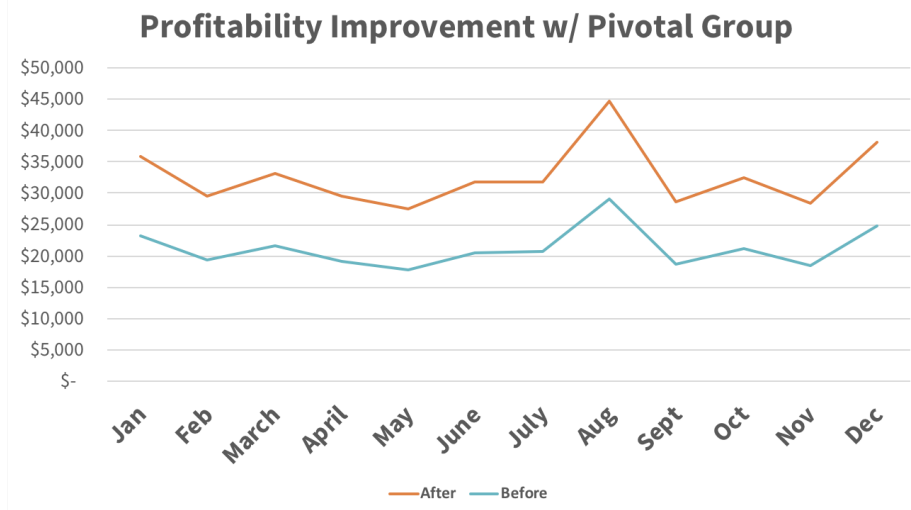




**\$137,120**  
Amount saved per  
YEAR utilizing  
Pivotal Group



## The Purpose

THIS CASE STUDY was done to analyze the results possible for successful offices when utilizing Pivotal Group’s partners and resources. These numbers represent results over a **12-month period**, and are primarily focused on cost of goods optimization.

## The Challenge

THIS CASE STUDY DISCUSSES A FAIRLY HIGH-VOLUME, \$1.3M OFFICE, open for less than 3 years after purchase. Optical sales were focused on “upselling” only branded product and converting VCP patients to “what the insurance covered.” No in-house finishing was in place. Management and staff had previously ignored profit driven sales and had little focus on their own cost of goods. This office needed access to better sourcing, new sales strategies, and an understanding of how to implement them.

## Step by Step Approach

- 1. Lab Opt-Out** – In this case Pivotal assisted directly with the opt-out contract. This enabled the switch to alternative sourcing, resulting in a **+\$32,812** increase in net profit.
- 2. Pivotal Lab Network** – Member was set up with Pivotal Lab Network generated lenses for a fraction of their original price. The result was a **+\$43,090.37** profit gain for the year.
- 3. In Office Finishing** – In house edging was implemented, with a focus on same-day capture and a single vision stock lens program, leading to an impressive gain of **+\$47,452** in profit for the year.
- 4. Additional Cost of Goods Strategies** – This member was set up with a new credit card processor and payroll processing vendor. This easy change added an additional **+\$6,591** in yearly profit.
- 5. VSP Out-of-Network** – Strategies were integrated with a focus on conversion with VSP-out-of-network. Profitability for these sales over in-network lead to a calculated **+\$9,174** for the year.

## 1. Opting-Out of VCP Lab Restrictions

Once lab opted-out contract changes were in place, generated and stock lenses were no longer required to be purchased from the VCP. Pivotal Lab Network sourcing was also implemented, for an approximate **32%** reduction in costs for those VCPs.



## 2. Changing Lab

Sales strategies were restructured with a focus on tiered offerings to maximize the potential of the new sources. Once the opt-out process was completed, all VCP lab work was shifted to Pivotal Lab Network lens offerings, resulting in an unbelievable reduction in cost of goods compared to previous lens costs.

## 3. Introducing In-House Edging

Limited same-day sales were introduced to increase capture rate, gain multiple pair sales, and reduce production time on multifocals. Per lens costs were reduced dramatically. Edging strategies were implemented with zero increase in payroll.



## 4. Additional Strategies

We focused on reducing other cost opportunities outside of lens cost of goods sold and VCP sales. The office took advantage of the preferred Pivotal credit card processor and payroll processing companies, lowering these costs by over **27%**.

## 5. Out of Network

We continue to approach VSP Out-of-Network as an opportunity rather than a compromise. VSP Out-of-Network strategies were executed and resulted in less patients, but more profit PER patient, which lead to more revenue. This included a **79%** capture rate for materials and nearly **98%** exam capture rate.

## The Results

Staff and ownership were willing to go outside their comfort zone and make big changes, resulting in some extraordinary outcomes. Staff quickly bought in to these adjustments, making the transition much easier. After all these changes, this office made an additional **\$137,120** in profit in just one year.

This case study primarily examined how cost of goods can be maximized with a free Pivotal Group membership. We understand other growth and profitability factors have an important role to play in an office's success. Pivotal also has a suite of tools and options that can assist in other areas of your business.