and encouraging your staff

“Engaging staff is the hardest part of the job we do,” says Dr. Sorrenson. There are so many variables that a search for the one magic button will always be futile. “It requires a good work culture, good meetings and a good vision statement. It's not something you can focus on once a month and think you've got it.”

Yet that challenge is precisely what invigorates her, knowing that a high level of staff engagement will lead to success in nearly every venture—while a low level of staff engagement will almost certainly lead to a dismal success rate, no matter how good the idea is.



It starts with making certain that staff is onboarded well and trained well. “The tools that we have now through Vision Source would have made my life so much easier when I first started running a practice,” she says. Still, many doctors in the network are not taking advantage of the ongoing staff education that is available to them. “The doctor doesn't have to put any additional effort into it. Just make sure your staff is signed up and following the education tracks that make sense for each employee,” she says.

Doctors should avail themselves of the white papers and practice management programs available through Insight, Dr. Sorrenson says. She has authored and posted white papers on increasing annual supply percentages, and she's written papers on leadership, cash flow analysis and more that are “simple, straightforward and helpful,” she says.

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**—Dr. Sorrenson**

**“You have to become comfortable delegating.”**

**—Dr. Kling**

**The doctors at Lakeline Vision Source all help cultivate a culture that emphasizes well-trained staff and excellent processes.**



# SPECIAL REPORT

## Continued Growth

Continued

### Push past the plateau

Doctors who have built a practice by keeping track of all the details themselves may find it difficult to allow staff members to take on more duties, but it's important to practice growth and financial success. That's particularly true of bringing in a chief operating officer or COO, says Dr. Kling.

It is an essential addition to the practice—if the owner wants to grow to the next level. Dr. Kling explains: “The average OD brings in about \$750,000 in revenue. However, a highly utilized OD can generate \$1 million in revenue on five days a week of patient care. But if the OD owner is trying to do all the management, that leaves him or her with four days of patient care and one day of administrative duties.”

So there are really two options: bring on another doctor so someone else is generating the patient care revenue or bring on a COO so that you can spend more of your time in revenue-generating activities, he says. There simply aren't enough hours in the week to do it all. “By the time you've managed enough patient care to maximize your patient schedule, you're sitting down to pay bills.”

### \$1 million+ practices get attention

That means that those practitioners who feel stalled at about \$750,000 need to make one of these bold moves to start pushing toward \$1 million and beyond in revenue. “You have to become comfortable delegating,” Dr. Kling says—noting that either someone else will be seeing your patients or someone else will be managing more of the operations. “There are only one or two

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things that I must do: I have to do the physical exam, and I have to sign the record. But in theory, someone else could manage every other part of the encounter,” he says.

In his own practice, Dr. Kling decided to bring in both clinical and management help, in part because he wants to dedicate more time to his consulting business. “I enjoy managing the business, so I have three associates who provide most of the patient care,” he says. He also has brought on a minority equity partner. “Having another equity owner allows me to

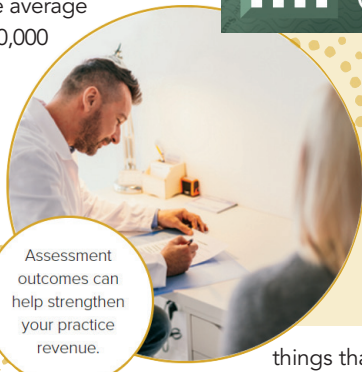
step away more comfortably because I know that there's someone who has some skin in the game watching over the practice,” he says.

But it's going far too well, he says, for him to consider selling. “I'm 52 and have young kids. I plan to stay committed to this practice for the foreseeable future, and it doesn't make professional or financial sense

to sell. Even if I had a three- to five-year timeline for a transition, I'd still have room to grow the practice now so that it will generate more income for me now than I would get if I sold and was working for that buyer as an employee,” he says.

Indeed, if a practice owner wants to sell a practice, it's also important to break through that \$750,000 plateau. “Private equity companies are not as interested in practices with revenues between \$600,000 and \$800,000. But once revenue is up over \$1 million, then the math works out. It becomes more appealing. As a business entity grows, in theory the larger practice will become efficient and the practice entity becomes more profitable,” he says.

The good news for practitioners is that investors are seeing the opportunity in eye care. The better news is that smart business owners can capture that opportunity for themselves by investing in staff, management and equity owners who can all help the practice grow and operate at maximum efficiency. Why sell now when it could be you—rather than a new owner—who could be gaining the benefits? ●



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