



# Bruce Annabel Business adviser

## Create your own bright future

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“THE BEST WAY TO PREDICT THE FUTURE IS TO CREATE IT.” ABRAHAM LINCOLN’S FAMOUS STATEMENT IS PARTICULARLY APPROPRIATE TO COMMUNITY PHARMACY AT THIS CHALLENGING TIME.

**W**hile most pharmacy owners obsess about their problems, some outstanding owners and managers are predicting their own bright future through implementing fundamental professional role and business changes.

The future shape of community pharmacy and role of the profession itself depends enormously on how pharmacists react to today’s challenges. If pharmacy fails to reform by transitioning from the transaction/supply to a customer health outcome model, pharmacy profitability will likely seek to extract value through forcing efficiency dividends.

However, if innovation is quickly and robustly pursued, pharmacy may find itself in a unique and sustainable position as the provider of high-impact customer health outcome services making it and pharmacists indispensable to customers, governments, and perhaps third party payers.

Until seven months ago traditional community pharmacies generated over \$6 net profit<sup>1</sup> per script (before interest, tax and loan repayments) from the dispensing function. During the next three years, as price disclosure courses through pharmacy bottom lines, net profit per script could fall to \$2, creating further downward pressure on the salaries of dispensing pharmacists and the incomes of working owners!

The key point is if pharmacists want to earn more they must deliver more and, on the flip side, if owners want to improve their businesses and beat price disclosure they should utilise pharmacists in more productive roles and remunerate them accordingly.

The very best performing pharmacies I interact with are already doing this and displaying great financial results, happy returning customers, and pharmacists enjoying more professionally and financially rewarding roles.

### THE STARTING POINT: PLAN!

While pharmacy owners don’t usually prepare business action plans, now is the right time to start because that’s how change and innovation are developed which then stand some chance of being implemented.

As a reminder, the three 2014/15 key community pharmacy planning objectives are:

#### 1. Grow income sources in addition to dispensing/supply.

Reason: Price disclosure is significantly curtailing dispensing profits.

#### 2. Attract customers and generate return visits.

Reason: Traditional pharmacy customer numbers have fallen three out of the last four financial years losing 4.1%<sup>1</sup> in the latest year reflecting the growth of supermarkets health and beauty department, online and warehouse pharmacy.

#### 3. Prepare pharmacists and the business for a services future.

Reason: There is an expectation of greater services funding opportunities in the Sixth Community Pharmacy Agreement commencing in exactly twelve months. Services income will help with achieving the first planning objective and lift relevance to payers—government and customers.

Running through all three objectives is innovating the role of the pharmacist who, armed with the ‘pharmacist tool kit’, is able to grow income, provide a great health outcome for customers giving them reasons to return, and deliver remunerated professional services. None of these can be delivered by pharmacists absented in the dispensary and certainly not by well meaning assistants whose roles are changing as those of the pharmacist.

### GOLD COIN 5: INNOVATIVE PHARMACIST ROLES

The following are an expansion of the roles I briefly touched on in my April and May articles and have been developed based on my experiences with myriad pharmacies, particularly the innovators. I have added as a guide some hourly salary rates (excluding superannuation) for the roles performed.

#### 1. Dispensing pharmacist: \$26/hour

- Total role is dispensing.
- ‘Comes out’ when required.
- Reverts to the dispensary when it gets busy.

#### 2. Medicine adviser: \$35/hour

- Always out the front.
- Works at ‘scripts out’ area and ‘scripts in’ area during quieter times.
- Engages customer with every prescription instead of assistants.

- Delivers interventions, checks history and interactions from a forward terminal linked to dispensary system, explains medicine benefit and provides a forum to interact with customers who can ask their ‘trusted adviser’ questions.

#### 3. Health solution provider: \$40/hour and performance bonus

- Per 2 above plus: makes health product solution recommendations that improve medicine efficacy, recommends services such as dose administration aids (DAAs) or MedsCheck, screenings and customer-funded services.
- Works at ‘scripts out’ area plus schedule medicines service section.
- Offers primary healthcare advice; solves minor ailment problems.
- Customer: ‘you solved my problem so I have a great reason to return’.

#### 4. Health services provider: \$45+/hour and performance bonus

- Per 3 above plus delivers services that impact on customers’ health, such as MedsCheck, sleep disorders, diabetes, CVD, DAAs, wellness, asthma, chronic pain.
- Focus is delivering valued customer health outcomes = relevant = loyalty = reason not to defect to the warehouse.

All but the first role are inherent in those innovative and successful pharmacies generating customer and script growth, delivering margins over 40% including the retail section, avoiding price competition and lifting net profits enough to offset what price disclosure has begun removing.

Pharmacists and pharmacies which embrace these innovative roles are creating their own sustainable futures. ■

1. JR Pharmacy Services client series 2014.