



Road to success requires directions

Bruce Annabel, pharmacy business adviser, bannabel@jr.com.au

There are fundamentals in community pharmacy that are entry level requirements of being in the business. These include dispensing correctly, access to the pharmacist, friendly and attentive service, S2/3 range and support, retail healthcare, convenience and known value item (KVI) prices. Pharmacies that don't deliver these fundamentals risk customer defections. The reality of many pharmacies is that:

- service isn't very good in both the retail and dispensary spaces;
- pharmacists are focused on process and removed from the patient;
- merchandise is often not what customers want or is out of stock;
- prices on commonly purchased lines are overpriced;
- it can be difficult to navigate around the store and find products; and
- their store is a shambles and doesn't resemble a healthcare destination.

So it's vital that these fundamentals are delivered at a competent and expected level. But while this will stop unnecessary customer defections, it will not provide a 'win' over the competition in key strategic areas of value to the customer, such as those seeking the lowest price or the best weight loss offer.

It's well recognised that clinical and dispensing skills of pharmacists are high—but the customer already expects this.

WHY WAREHOUSE IS WINNING

A warehouse pharmacy aims to beat its competition by slavishly focusing on being the Big 'EST' (range offer) and the Cheap 'EST' (lowest price—generally 25% below traditional pharmacies).

This offer is depicted in Figure One.

Warehouse pharmacy delivers these two features brilliantly while being as clinically competent as the next pharmacy and providing reasonable convenience and service levels. This successful strategy is clear and must be understood by traditional pharmacy owners because they simply can't compete on price and must identify an alternative strategy.

This must involve developing an Easy 'EST' position (refer to my last *A/P* column, 'Easiest route to success', April 2009 p62) that attracts customers who don't wish to shop at a warehouse. Such a position will also help hold onto other customers who don't see the value in paying much more for what they receive in return, which is often little more than a convenient dispensary service.

There are three distinct parts that owners should split the task into:

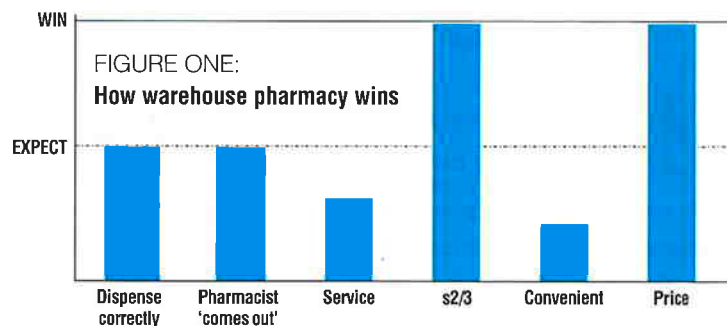
1. Convert the dispensary to a customer solution-oriented offer;
2. Convert the retail area, including S2/3, into a retail health solution destination; and
3. Link the two sections.

A CUSTOMER SOLUTION-ORIENTED DISPENSARY OFFER

Creating a plan to deliver Easy 'EST' dispensary service is very compelling because the dispensary and the skill under-utilised.

The plan requires pharmacy management to:

- commit to customer-focused health outcomes—priority of every pharmacist;
- ensure professional and legal obligations will continue to be met;
- re-design the dispensary layout



- to improve efficiencies—scripts in, assembly/processing, efficient storage, picking, scripts out and where pharmacist(s) provides health solutions and assists customers;
- decide on and install the most appropriate systems (eg. IT, storage, automation) based on script volumes and mix;
- determine people needs (skill sets and mix)—technicians, assistants and pharmacist(s).
- prepare duty statements for each person and appoint a dispensary captain (owner or head pharmacist) to ensure the plan is implemented;
- create new processes to ensure it all actually works; and
- agree on outcomes and opportunities.

One of our clients is in the middle of revolutionising the dispensary. It's only costing \$100,000 and expected to realise approximately \$337,000 in efficiency gains plus additional income in the first year.

'READY PREPARED' DISPENSARY HEALTH SOLUTIONS

Customer health solutions are already available for pharmacists to utilise once the dispensary revolution is complete.

- Pharmacist/patient interaction

—advice + appropriate product + outcome = customer satisfaction.

- pharmacies are paid millions of dollars to deliver CMLs, so use them.
- meet S3 medicines obligations—impress the Galbally review.
- use flags to drive evidence-based companion sales.
- Use the compliance tools—Mirixa, in particular, is important.
 - Such tools can only be effectively adopted if community pharmacists first free themselves of script processing and focus on the customer.
- Facilitate delivery of self-care.
- Cognitive services (DMAS, DAA, PACP, HMR).
 - Remunerated to cover all costs of delivering both direct and indirect.
 - Reinforce health offer/image.
 - Gain a healthcare reputation and additional business.
- Hire another pharmacist to deliver cognitive services and significantly increase professional service levels (not to just plough through scripts).

Developing a solution-oriented dispensary service will deliver meaningful success and is a significant step in creating the Easy 'EST' position and, importantly, a competitive advantage. Next month I will discuss the other two parts of the task. ■