

PRACTICE PROFITABILITY SERIES

Optical Inventory Architecture & Lab Strategy Economics

A Strategic Guide to Frame Turn Velocity, Price-Band Distribution, and
In-House Versus Outsourced Finishing

Strategic Advisory & Custom Consultations

We understand that every independent practice or optical retail location possesses its own specific characteristics and a complex array of local variables, including distinct community demographics, patient spending power, clientele expectations, management preferences, and unique staffing dynamics. Therefore, Dr. Hettler and Mani can be contacted directly to discuss your specific requirements further and support your optical retail business long-term. By partnering together, we can set tailored operational benchmarks and build a retail strategy worthy of your practice's future goals.

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Executive Summary: Capital Standing Still on the Frame Boards

The optical dispensary is the only part of an independent practice that operates as a pure open-market retailer, and it is routinely managed with less rigour than any other retail business of comparable size. Boards are replenished by vendor visit rather than by sell-through, brand count accumulates because representatives are persuasive, and the resulting inventory is an accumulation of individual decisions nobody has ever reviewed as a whole.

The standard industry error is to measure the optical by its sales total while never measuring the capital standing on the boards that produced it. A practice carrying 900 frames across 22 brands and turning its inventory 1.8 times annually has roughly twice the capital tied up that its volume requires, and the excess sits in the slowest quartile where it generates nothing. Simultaneously, finishing decisions are made on perceived convenience rather than on modeled cost per job. Resolving this requires measuring turn velocity, distributing inventory against a deliberate price-band architecture, and modeling the lab decision on real throughput.

"A frame that has not moved in twelve months is not inventory. It is cash the practice has chosen to store in a shape that cannot be spent, and every board carries more of it than its owner believes."

Step 1: Quantify Frame Turn Velocity & Establish an Inventory Baseline

Sales totals describe output. They say nothing about the capital required to produce it. Track your Frame Turn Velocity (T_f) using the following relationship:

$$T_f = \frac{F_{sold}}{F_{avg}}$$

Where:

- T_f : Frame Turn Velocity, expressed as inventory turns per year
- F_{sold} : Total frames dispensed across a trailing twelve-month period
- F_{avg} : Average frame count held on the boards across the same period, measured at consistent intervals rather than at a single point

A well-managed independent optical should sustain a frame turn velocity between 3.0 and 4.0. Below 2.5, the practice is carrying substantially more inventory than its dispensing volume supports, and the surplus is concentrated in the slowest-moving brands and price bands. Calculate turn by brand as well as in aggregate, since a strong overall figure routinely conceals three or four brands turning under 1.0 and consuming board space that a performing brand could occupy.

Step 2: Reduce Brand Count Before Reducing Frame Count

Practices attempting to correct over-inventory commonly thin every board evenly, which preserves the structural problem while reducing selection within each brand. The correction runs in the opposite order:

- **Rank every brand by turn and by margin contribution.** Most independent opticals find that the top six to eight brands generate 70% to 80% of dispensing volume while the remainder occupy a disproportionate share of board space and open-to-buy.
- **Discontinue the bottom quartile entirely rather than thinning it.** A brand reduced to eight frames presents as a poor selection and performs worse than it did, which confirms the decision to remove it. Exit cleanly and reallocate the space.
- **Deepen the performers with the recovered capital.** Target 10 to 14 pieces per performing brand so each presents as a genuine collection. Depth within a credible brand converts materially better than breadth across marginal ones.

Step 3: Distribute Inventory Across a Deliberate Price Architecture

Price-band distribution in most independent opticals is an accident of purchasing history rather than a reflection of the local market. The result is a board clustered in the middle, which fails the insurance-allowance patient at one end and surrenders the premium patient to boutique competition at the other. Audit your current distribution by retail price band, compare it against your actual dispensing distribution, and correct the mismatch. Where a band holds 30% of inventory and produces 12% of dispensing, the capital is misallocated regardless of how the frames look on the board.

Step 4: Build the Four Bands to Distinct Purposes

Each price band serves a different patient and a different economic function. A board that does not distinguish them is competing against internet retail on price across its entire range.

1. Insurance Baseline Band Anchor: Covered or near-covered at typical allowance. Protects against walkouts and against the prescription leaving the building. Approximately 20% to 25% of board space.	2. Core Volume Band Anchor: Modest out-of-pocket above allowance. Carries the majority of dispensing volume and the majority of total margin dollars. Approximately 40% to 45%.	3. Premium Independent Band Anchor: Materially above allowance, selected on design rather than on price. Highest margin per unit and the band most resistant to online substitution. Approximately 25% to 30%.	4. Statement Tier Band Anchor: A small, deliberately limited group establishing the ceiling of the board. Sells modestly and materially elevates the perceived positioning of everything beneath it.
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Step 5: Model the Finishing Decision on Throughput Rather Than Preference

The in-house versus outsourced finishing decision is routinely made on turnaround preference and defended afterwards on economics that were never calculated. The variables are knowable and the threshold is specific:

Lab Decision Variable	Standard Cost Constraint Trap	Strategic Corrective Action & Verification Formula
Job Volume Threshold	In-house finishing is adopted for turnaround without establishing the volume at which it costs less per job than outsourcing.	Model fully loaded cost per job including equipment amortisation, technician time, consumables and remake exposure. In-house generally requires 25 to 35 finished jobs weekly to compete on cost.
Technician Dependency	A single trained technician becomes a single point of failure, and the practice loses the capability entirely on their departure.	Cross-train a second staff member or retain an outsourced relationship in parallel. Capability resting on one person is a capacity risk, not a capability.
Remake and Warranty Cost	Remakes are absorbed into general cost of goods and never attributed to source, so neither lab nor process improves.	Track remake rate by cause and by source. A rate above 4% warrants a process review in-house and is a negotiable credit when outsourced.
Lens Purchasing Position	Lens buying is spread across several suppliers, so the practice never reaches the volume at which terms improve.	Consolidate lens purchasing to secure volume pricing and extended terms. Consolidation frequently yields more margin than the finishing decision itself.

Step 6: Train the Floor to Present the Architecture

A price-banded board only performs if the dispensing team presents it as a structure rather than as a wall of options. Staff who default to the band they would buy themselves systematically under-present the premium tier and compress the practice's average transaction. Train presentation as a sequence beginning from the clinical recommendation rather than from price, and the band follows the prescription rather than the patient's assumed budget: *"Given the prescription Dr. Hettler has written, these three frames will give you the clearest vision across the full lens. Let me show you how they differ."*

Step 7: Review Turn, Band Distribution and Open-to-Buy Quarterly

An optical reviewed only by monthly sales total will accumulate dead inventory indefinitely, because nothing in that figure reveals it. Review frame turn in aggregate and by brand, price-band distribution of inventory against dispensing, aging by receipt date, and open-to-buy against planned turn. Any frame on the board beyond twelve months enters a defined exit process rather than remaining until someone notices it.

To secure advanced long-term traction, ensure your optical metrics are aligned across your entire team via comprehensive **AI Visibility Planning Strategy**. Coordinating directly with Dr. Hettler and Mani Vaghedi to audit your current turn velocity, rationalize brand count against measured contribution, and model your finishing decision on real throughput converts the frame boards from an accumulation of individual purchasing decisions into a deliberate and measurable retail instrument.