

As the optometric industry continues to change and consolidate many smaller players who are feeling the heat have found a solution.



FOCUSING ON THE Perfect Partnership

Ken Ingram found it impossible to be all things to all people. As an optometrist with practices in Karalee and Boonah, south-west of Brisbane, Ken Ingram is kept very busy. His hectic workload includes seeing patients all day before having to deal with staff issues, accounts, book-keeping and marketing. “There just aren’t enough hours in a day to do them all properly,” Ingram says. “And it’s not economical or practical for a single practice to pay staff to do all this.”

In an optometry sector that is undergoing significant change and consolidation, many smaller players, in particular, are feeling the heat as competition for market share increases. So Ingram went looking for a new way to enhance his business. The search for answers led him to Eyecare Partners Limited (EPL), a company that is listed on the Australian Stock Exchange and formed in July 2007 with the goal of ensuring a focus on full-scope independent optometry in corporate Australia. Ingram was impressed with a model that would not lock him into a traditional franchise agreement, but which would provide the necessary resources to take care of administration, book-keeping and marketing duties. In turn, that would give him the independence to focus on patient care, develop new services and grow his practices.

“Unlike other models in the industry, Eyecare Partners enables you to maintain clinical independence and business control but outsource many of the time-consuming administrative tasks,” Ingram says. “You really get the best of both worlds.”

Dr. Damien Smith AM agrees. The past President of the World Council of Optometry, International Optometrist of the Year in 1995 and Optometry Hall of Fame inductee recently sold his Camberwell and Burwood, Melbourne, practices to Eyecare Partners.

After looking at all the options, he decided the professional and corporate culture at Eyecare Partners was perfect for an optometrist who wanted independence and security. “I rejected other models of corporate optometry because the optometrist was always secondary, either to the ‘corporate brand’, to designer frames, to the marketing concept, to the imported management system, or to a dispenser-manager,” he says. “The Eyecare Partners’ model does not want a no-name generic optometrist – the optometrist is the centrepiece, it is his or her show to provide clinical excellence and management leadership.”

Ingram and Smith’s practices will become part of the Eyecare Partners’ group at the end of the financial year, bringing to 30 the number of practices across Australia that have already joined the company in its first year of operation.

Optometrists In Control

Eyecare Partners endorses a management philosophy and structure that allows optometrists to retain day-to-day control of their practices. They are still able to practise full-scope optometry – a freedom lost under some other models – and maintain independence when prescribing or ordering stock.

This commitment to autonomy comes from EPL founders Finian MacCana, Peter Rose, Mark Flanders, Tony Hanks and Ray Fortescue, all successful optometrists in their own right. They have known each other and shared business knowledge and experience for more than 20 years through their membership of the Australian Optometric Panel. Most importantly, tedious administration and accounting tasks are centralised in corporate office, allowing more time within individual practices for patient care and business development. It also allows optometrists to specialise. “Some of our practices have reputations for excellence in clinical specialties such as behavioural optometry, contact lenses and ortho-k,” says Hanks.

For Ingram, the quality of people involved with Eyecare Partners won him over. “The founding optometrists and directors are very astute practitioners and business people who I respect, and the quality of the management team they have in place is second to none,” he says. “Eyecare Partners also offers many opportunities to be involved in company development and interaction with your colleagues by participating in various committees and focus groups.”

Fortescue says optometrists are often pleasantly surprised at the approach of Eyecare Partners. “We are easy to deal with and all our processes are transparent but thorough – it’s very different to the traditional perception of corporate optometry,” he says. “Joining Eyecare Partners does not mean giving up control, including clinical and prescribing



independence. Optometrists can diversify their wealth with us and have a fulfilling life. We give good value for your practice, while ensuring the practice continues to be a great place to work.”

How it works

Along with a commitment to excellence in clinical care, Eyecare Partners puts financial excellence at the top of its priorities. The company has already exceeded its prospectus forecasts, while a unique investment prototype is proving attractive to many in the industry. Unlike other groups, Eyecare Partners allows for deferred purchase consideration after optometrists join the group so they are rewarded for continued practice growth after the initial agreement is signed. Sam Andersen, Managing Director, explains that after optometrists sell their practice to Eyecare Partners, they continue to supervise their practice and provide services for a specified period. Salaries and supervisory payments are based on percentages of revenue, rewarding vendors for the growth they achieve. Bonuses are based on profit contribution to the overall group result.

“So the more the practice contributes, the greater the percentage of the bonus pool that is directed to that practice,” she says. “Vendors truly get out of the business what they put into the business, and all staff have an opportunity to participate in the bonus pool. It’s great to see many of our staff taking up equity in Eyecare Partners and finally feeling true ‘ownership’ of a practice they have helped develop over many years.”

To ensure day-to-day control remains at the practice level:

- Both parties agree to key performance indicators regarding management of the practice.
- Vendors run the practice how they see fit to produce the best results for the practice within the agreed performance parameters.
- Decisions in relation to stock are managed by the optometrist and staff at the practice.
- Vendors are still responsible for recruiting and managing their own staff.
- Practices are assisted with marketing material, back-office administration, human resources tools and performance reporting measures.

There are other benefits, too. Focus sessions to help optometrists are planned and run by industry peers. And cadetships and graduate development programs are organised to enhance the skills and experience of all optometrists and staff. Eyecare Partners uses a transparent earnings ratio method when purchasing practices. Under this approach, the business is valued on its profitability and the assets are sold as a component of the sale price. From historic financial results, non-recurring expenses are removed, and any new expenses that will be incurred after practice acquisition, such as any new salaries, are added. The adjustments are logical and the valuation method is easy to follow. Then the value of the business is calculated on the basis of the adjusted historical earnings, subject to some qualitative factors such as location, growth

consistency over the previous three years, and the age and value of inventory.

“We try to make the transaction process simple and transparent,” Andersen says. “Vendors provide the data and we work together to understand and assess the value to ensure a fair deal for both parties.”

Making the Move

Eyecare Partners is proving an attractive option for many optometrists who want the clinical freedom to really look after their patients but with full administrative support. It is a model that suits Ken Ingram. “I would definitely recommend Eyecare Partners to my colleagues who own their own practice, at any time of their career,” he says. “I would also recommend the company to employee optometrists because there are many opportunities within the company to experience a variety of practice styles, locations and clinical specialties.”

For Damien Smith, being with Eyecare Partners means getting the priorities right. “Eyecare Partners wants the optometrist to be the reason why patients return to the practice and send their friends – charisma and care, not cost or concept.”

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