"Count what is countable, measure what is measurable. What is not measurable, make measurable."

Attributed to Galileo Galilei, this quote is fundamental to modern management. In management terms, it translates as: “You cannot manage what you cannot measure or do not measure” – often quoted with slight variations by management gurus.

Whilst regularly speaking on management matters at an international postgraduate facility in Paris, I am always astonished at the lack of knowledge of basic practice metrics amongst UK delegates including independent optical practice owner-managers, employed managers, opticians, optometrists and support staff.

In my experience, most optical businesses measure at the minimum, income and expenditure. In many cases, this is done retrospectively by the practice accountant at the financial year-end for tax purposes. Other information regarding the growth, decline or stagnation of the practice is almost information by default – these are lagging indicators because they are historical and reflect the performance of the practice in the past. There also are leading indicators, which are measures that tell you how the practice is doing today and can include weekly optometric hours, NHS sight tests, private sight tests, dispensings done, till takings etc. Table 1 shows a typical practice-reporting summary that includes some basic metrics.

Of course, optometric cover in terms of clinic hours (actual patient contact hours) may also be tracked into the following week and beyond to help plan staff cover in the future. Such a weekly reporting summary can easily be enhanced to include additional parameters as appropriate. However, the example below contains probably the basic information regarded as core in order to better manage an optometric business on a day-to-day basis. Tracking this data, and correlating it to the profit and loss statement and budgets, will give valuable insights into the past, current and future performance of the practice as a business entity.

Key Performance Indicators

Some businesses call the most significant of these metrics ‘Key Performance Indicators’ (KPIs) and will select these to suit their particular practice or business goals. A practice metric, thus, is any type of measurement used to gauge some quantifiable component of the practice’s performance. The benchmarking idea is to record metrics from a large number of practices and then consider how a particular practice differs from these and if so, what intervention could be taken to improve performance.

There are already organisations that have ‘benchmarking’ as a business service and will provide data, relative to a database of subscribing practices using a questionnaire. However, a much broader and detailed set of metrics needs to be established to better manage the 21st century independent optical practice in the UK. These metrics can be divided broadly into the following key areas, also shown in Figure 1.

- **Practice characteristics** – including gross turnover (ex VAT), % professional fees, % sales of spectacles, % sales of contact lenses, % other sales, complete eye exams, active patient base, optometric hours per year, support staff hours per year, number of consulting rooms, square feet of practice space etc
- **Sales** – including professional services sales, spectacle sales, contact lens sales, other sales etc

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**Table 1.** A typical practice-reporting summary that includes some basic metrics

<table>
<thead>
<tr>
<th>Practice - NKH 1</th>
<th>Optom Cover</th>
<th>Eye Exams</th>
<th>Dispensing</th>
<th>Contact Lenses</th>
<th>Access</th>
<th>Totals</th>
<th>Bookings Ahead</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week Ending</td>
<td>Clinical Hrs</td>
<td>NHS</td>
<td>Private</td>
<td>Total</td>
<td>Number</td>
<td>Cash</td>
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<td>43</td>
<td>104</td>
<td>63</td>
<td>3224</td>
<td>5</td>
</tr>
</tbody>
</table>

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Figure 1. The eight key areas of optical practice metrics
● Profits margins – including % gross profits etc
● Fees and charges – including eye exam fees, contact lens professional fees, other professional fees etc
● Stock – frame stock level, frame stock turnover, contact lens stock and contact lens stock turnover etc
● Expenses – including costs of sales, e.g. salaries, marketing and promotion costs, rent, rates etc
● Patient and customer relations – including complaints, refunds, recall statistics etc
● Productivity – including revenue per optometrist hour, eye exams per optometrist hour, sales per patient etc

Tailoring your KPIs

Just because something is measured, or measureable, does not make it key to the success of a practice. Selecting KPIs is about having an understanding of as full a set as is possible of practice metrics, and then deciding which ones in particular are crucial to delivering agreed practice goals. For example, a practice interested in maximising profitability will prefer to have financial KPIs gauging gross profits and costs, whilst a practice interested in improving patient retention will look at KPIs dealing with complaints, compliments, recommendations and patient recall.

Some businesses will have say seven to 10 overall (generic) KPIs and then will add/alter two or three in response to market forces or other needs of the business. Some parts of the practice may even have specific KPIs in addition to the generic ones for a practice (e.g. % digital fundal photograph sales may be a specific one for receptionists involved in pre-screening).

What is important is to measure what you want to understand and manage; and a good way of doing this is to collect the data to generate the metrics as you go along on a day-to-day basis, as well as looking at historical data on a monthly, quarterly and annual basis. As profit margins for many practices are being squeezed, either by increased competition, or changing patient and customer demands and higher costs, it becomes increasingly important to plan the future of the practice in detail to effectively ride the economic ups and downs.

Understanding and harnessing the information from practice metrics may not make you the most successful optical business in the UK overnight, but it will help you judge how you could maximise the potential of your practice and give you a competitive advantage over businesses that do not.

There are many adages used in our industry, including ‘retail is detail’ and ‘location, location, location’, but I am afraid that in my book, Galileo has it: “Count what is countable, measure what is measurable. What is not measurable, make measurable”.

About the author

Professor Nizar K. Hirji has a portfolio of engagements as a consultant optometrist, a contact lens practitioner, a clinical scientist, a business and management consultant and advisor, and is Principal Consultant with Hirji Associates, mentoring, consulting and coaching in optometry, based in Birmingham. He has held a variety of senior optometric posts over the past 30 years, embracing clinical, scientific and management remits in industry, hospital, academia and community practice. Professor Hirji is involved personally in every project and initiative at Hirji Associates.