



BEST PRACTICES TO DETOXIFY YOUR SUPPLEMENT SALES

*Follow these tips to
regain control of your
supplement sales,
boost profitability and
improve patient
compliance.*

Introduction

It seems every day a new scientific study confirms what we already knew – it matters what you put in your body. Health care professionals nationwide are embracing the evidence and seeing positive patient outcomes when integrating supplementation into their practice, including in-office supplement sales to the tune of \$3 billion a year. Professional supplement companies are leading the way with clinical research and the highest quality in terms of potency, purity and bioavailability. Many market specifically to health care providers who then distribute their products to patients.

However, this presents a challenge. Helping people is why you got into the field, yet selling supplements out of your office is like running a second business – a retail store with ongoing headaches. So take two aspirin (OK, we're old school) and read our best practices for regaining control and ensuring profitability.

Risks of Over and Under Buying

Managing inventory levels may not sound hard, but it can be surprisingly difficult given variances in your patient load. Additional challenges may arise if you have offloaded inventory management to a staff member who may not be as organized or detail-oriented as is required. Appropriate inventory levels are crucial because there are big pitfalls in buying too much or too little.

Buying too little can be a huge frustration for your patients, especially when they make a special trip to your office only to find that you are out of stock. These patients may look for other options, and then may not buy from you again. Under-buying can also waste time if it causes you to order reactively on a regular basis, and you may also rack up considerable shipping fees by not meeting order minimums or if paying for expedited shipping to satisfy a patient order.

On the other hand, buying too much is expensive, and possibly more so than you realize. If you finance your inventory on a credit card, finance charges can mount rapidly. If you don't sell the inventory before the bill comes due, you must let the balance ride. Furthermore, if your product expires, you will not only have paid for product that produced no revenue, but you will have non-reimbursed labor expenses related to ordering, shipping, stocking and disposal.

Therefore, don't let manufacturer incentives entice you into buying inventory you don't need and may not sell. For example, if you only need three, but the manufacturer offers the seventh bottle free when you buy six (or free shipping), you may be tempted to over-buy. Resist this urge unless you are reasonably sure you will sell the product within 120 days!

Know What You Really Sell

Health care providers can recommend a handful of supplements or a roomful of different brands and products. Even though you know what you like to recommend, do you really know exactly what you are selling? Many health care providers think they do but don't. Here's what we recommend.

Know the facts about the quantity of each supplement you sell. Review your supplement purchase invoices for the last three months. (If you don't keep your invoices, step one is to start. File them by

brand, and keep them for at least 6 years.) Average your 3-month quantity totals to arrive at a quantity sold per month for each product. When ordering, target buying enough to bring your supply up to one and half months' worth of each product. Your goal should be to order only once per month per manufacturer, which minimizes your inbound shipping costs as well as labor costs related to ordering and stocking.

Know when not to stock. If a product's monthly sales average is less than two, consider not keeping inventory on hand, and only order it as needed. Also, many manufacturers have created patient-direct websites where you could steer your patients to order low volume products, but watch out because these programs vary considerably and may cause confusion and extra hassles for you and your patients.

Make use of payment terms. Did you know that many manufacturers offer terms? This is essentially a loan where the manufacturer delivers products to you, and you have a certain period of time to pay. For example, if a manufacturer offers "NET 30" terms, it means the balance you owe is due 30 days from the invoice date, typically the date you placed your order. When it's time to pay, you can often still use your credit card, so if you don't carry a balance, you are effectively extending terms to yourself for another 30 days! (BONUS TIP: Look for a credit card with favorable rates and a high-value rewards program.) Manufacturer terms vary and some may not advertise that they are available so be sure to ask

Inventory Management Techniques

If you stock more than 10 products, we strongly recommend you perform a monthly inventory. You don't need fancy software to do this, though it may be advisable if you sell more than \$2,500 per month. Otherwise, a simple spreadsheet will suffice. Though maintaining "real-time" inventory levels is optimal, the effort and discipline required to manually update your spreadsheet after every order is impractical, and mistakes will be made anyway. Doing a monthly inventory is critical because the ordering suggestion above is much less valuable if you don't know your inventory on hand prior to ordering.

So, now you're ordering the correct amount to maintain a healthy balance between having frequently sold products on hand, while not buying so much that you are left with expired product and wasted effort. There's more you can do to ensure smooth operation. Here are some inventory management tips to add to your stocking procedures:

- Double-check your invoice or packing slip when you receive products. Though somewhat rare, manufacturers make mistakes too! Check that they shipped the correct products in the correct quantities, and that the invoice includes any discounts you expected or qualified for.
- Make sure any backordered items are properly accounted for and note somewhere what is backordered so you don't accidentally order it again.
- Check the wholesale price on each product against your price sheet (maybe in your inventory spreadsheet.) Price increases are common, and you must ensure you update your retail price accordingly. If you don't watch this, it will cut into your profit margin, and in the worst case, you may find yourself selling the product for less than it costs you!

Another best practice is to double-check expiration dates on all incoming products. This may not always be available, and if not, a Date of Manufacture may be printed. Most products expire two to three years from the Date of Manufacture, but you should check with the individual company to be sure of their time frame. Many nutritional supplements, with the exception of certain refrigerated products and a few others, have a fairly long shelf life, but remember that the shelf life begins when the product is manufactured, not when you order it. It may have been gathering dust on their shelves for months before being shipped to you. Therefore, if you receive a product that expires in less than six months, and you know it has a long shelf life, call the company to request a refund or replacement product.

Be sure to rotate your stock. Checking expiration dates when you stock your shelves won't help if newer inventory is inadvertently sold first. This is especially important if for space reasons inventory must be stacked or lined up side-by-side. Therefore, prior to stocking products on shelves or in cabinets, establish and post a proper stock rotation policy, and then follow it! This outlines how products should be added and removed from your storage location, and it should always be done the same way. In general, place newly purchased products (with longer expiration dates) to the back and move older products forward. You can indicate in your policy, for example, that older inventory is on the right side or on top and should be sold first.

Patient Compliance and Selling Strategies

Following all the best inventory management practices in the world will not do you any good if patients don't buy what you recommend. We are not suggesting that you pressure patients to buy from you, but the way you approach supplement sales with your patients can positively affect compliance.

Be assertive and honest, authoritative but not dogmatic. Consumers are faced with a dizzying selection of vitamins and supplements at retail outlets as well as online. Many are happy to go along with the latest craze, not realizing that at the end of the day, the most expensive supplement is the one that doesn't work. Many other consumers, however, seek expert guidance. They want to understand why you have recommended a product and to be educated about the potential efficacy of nutritional supplementation and why quality matters. Professional line supplements, sometimes referred to as nutraceuticals, excel in potency, purity and bioavailability. Certified health care providers are uniquely qualified to assess and diagnose the patient and recommend a supplement brand, form (tablet, drops, cream, etc.) and dosage that will be properly absorbed by their body and meet their needs.

Educate your staff and be prepared for questions. When you educate your staff and engage them in your goals and objectives with nutritional supplements, they will become promoters who actively reinforce your recommendations. Script answers to common patient questions in advance and share them with your staff. You don't have to use this verbatim, but it's important that you and your staff are prepared with consistent answers. You want to approach patient compliance from every possible angle, because patients can't achieve their desired health and wellness outcomes if they don't follow your instructions.

Last, don't feel guilty about charging the manufacturer's full suggested retail price. As consumers, we often don't realize how much profit is built in to the products we buy every day, so having that inside knowledge can be off-putting when we are in the driver's seat. However, it is OK to make a reasonable profit on products you sell, and the MSRP is the manufacturer's guidance, based on their own costs and market research, on what a fair price is. Of course, it's your prerogative to offer specials from time to time or even establish a discount policy to offer a percentage discount for purchases above a certain dollar limit. You can also boost sales with targeted, seasonal promotions, which provide limited-time discounts your patients are sure to appreciate.

We hope the tips in this article will help you have a more efficient and profitable supplement business! The challenges grow along with sales, and these tips should help you gain and maintain control.

Can Outsourcing Be a Better Option?

There is a better alternative to the hassles and expenses of running your own supplement store. Outsourcing is extremely popular in the business world today. Companies of all sizes take stock of their "core competencies," the aspects of their business that really matter, and then use other companies to efficiently provide other services. Isn't your core competency treating your patients?

Let Doctors Supplement Store set up and run your personalized online dispensary. It's fast, easy and FREE! We offer hundreds of the highest quality brands, a toll-free number for phone orders and a popular Auto Ship program. You can even email recommendations to your patients. Watch your patient compliance and sales increase while enjoying fewer hassles and expenses!

With our small company feel, you'll love how we care for you and your patients. It's a full-service attitude and dozens of little things that add up to an exceptional experience. We call it "Uncommonly Good Customer Service." You'll have easy access to our friendly, responsive team – it's our pleasure to know you and serve you well. Contact us today at 877-846-7122 or support@dssorders.com or learn more at www.doctorssupplementstore.com.

Our tagline says it all: "You Heal. We'll Mind the Store."