OPERATIONS, MODULE 3

Inventory: counting, weighing, and waste

Injectables are the largest cost after people and the only one that can walk out the door in a pocket. After this module you know how to count, why the best clinics weigh syringes, what a variance is telling you, and how the count turns into the margin on your scorecard.

Why count at all

Product on the shelf is an asset. Product used on a patient is a cost. The only way the books know which is which is a count. Without one, cost of services is a guess, treatment margin is a guess, and the single biggest lever on profit is invisible. With one, you also catch the things nobody wants to talk about: expired vials, a syringe that went home with someone, an injector who uses two syringes and charges for one.

Source Investopedia, Inventory and Cost of Goods Sold (COGS). The rule in both: what you bought, less what is still on the shelf, is what you used. That is cost of services.

The arithmetic

Line	Example, neurotoxin, one month
On the shelf at the start of the month	1,800 units
Plus bought during the month	4,000 units
Less on the shelf at the end of the month (the count)	(1,600 units)
Used	**4,200 units**
Units charged to patients (booking system)	4,050 units
Variance: used but not charged	**150 units (3.6%)**

Variance is the number to watch. Some is unavoidable: dead space in the syringe, a reconstituted vial not fully used before its window closes. **Under 5 percent** is normal for neurotoxin. Above that, something is being over used, under charged, wasted, or taken. At $6 to $9 a unit of cost, 150 units a month is $900 to $1,350 a month, or the price of a good scale forty times over.

How to count

1. **Same day every month.** The last business day, after the last patient, before the first order of the new month. Consistency matters more than the date.
2. **Two people, one sheet.** One counts, one records. Neither is the person who orders. This is a control, not a trust issue.
3. **Count in units, not boxes.** Neurotoxin in units on the label (100 unit and 50 unit vials), filler in syringes and partial syringes, retail in sellable units. Open vials are counted separately from sealed ones.
4. **Record lot and expiry.** Anything expiring inside 60 days goes on a use first list. Expired product is written off that month, not left on the shelf to make the count look better.
5. **Reconstitution log.** Every neurotoxin vial reconstituted gets a line: date, time, lot, who, units drawn. The manufacturer's label sets how long a reconstituted vial may be used and how it must be stored; product outside that window is waste and goes on the log as waste.
6. **Send the sheet** to your bookkeeper by business day one. The count posts cost of services and the margin by service line lands on the scorecard.

Weighing: the trick the best clinics use

A filler syringe is 1.0 ml or 0.8 ml when full. Once opened, "about half left" is a guess that costs you money twice: at the count and at the charge. A $30 gram scale fixes it.

1. Weigh a sealed syringe of each product once and write the weight on the count sheet. That is your full weight.
2. Weigh the same syringe fully expressed (or the empty barrel and plunger) once. That is your empty weight. The difference is the weight of the gel; hyaluronic acid gel is close to one gram per milliliter, so the difference is close to the labeled volume.
3. At the count, weigh every open syringe. Remaining volume is (current weight less empty weight) divided by (full weight less empty weight), times the labeled volume. Write the number, not the guess.
4. The same method works for opened retail and backbar bottles, and for any product sold by volume.

> **Neurotoxin is counted in units, not weighed.** A reconstituted vial is measured by units drawn, from the log, against units charged in the booking system. Weighing does not help; the log does. The two numbers, drawn and charged, should match to within a few units per vial.

Par levels and ordering

A par level is the amount you want on the shelf on order day. Set it at about six weeks of average use for injectables (enough to cover a supplier delay, not enough to risk expiry) and four weeks for retail. Order once a month to par, in one consolidated order per supplier, so you hit the volume tiers in Finance 6 and stop paying shipping four times a month. Adjust par after any month where use moved more than 20 percent.

What the variance is telling you

Pattern	Usually means	Fix

Variance rises in one injector's weeks	Over treating, under charging, or not recording units	Compare units drawn to units charged by injector; retrain on charting
Variance in filler only	Partial syringes guessed, not weighed	The scale
Waste log shows vials expiring in the window	Reconstituting too early, or too many vials open at once	Reconstitute per booked units, one vial at a time
Expired sealed product	Par too high, or ordering ahead of a promotion that did not run	Lower par, order monthly
Count short with no waste recorded	Product leaving the building	Locked storage, two person count, the log

Retail

Retail is easier: sellable units, counted, against units sold in the booking system. Turn on inventory tracking for retail items in QuickBooks or the booking system so cost of goods posts at each sale, and count monthly to catch the difference. Retail that has not moved in 90 days is a candidate for a bundle, a member perk, or not being reordered.

> **Where Benchmark comes in.** We build the count sheet, the reconstitution log and the par levels during the sprint, post the count every month, and put treatment margin by service line and the variance on the scorecard. When the variance moves, the read says where to look. You do the count; that part cannot be outsourced.

Try it yourself

- [ ] Buy a gram scale. Weigh one sealed syringe of your most used filler and write the weight on a card taped to the fridge.
- [ ] Pull last month's neurotoxin purchases in units and units charged in the booking system. The gap is your uncounted variance.
- [ ] Check the fridge for anything expiring in 60 days. Put it on a use first list today.

Check yourself: Operations 3

Start 1,800 units, bought 4,000, counted 1,600 at month end. Units used are

4,000

4,200

1,600

Start plus purchases less ending count. 1,800 + 4,000 less 1,600.

A variance of 9% on neurotoxin is

- Normal
- Above the normal band; something is over used, under charged, wasted or missing
- A bookkeeping error

Under 5% is normal. Above it, compare units drawn to units charged by injector first.

Why weigh an open filler syringe?

- To check it has not expired
- Because "about half" is a guess, and the guess costs money at the count and at the charge
- You should not; weigh neurotoxin instead

Gel is close to one gram per milliliter. The scale gives the number; neurotoxin is tracked by units on the log, not by weight.

The person who counts should be

- The person who orders
- Two people, neither of whom orders
- Whoever is free

A count is a control. Separate counting from ordering.

Par level for injectables should be about

- One week of use
- Six weeks of use
- Six months of use

Enough to cover a delay, not enough to risk expiry, ordered once a month.

Pick an answer for each question.

Want this done, not just explained?

The 10-Day Sprint finds the leaks for $1,000, one time. After that, on the plan, the scorecard keeps coming and at least one growth initiative is executed with you every month. Plans from $2,299 a month. Everything in this module is part of that work.

See the sprint and pricing | Text Nate

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