



## Open House Economics

From the Podcast, "Yes, We Can Improve Our Clinic by 20% This Year"



### GOOD OPEN HOUSE

\$ 60,000 Net Revenue

\$ 20,000 COGS

9,000 Visiting Specialist @ 15%

9,000 Local Clinician @ 15%

5,500 Marketing

\$ 43,500 Total Spend

\$ 16,500 Net Ops Income from Open House

1.38 ROI, Spend to NRev

0.38 ROI, Spend to NOI Contribution

\$ 100,000 To gain this much NRev,

\$ 72,500 be willing to spend this much. 1.38 ROI

| units | ASP      | COGS     |
|-------|----------|----------|
| 20    | \$ 3,000 | \$ 1,000 |

| pieces | price per |
|--------|-----------|
| 10,000 | \$ 0.55   |

### AMAZING OPEN HOUSE

\$ 120,000 Net Revenue

\$ 40,000 COGS

18,000 Visiting Specialist @ 15%

18,000 Local Clinician @ 15%

5,500 Marketing

\$ 81,500 Total Spend

\$ 38,500 Net Ops Income from Open House

1.47 ROI, Spend to NRev

0.47 ROI, Spend to NOI Contribution

\$ 100,000 To gain this much NRev,

\$ 67,917 be willing to spend this much. 1.47 ROI

| units | ASP      | COGS     |
|-------|----------|----------|
| 40    | \$ 3,000 | \$ 1,000 |

| pieces | price per |
|--------|-----------|
| 10,000 | \$ 0.55   |



## Podcast Episode, "Yes, We Can Improve Our Clinic by 20% This Year"

### GOOD CLINIC

#### FOUR REVENUE STREAMS

|   |                             |                   |                      |           |              |                   |                   |  |  |
|---|-----------------------------|-------------------|----------------------|-----------|--------------|-------------------|-------------------|--|--|
| 0 | binaural rate               | 1.78              | (1 trx = 1.78 units) |           |              |                   |                   | <b>Arete Standards</b><br><b>EFFECTIVENESS RATE</b> <b>80.7%</b> |  |
|   | avg fitting fee             | \$ 400            |                      |           |              |                   |                   |  |  |
|   | ASP per unit                | \$ 2,500          |                      |           |              |                   |                   |  |  |
| 1 | new-px, not ref 3PP         | close rate        | returns              | net close | net trx      | net units         | NRev <sup>1</sup> |  |  |
|   | 140                         | 40.0%             | -12.5%               | 35.0%     | 49.0         | 87.2              | \$ 218,050        |  |  |
| 2 | new-px, ref 3PP             | close rate        | returns              | net close | net trx      | net "units"       | NRev <sup>2</sup> |  |  |
|   | 60                          | 40.0%             | -12.5%               | 35.0%     | 21.0         | 37.4              | \$ 14,952         |  |  |
| 3 | The Engine (active wearers) | net turn rate     | avg yrs to next      |           | net trx      | net units         | NRev <sup>3</sup> |  |  |
|   | 300                         | 16.7%             | 6.0                  |           | 50.0         | 89.0              | \$ 222,500        |  |  |
| 4 | OOREv Percent               | total HAS revenue |                      |           |              |                   |                   | NRev <sup>4</sup>  |  |
|   | 10.1%                       | \$ 440,550        |                      |           |              |                   |                   | \$ 44,498  |  |
|   |                             |                   | net HA trx           | net units | fitting fees | Total Net Revenue |                   |  |  |
|   |                             |                   | 99.0                 | 176.2     | 37.4         | \$ 500,000        |                   |  |  |

#### WORKFLOW

|           |                                     |
|-----------|-------------------------------------|
| 1,800     | Total Patient Visits (PVs)          |
| 200       | new-px consults                     |
| 80        | new-px fittings                     |
| 240       | new-px follow-ups                   |
| 900       | regular service visits              |
| 100       | "annual" full-work-up               |
| 150       | current-px fittings & follow-ups    |
| 130       | trouble-shooting and other          |
| 7.2       | Avg PVs per Day (250 business days) |
| 5.5%      | Combined Conversion Rate (The CCR)  |
| \$ 278    | Revenue per PV                      |
| \$ 2,000  | Revenue per Day                     |
| \$ 1,667  | Revenue per Active Wearers          |
| \$ 41,667 | Avg Net Revenue per Month           |
| 14.7      | Avg Net Units per Month             |

#### LEAKAGE REPORT

|  |                                    |
|--|------------------------------------|
| 60   | Leaking (DOLV > 12mos and < 24mos) |
| 100  | Lost (DOLV > 24mos and < 36mos)    |
| 300  | Gone, Baby, Gone (DOLV > 36mos)    |
| New Px                                     | 49.0 16.3% Leaking (60.0) -20.0%   |
| Net Engine Growth (Shrinkage) (11.0) -3.7% |                                    |

#### PROFIT and LOSS STATEMENT

|            |        |                           |
|------------|--------|---------------------------|
| \$ 500,000 | 100.0% | TOTAL NET REVENUE         |
| 440,550    | 88.1%  | Hearing Aids Revenue      |
| 59,450     | 11.9%  | Other Revenue             |
| \$ 500,000 | 100.0% | TOTAL NET REVENUE         |
| \$ 175,000 | 35.0%  | Cost of Goods Sold (COGS) |
| \$ 325,000 | 65.0%  | GROSS MARGIN              |
| 130,000    | 26.0%  | Personnel                 |
| 80,000     | 16.0%  | Marketing                 |
| 90,000     | 18.0%  | General & Administrative  |
| 300,000    | 60.0%  | TOTAL OPS EXPENSE         |
| \$ 25,000  | 5.0%   | NET OPERATING INCOME      |



### EFFECTIVE CLINIC

#### FOUR REVENUE STREAMS

|   |                             |                   |                      |           |              |                   |                   |  |
|---|-----------------------------|-------------------|----------------------|-----------|--------------|-------------------|-------------------|--|
| 0 | binaural rate               | 1.78              | (1 trx = 1.78 units) |           |              |                   |                   | <b>Arete Standards</b><br><b>EFFECTIVENESS RATE</b> 100.0% |
|   | avg fitting fee             | \$ 400            |                      |           |              |                   |                   |  |
|   | ASP per unit                | \$ 2,500          |                      |           |              |                   |                   |  |
| 1 | new-px, not ref 3PP         | close rate        | returns              | net close | net trx      | net units         | NRev <sup>1</sup> |  |
|   | 140                         | 45.7%             | -12.5%               | 40.0%     | 56.0         | 99.7              | \$ 249,200        |  |
| 2 | new-px, ref 3PP             | close rate        | returns              | net close | net trx      | net "units"       | NRev <sup>2</sup> |  |
|   | 60                          | 68.6%             | -12.5%               | 60.0%     | 36.0         | 64.1              | \$ 25,632         |  |
| 3 | The Engine (active wearers) | net turn rate     | avg yrs to next      |           | net trx      | net units         | NRev <sup>3</sup> |  |
|   | 350                         | 20.0%             | 5.0                  |           | 70.0         | 124.6             | \$ 311,500        |  |
| 4 | OORev Percent               | total HAS revenue |                      |           |              |                   | NRev <sup>4</sup> |  |
|   | 15.0%                       | \$                | 560,700              |           |              |                   | \$ 84,105         |  |
|   |                             |                   | net HA trx           | net units | fitting fees | Total Net Revenue |                   |  |
|   |                             |                   | 126.0                | 224.3     | 64.1         | \$ 670,437        |                   |  |

#### WORKFLOW

|           |                                     |           |        |
|-----------|-------------------------------------|-----------|--------|
| 2,500     | Total Patient Visits (PVs)          | Diff.     | Diff%  |
| 200       | new-px consults                     | 700       | 38.9%  |
| 105       | new-px fittings                     | -         |        |
| 315       | new-px follow-ups                   | 25        | 31.4%  |
| 1,225     | regular service visits              | 75        | 31.4%  |
| 250       | "annual" full-work-up               | 325       | 36.1%  |
| 210       | current-px fittings & follow-ups    | 150       | 150.0% |
| 194       | trouble-shooting and other          | 60        | 40.0%  |
| 10.0      | Avg PVs per Day (250 business days) | 64        | 49.2%  |
| 5.0%      | Combined Conversion Rate (The CCR)  | 2.8       | 38.9%  |
| \$ 268    | Revenue per PV                      | -0.5%     | -8.3%  |
| \$ 2,682  | Revenue per Day                     | \$ (10)   | -3.4%  |
| \$ 1,916  | Revenue per Active Wearers          | \$ 682    | 34.1%  |
| \$ 55,870 | Avg Net Revenue per Month           | \$ 249    | 14.9%  |
| 18.7      | Avg Net Units per Month             | \$ 14,203 | 34.1%  |
|           |                                     | 4.0       | 27.3%  |

#### LEAKAGE REPORT

|   |                                    |      |        |
|---|------------------------------------|------|--------|
| 30                                      | Leaking (DOLV > 12mos and < 24mos) | (30) | -50.0% |
| 80                                      | Lost (DOLV > 24mos and < 36mos)    | (20) | -20.0% |
| 275                                     | Gone, Baby, Gone (DOLV > 36mos)    | (25) | -8.3%  |
| New Px                                  | 56.0 16.0% Leaking (30.0) -8.6%    |      |        |
| Net Engine Growth (Shrinkage) 26.0 7.4% |                                    |      |        |

#### PROFIT and LOSS STATEMENT

|            |        |                           |
|------------|--------|---------------------------|
| \$ 670,437 | 100.0% | TOTAL NET REVENUE         |
| 560,700    | 83.6%  | Hearing Aids Revenue      |
| 109,737    | 16.4%  | Other Revenue             |
| \$ 670,437 | 100.0% | TOTAL NET REVENUE         |
| \$ 222,750 | 33.2%  | Cost of Goods Sold (COGS) |
| \$ 447,687 | 66.8%  | GROSS MARGIN              |
| 150,459    | 22.4%  | Personnel                 |
| 80,000     | 11.9%  | Marketing                 |
| 90,000     | 13.4%  | General & Administrative  |
| 320,459    | 47.8%  | TOTAL OPS EXPENSE         |
| \$ 127,475 | 19%    | NET OPERATING INCOME      |
| 120,150    | 27.3%  |                           |
| 50,287     | 84.6%  |                           |
| \$ 170,437 | 34.1%  |                           |
| \$ 47,751  | 27.3%  |                           |
| \$ 122,687 | 37.7%  |                           |
| 20,459     | 15.7%  |                           |
| 0          |        |                           |
| 0          |        |                           |
| \$ 20,459  | 6.8%   |                           |
| \$ 102,475 | 409.9% |                           |