



BUSINESS BUSINESS CLASS IN DEPTH

CHOOSING A BANNER GROUP: ASKING THE RIGHT QUESTIONS



CHRIS BROOKER 12/03/2023



What should you be asking when considering joining, changing or leaving a banner group?

Choosing which franchise is the right fit for a pharmacy is one of the most critical decisions an owner will have to make. We recently spoke to experts for their key advice points.

Here, **Glenn Guilfoyle**, principal of The Next Level, pharmacy business sales and service experts, gives his thoughts.

Q: What has changed in the banner group landscape since Covid?

Some owners report no significant change. Some say there is less support 'on the ground', so to speak—such as BDMs not having regular site visits and therefore not getting to know the team and the challenges that they face.

Brands are focusing/capitalising on Covid-specific health initiatives (vaccination, RATs, etc) and may have lost some focus on the other health conditions that pharmacists can assist with. This is okay in the short term, but they need to re-focus on other initiatives.

On the other hand, others report a positive legacy around enduring improved communications systems, higher flexibility with regards to compliance and increased support for increasing the range of vaccinations they offer.

The main downer casting a pall over all this is the staff availability issue. Owners are having to put the white coat on more often is emblematic of increase in pressure on the entire operation and ability to serve customers.

Out-of-stocks adds further to the pressures and the multivariate forces that are currently driving BPharms from the industry....

Q: What should you be asking with regard to professional services?

Is development of professional services a priority for the brand? How do they resource innovation in this space? How do they make service implementation easy? What is their initial start-up and ongoing support? The efficiency of their systems (manual versus digital automation; integration into POS/Dispense)?

Also, what is their professional service point of difference versus other brands? How do they support growth in this category?

You should look for a banner that can demonstrate professional services are a core strategic focus for their brand. Talk is cheap—ask them to show you what they have done so far in this space and what they are investing in future development. Ask these questions:

- How will this effect your bottom line?
- How is the associated admin supported by the group?
- What on-site visitation will you receive from the brand representative?

Again the handbrake on all this is the pervasive staff shortage issue. Professional services are fine, if you have the staff to run them as well as keeping business-as-usual running.

Q: Should you choose a large national banner or a smaller, more localised, or specialised, group?

You need to ask if you are aligned with the ethos and future direction of the banner group. What style/type of pharmacy do you want to practice in? How will the brand help your business stand out from your competitors? Regardless of size of banner group, what do you really get in return for your fees? Do you even need a banner?

For some pharmacies, maybe a buying group and investment in local area marketing is a better option.

Key questions:

- Importantly, be clear on 'who do I want to be?' and 'what do I want to stand for'?
- What are the nuances of your local community that lean towards one brand or the other? Or independence?
- Do you need the potency of a national footprint?

What are the pros and cons between various brand offers based on location, such as suburb within a major capital city vs a small country town? Be aware of the state by state rule variations and the degree to which a nominated brand will be apposite for your situation.

Look closely at the comparative buying power. And even though it is not meant to be this way, stock will be prioritised to the 'big guys' by the suppliers in this out-of-stock environment. Be on top of the Chemist Warehouse 'goliath effect' and how it effects your area and brand choice.

Q: What is your advice for those who wish to stay independent? Why should you choose to stay independent?

Be across your locality. How parochial is it? How much is your name, your pharmacy its own brand? Are you active in your local community in other ways?

If you are prepared to do the work, no brand will ever deliver the flexibility and specificity and control on what you market, how you communicate, what you stand for.

You can do a lot with up to \$75K in after tax dollars that you eschew in brand fees. Get into the right buying group to take price competition capability out of the equation.

Q: Where can you turn for support and advice?

Some of my tips here are:

- Don't turn to references provided by the banner group.
- Contact pharmacies that have recently changed brands (reps/wholesalers would be able to tell you who these are), or contact people you know and trust.
- Talk to accountants, consultants, lawyers, business coaches, landlords and most importantly, customers!

Glenn Guilfoyle is principal of *The Next Level*. Click [here](#) or call 0418 519 755

For over 30 years, Glenn and his team have been building an incredible knowledge bank in sales expertise and technology, and it's this priceless intelligence which forms the foundation of the "Next Level Sales System".

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