

BUSINESS CLASS IN DEPTH

## EVERY DARK CLOUD HAS A SILVER LINING

---

 GUEST AUTHOR 03/06/2023



**These are dark times for community pharmacy, but there may be a silver lining if you're prepared to reach for it say Glenn Guilfoyle and Norman Thurecht**

Every dark cloud has a silver lining: It's an old maxim, and we can understand why, to many of you, right now it might seem trite, perhaps even annoying..... But wait – hear us out.

Lets assume for now that the federal government holds its line and implements the staged 60-day dispensing program. Indulge us to use some averages to try to calibrate the commercial damage of the policy, and to suggest an off-setting solution.

Let's take a typical molecule that will represent a common example for many long-standing, stable customers switching from 30-day, to 60-day, dispensing. Let's say any inhaled corticosteroid.

Taking account of dispensing fee/AHI/trading terms it would be reasonable to calculate the lost income (bottom line) to sit in the ball park of around \$13.50.

To keep things simple, lets play conservative and assume that these customers will bundle all their ancillary pharmacy needs to visit their favourite pharmacy once every two months instead of monthly.

I will also assume that whilst many pharmacies will reduce overall dispensary hours wage bill in light of the emerging new world order, there will, broadly, be some increased degree of staff time available for chronic illness patients who aren't visiting the pharmacy as often.

According to the Pitcher Partners data series, the average retail sale of \$15.60 and average retail items per customer of 1.40 highlights the issue of the potential further loss of the second customer visit.

### **Looking for the silver lining**

Now for the segue heading toward silver lining: The Next Level dispensary script processing workflow and customer engagement duration audit data across some 350 studies over the past 10 years shows us that, on average for every 3 script bearing customers, only one leaves the dispensary with one add-on complementary non-script health product.

And only one in five OTC customers leaves with a second health product. A ratio of 1 OTC to 5 script bearing customers is very typical. If through this process of shifting to 60-day dispensing on high volume molecules, there is more time for the consultative and holistic solution engagement at the script-out counter, manifesting on average to increase to just one appropriate, complementary add-on for each script bearing customer.

Again we can assume ballparks for the likely add-ons (for example, taking the script example above of a corticosteroid and the typical add-on candidates including Ventolin or equivalent, spacer, oral thrush treatment, any schedule 2 antihistamine, peak flow monitor) falling in the range of \$15-20 price at 40% margin, then the 2 additional add-ons per 3 script customers (instead of the current one add-on per three customers) wipes out the 60-day effect, such as the \$13.50 shortfall.

Any additional holistic engagement that leads to similarly increased basket size at the OTC counter, upwards from the current one-in-five taking a second health product, puts the practicing pharmacy ahead of the "catch up" from script customers revenue off-set.

### **Now for the silver lining**

The opportunity for increased engagement time to provide the health customer with a more complete solution in the form of more product options for their condition is not new.

PBS reform shone the spotlight on the parallel commercial imperative for retail pharmacy. We know from the Pitcher Partners data series that the middle health sale per customer is only \$11.98 (defined as health related products to assist the customers with their ailments).

Now 60-day dispensing refocusses that spotlight, and the silver lining just might be that now, paradoxically, there is likely to be more time available to conduct those richer (double entendre intended!) conversations.

**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".*

**Norman Thurecht** is a partner and pharmacy specialist with *Pitcher Partners*, financial service specialists.

---

Previous

**Are we taking sleep seriously?**

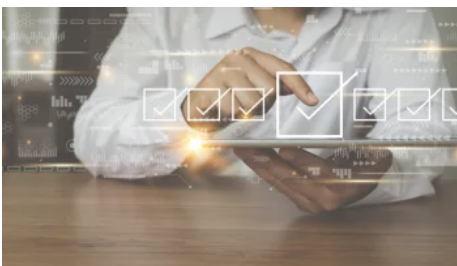
---

Next

**'Out of the money, nothing is good.'**

---

## Related Posts



Keeping up with the business



The top twenty



Do GPs really back double dispensing?

---

5 days ago · 10 comments

**Butler and  
McBride set to  
front PSA23**

11 days ago · 10 comments

**Ozempic  
shortage pain to  
continue until**

12 d:

**Me  
dis**

