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ADMINISTRATION OF THE PRACTICE

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THIS CHAPTER WILL INCLUDE A REVIEW OF:

- Delegating tasks
- Creation of policies and procedures
- Record keeping and stock control
- Purchasing stock
- Legal requirements

INTRODUCTION

The process of establishing an optometry practice also involves setting up the systems for the day-to-day running of the practice: Essentially it is organising the business. It involves establishing clear policies, guidelines and accurate record systems and then ensuring that all employees are aware of the procedures. This will usually also require delegation (except in a one optometrist practice with no ancillary staff), one of the functions of management.

DELEGATING TASKS

The tasks performed in the practice need to be identified and analysed, in terms of the skills required and the priorities or timing in order to determine who is most suited for carrying out the task. The tasks must then be matched to the job descriptions. All employees in the practice must be aware of their responsibilities within the practice and when the tasks must be performed.

This could be done by creating a matrix and matching the tasks within the practice and delegating them to a staff member. A brief example is shown in Table 1. This will ensure that everyone knows what is required of them.

The level of detail in the matrix will determine the scope within which the employee is allowed to work. A brief outline of the tasks allows staff greater individual discretion on how they carry out the task/s. A more detailed matrix may well limit flexibility; however, it will have the benefit of avoiding confusion on the part of an employee with regards to what is required of them.

DELEGATING TASKS(CONT.)

Table 6-1: *Summary of the tasks (matching duties)*

JOB	SPECIFIC TASKS	TIMING	RESPONSIBILITY
Eye exam	Refraction Pathology Contact lens refraction	As required	Optometrist
Reception duties	Welcoming patients Answering phone calls Booking appointments	Immediately	Receptionist
Dispense prescriptions	Select lenses Select frame Take appropriate measurements	As required	Optometrist Optician
Lens and frame orders	Calling supplier to order lenses or frames	Daily	Receptionist

CREATION OF POLICIES AND PROCEDURES

The clearer a practice's or business's policies and procedures the easier it will be for staff to carry out their work with certainty. Uncertainty is likely to lead to mistakes and, as suggested above, a fear of taking the initiative when required.

Written policies which can be easily followed by staff are preferable, however small practices may start with a relatively simple set of procedures which are communicated to staff verbally. Also, in small practices the owner or manager is usually available for support. Urgent policies such as emergency procedures and occupational health and safety requirements should be prominently displayed for staff to see. Some sample policies are shown below:

Answering the phone

The phone should be answered immediately.

The following script should be followed:

'Good morning/afternoon, welcome to '*name of practice'*. This is '*employee's name'*, how may I help you?'

If a requested staff member is currently with a patient in the practice respond with, 'I'm sorry, '*name of requested staff member'* is with a patient at the moment. Can I get him/her to call you back as soon as he/she is free?'

Optometrists occupied with a patient should not be interrupted unless it is an emergency.

Receiving cash

The handling of cash is a critical task and open to fraud or mismanagement. Therefore a cash handling policy needs to be very clear for all staff. For example:

- Cash will be received by the staff member and a cash register receipt produced. No cash will be taken without a receipt
- Credit cards will be processed through the electronic system and the signature checked. The staff member should initial the receipt to indicate that the following details were checked: Date; Amount; Expiry date on card; Patient's signature
- Credit card payments will also require a cash register receipt. The copy of the credit card slip will be placed in the register drawer. The manager will add up all daily receipts and reconcile this with the total of the cash register roll. The daily receipts will be prepared for banking by the manager

The above are brief examples of possible policies. It is usually the responsibility of the manager or supervisor to ensure that all policies and procedures are adhered to. The clearer the rules and regulations within a practice, the less likelihood there will be of confusion.

RECORD KEEPING AND STOCK CONTROL

Record keeping and stock control are critical elements in the administration of an optometry practice. They are essential elements in the control function of management. Moreover, in addition to the management imperative, accurate records are also expected by taxation departments and lending authorities. For optometrists, registration boards may also expect a particular standard of patient record keeping. If the practice is not owned by a single optometrist there will also be expectations made by the other partners or owners. Good records are the only way of proving responsible management.

While computer management systems have somewhat simplified record keeping it is still important that the optometrist understands the basic principles and the need for accurate records.

TYPES OF RECORDS

There are several types of records that together reflect the business position of the practice and necessary details of patients required by a professional optometrist.

Patient records

An optometrist's patient records are effectively medical records and have the same moral, legal and ethical obligations. They should be kept confidential and secured. They should only be accessible to members of staff at the practice. They are private records and must not be made available to third parties without permission from the patient. As medical records it is also important that they be complete and accurate. Many practices now employ computer management systems to keep patient records. If computers are used then backup copies should be maintained in a separate and secure place.

The optometry record card should include all of the patient's personal details—that is, home address, home and work phone numbers, email address, the patient's prescription, the relevant medical history.

In an optometry practice with a separate dispensing area or separate dispensing staff it may require a second record with only that part of the record necessary for the dispensing of spectacles. That is, with any medical information removed. The dispensing record should have the home address, home and work phone numbers, email address, the patient's prescription, the selected lens type and material, the lens treatments, the full frame details, heights, PDs and any other fitting instructions like pantoscopic tilt and head width. The dispensing record may also have comments on the patient's lifestyle, the usage of the spectacles, any other general comments and a section for the financial and delivery details.

Computer management systems have added benefits over older manual methods such as the capacity for mail-outs and reminders to patients.

Thorough records are also very important if other optometrists or opticians may be seeing the same patient in the future, such as locums or partners in the practice.

Financial records

Complete and accurate financial records enable accountants to produce the balance sheet and the profit and loss statement which are essentially summaries of the financial performance of the practice as well as its asset worth at a point in time. These documents are normally produced by accountants from ledgers and journals and these ledgers and journals are created by entering data from source documents such as invoices, receipts and cash register rolls. These documents also make up the financial records of the business.

Taxation departments constantly stress the need for source documents such as receipts. That is, they need to see what is often referred to as a paper trail. While most businesses keep reasonably ordered cash journals and books of final account, many fail to keep well-ordered source documents such as receipts, invoices and statements and register rolls. These documents should be filed in orderly fashion with similar document being kept together. For example, invoices and statements should be kept in alphabetical order according to supplier and in chronological order.

Auditors, particularly from government departments, require easily accessible records. They do not expect, and often will not accept, boxes of unordered documents.

Other financial records which must be kept include staff payroll records, sales records, petty cash records, fixed asset records, accounts, accounts payable and stock.

Stock records

The terms 'stock' and 'inventory' are interchangeable and refer to all goods held for the purpose of resale. In the case of an optometry practice, stock is essentially made up of frames, spectacle lenses (if stock lenses are held in the workshop), contact lenses and sundry items such as sunglasses, solutions and magnifiers.

RECORD KEEPING AND STOCK CONTROL(CONT.)

Stock items are assets and so represent a financial investment. They appear in the balance sheet as variable assets and add worth to the practice. The balance sheet will be discussed in Chapter 7.

STOCK CONTROL SYSTEM

The four main goals of an effective stock control system are:

- Determining correct quantities and variety
- Simplifying the ordering of stock
- Identifying items for sales (items overstocked or slow moving)

Stock is an asset that does not earn interest. Indeed, it may actually attract interest costs if money is borrowed to purchase the goods. It is therefore not advisable to carry more stock than is necessary to adequately cater for the needs of patients in a timely fashion. There are several systems for controlling stock. These include:

Perpetual stock control

This is the system that computerised management systems would use. It involves a continual record of stock coming in and going out so that the stock levels at any one time are immediately known. Prior to computers this system would have required stock cards that record the purchase and sale of goods. Computers make this system very viable for most businesses, particularly optometry practices. It can be used to order stock to replace stock sold. Bar-coded stock works well with this system. Stock is swiped in and swiped out when sold. This way the computer always has an updated stock count for all items.

Computer management systems have allowed greater use of perpetual stock systems with the removal of a frame from stock being recorded at the time of sale. The computerised system will give an up-to-date account of what lines are selling and what should be reordered. The optometrist must still, of course, make decisions on changing fashions and so on. It is not necessarily desirable to always replace a frame with an identical frame.

Visual stock control

This system involves a regular check of stock levels to check whether reordering is necessary. Optometry practices often use a loose version of visual stock control where the optometrist would monitor stock levels visually and order accordingly. Many still use this system and do so effectively.

Rotated stock control

Rotated stock control requires regular, periodic stock counts from which sales are calculated and stock replenished. It is used mainly by businesses selling many of each particular item, such as supermarkets with hundreds of identical items. Optometry practices, however, stock a variety of frame models, colours and sizes. The rotated stock control system is not really suitable for such variety.

STOCK TURN

It is important to calculate stock turn on a regular basis as aged, unsold stock has a negative impact on the display appearance and business profitability.

Stock Turn Formula:

Total Number Sold/Number in Stock

This can be calculated by supplier, product, brand, range, model or any other parameter based on data entry.

Examples to determine annual frame stock turns:

- Total frames sales 1000 / frames held (display and stock) 500 ST = 2x
- Supplier (X) sales 400 / display 100 ST = 4x
- Sunglass range (Y) sales 40 / display 40 ST = 1x

A minimum frame stock turn ratio of 2-3 times is recommended to avoid aged and discontinued stock.

In this example, in order to vary the annual stock turn to 2.5x:

- Total stock holding reduce to 400
- Supplier (X) stock increase to 160
- Sunglass range (Y) reduce to 16

Analysing the various stock turn ratios gives an indication of the success of different supplier products and specific ranges.

PURCHASING STOCK

Stock purchasing policies will vary from country to country and even between suppliers in the same country. Some suppliers will provide the stock together with an invoice requiring payment (usually within 30 days). Such an arrangement will be made if the supplier is happy about the viability of the practice's ability to pay. Essentially the supplier is providing interest free finance to the optometrist in such cases. Once a month each wholesaler will usually issue a statement listing all the invoices for the month and the balance due. The practice is then expected to pay on receipt of the statement or within an agreed period.

When the goods arrive they should be checked against the invoice to ensure that they match.

Some suppliers will not have the capacity to provide such an arrangement or may deem the patient to be a risk and so will require payment before provision of the goods. This system is referred to as cash on delivery. This system is popular with sunglass suppliers who deal with many customers from a wide range of retail environments outside of professional optometry.

Another option, more popular with optometrists than suppliers, is stock on consignment. Under this agreement the supplier supplies the good (spectacle frames for example) and these are displayed by the optometrist. No invoice is raised unless and until the optometrist sells the frame. In effect the optometrist is displaying someone else's property.

The optometrist will normally order new frames that he/she believes may be suited to the local clientele. They may also take advice from the supplier's representative who can give useful information on such things as changes in fashions and what is being sold in other areas. When buying new stock there are several things that should be considered, including past sales of the practice, competitors' practices and general economic conditions.

LEGAL REQUIREMENTS

Businesses and individuals have an obligation to obey all laws and comply with legal requirements, such as compulsory reporting of results, completion of tax forms and registration for optometrists. Some government departments will often have the right of access to records. This is usually the case with the taxation departments. In some countries the optometric registration authority may have the right to audit professional records to determine competency. This, for example, is the case in New Zealand.

The minimum records a practice should keep are:

Patient records: These are an essential part of a medical related profession. In additional to legal responsibilities, which may include confidentiality and the length of time the records must be kept, they will be needed by the practice so that ongoing patient care can be maintained. They should be thorough, accurate and legible.

Income and expenditure: Accurate records are required to determine how much of the income is taxable and to determine whether the practice is meeting its targets (the control function of management).

Assets: A record of all assets with details of model numbers, serial numbers and their values will be used to complete the balance sheet giving a measure of the current value of the practice. It will also be required for insurance purposes.

Personnel records: The taxation department will want evidence of what money is paid to each employee. This will be correlated to the income declared by the employee to ensure accuracy of claims.

Source documents: Source documents are such things as invoices, receipts, cash register till rolls etc. They provide the supporting evidence for the figures recorded in the computer system.

The government agency responsible for occupational health and safety may require certain records to be kept relating to occupational health and safety (OHS), also known as occupational safety and health (OSH) in some countries. These include records such as accidents or serious incidents.

Government boards responsible for the registration of optometrists may also require particular records to be kept, such as referral letters.

In addition to the government authorities that have access to optometrists' records, other organisations or individuals may seek, though may not have a right to, access to records. These may include financiers who will want to see the financial records if the business applies for more funds or potential partners who will want to see if the practice is viable.

SUMMARY

Organised administration together with accurate record keeping and stock control are essential for the success of an optometry practice. They are a part of the critical management functions of planning and control. In addition to the business related records, there is a professional obligation for an optometrist to keep full and accurate patient records. There is also, however, the benefit of easier consultations in the future with a patient or ease of fitting in for a locum when one is required.

Specific optometry practice management software is now common in most countries and makes record keeping and the control function of management much easier. A reasonable level of organisation is also essential. Even more important is a watchful eye on the finances of the practice.

SELF ASSESSMENT 6

1. What are the main types of records kept by an optometry practice?

a. _____

b. _____

c. _____

2. What are the main goals of stock control systems?

a. _____

b. _____

c. _____

3. What are the main types of stock control systems?

a. [ ]

b. [ ]

c. [ ]

4. What are source documents?

ANSWERS – SELF ASSESSMENT 6

1. What are the main types of records kept by an optometry practice?

a. Patient records
b. Financial records
c. Stock records

2. What are the main goals of stock control systems?

a. Determining correct quantities and variety
b. Simplifying the ordering of stock
c. Identifying items for sales (items overstocked or slow moving)

3. What are the main types of stock control systems?

a. Perpetual control
b. Visual stock control
c. Rotated stock control

4. What are source documents?

Source documents are such things as invoices, receipts, cash register till rolls etc. They provide the supporting evidence for the figures recorded in the computer system.