



Bruce Annabel Business Tell 'em they're dreaming

There's no point in having a vision for a sustainable future for your pharmacy unless you have a strategy to get there—a vision without a well-thought through and relevant strategy is but a dream.

Likewise, creating a strategy without a vision usually turns into a nightmare—there has to be a purpose to the strategy.

Last month I described how two owners began their journey to successfully change their business models through *effective* leadership. This column will describe how these same owners moved their pharmacies away from competing on price and built a rewarding and sustainable future by changing to a robust and high-quality service model with the pharmacist at the core.

Future columns will continue this discussion.

DECIDE HOW TO COMPETE

First, the two owners explored and uncovered their core motives and passions, which they articulated in their respective visions:

Pharmacy 1—“to provide a primary care service to meet the needs of the community due to our convenience and accessibility; a service based health solution focus offer”;

Pharmacy 2—“to make a difference to our customer's health”.

Second, both owners, realising that achieving customer and script growth was vital, decided they would compete by adding benefits to the product and customer experience instead of lowering price. Their bottom lines couldn't handle discounting nor help service and repay bank debt.

To do this, their approach was to occupy a market position that was discernibly different in the customer's mind to the warehouse, supermarket, online and the quasi discount community pharmacies, yet highly attractive to most health consumers.

The approach they chose was to offer a ‘health solution-oriented service’ aimed at giving customers valuable answers/solutions to their health problems that the aforementioned competitors can't do. That decision meant they couldn't be everything to everybody. But their new offer had to mean a great deal to the majority of customers and, most importantly, potential customers of other pharmacies who were not getting what they needed. This meant letting go of customers who only shopped where they could get the cheapest price—the price competitors can cater to that.

The foundation metrics of the health solution service position are: high service levels and skills mix means higher wages and therefore requires higher margins in the dispensary and retail sections compared with the majority of traditional community pharmacies.

■ TRANSITIONING YOUR PHARMACY TO A SUSTAINABLE BUSINESS MODEL REQUIRES COHERENT PLANNING

DEVISE THE STRATEGIES

Having chosen a market position, both owners then devised the premises, merchandise and service strategies to deliver it.

Pharmacy 1

Target market was men aged 45–55 and women aged 35–45, household

decision makers and servicing health needs specific to the market area. These included a major focus on medication management, asthma, arthritis, wound care and several chronic conditions.

Premises: Refitted dispensary aimed at changing dispensary flow which was seen as the key. That opened the door to improving service quality through pharmacist–customer engagement, improving health solution delivery including solution recommendations, recommending services and improving efficiency, which was seen more as a by-product and not the main objective. Willach fast mover shelves and Pharma K drawers were installed, which freed up three wall bays for extension and improvement of the S2/3 medicines offer.

Store check is conducted every month to ensure quality is maintained.

Merchandise: Rebalanced product mix to a health focus. Expanded the important lines: S2/3 medicines, wound care, vitamins/herbals, digestion, etc.

Cut or reduced the irrelevant lines: gifts, hair colours, nappies, formula, cosmetics, fragrance, general skin/hair, etc.

Services: Customer fee-for-service was charged where a health solution outcome valuable to the customer was delivered, including wound care, sleep apnoea, lung

function, arthritis and IBS management.

Free services included S2/3 consultation, primary care, minor ailments, asthma action plan, etc., with the service cost recovered through maintaining high margins which was not difficult.

Government-funded services included in particular: MedsChecks (both), HMRs,

clinical interventions, and medication management systems as these fitted perfectly with the desired market position.

All services are delivered by pharmacists while dispensary technicians process scripts and run the dispensary. Pharmacy assistants provide administration, operational and pharmacist support.

Pharmacy 2

Premises: Spent virtually nothing, but improved traffic flow, built a diabetes section, removed blockages and clutter.

The owner moved the pharmacists out of the dispensary after delegating processing, inputting, selection, assembly and administration roles to technicians.

Merchandise: Expanded: S2/3 medicines, wound care, vitamins/herbals, therapeutic lines and improved retail health ‘solution’ department ranges such as digestion, eye/ear, etc.

Cut or reduced: gift, hair colours, toiletries, cosmetics, socks and other open sellers.

Added two ‘blockbuster’ departments: sleep apnoea and diabetes.

Services: Customer fee-for-service initiatives included: health check \$30; diabetes \$99; sleep apnoea \$150.

Free services were added, including: asthma action plan, weight consult, S2/3 medicines, minor ailments. Government-funded services focused on were MedsChecks (both), HMRs, clinical interventions and DAAs.

Transitioning your pharmacy to a sustainable business model requires coherent planning wrapped around a robust competitive market position. For those who don't take this approach to transitioning their pharmacy, tell 'em they're dreaming! ■