



## Untying the arm from behind the back

**L**AST month I suggested that attempts by community pharmacy owners to successfully compete with the sophisticated retailers (who are entering the retail pharmacy scene via alliances with pharmacist owners) is akin to fighting with an arm tied behind one's back.

This is for two reasons. First, these retailers aren't constrained by government regulations that restrict ownership structures and numbers. Second, they have developed extremely effective retail models honed over decades under tough competitive conditions.

So I suggested that traditional community pharmacy must be given the opportunity to create greater infrastructure capability and economies of scale in order to begin effectively developing the 'new' skill sets required to compete. But, there's more to it than that.

### How has pharmacy competed?

Until recently most community pharmacies have successfully 'competed' with the sophisticated retailers because, with the exception of non-scheduled products, they haven't actually had to!

Therefore, success has largely emanated from the twin and dependent strategies of regulation (thanks to the Pharmacy Guild of Australia and the Pharmaceutical Society of Australia) and convenience (location), because consumers attend the closest pharmacy in order to have prescription orders filled and buy S2/3 medications.

Pharmacy owners and peak pharmacy bodies have become so focused on ensuring Government support that, conditioned by traditional patterns of consumer behaviour and a belief that the Government is 'the' only customer, they are at risk of ignoring what's going on in the commercial marketplace.

While Government will continue to pay for the majority of prescription funding via the PBS, we're now starting to see pharmacy retail formats that attract consumers away from most traditional com-

munity pharmacies. Such formats include both the low price pharmacy operators and the pharmacist/sophisticated retailer alliance stores.

There will, inexorably, be many more of these and their 'retail' power will consolidate at the expense of 'ordinary' community pharmacies!

### Axioms for success—opening the door

There is no doubt that community pharmacy owners (particularly new and young entrants) acknowledge that understanding and then satisfying consumer demands (not only the Government's), supported by strong commercial retail/business management skills, are axiomatic to success, now and into the future.

Of most importance, success in both these areas is critical to the delivery of healthcare and wellness solutions to the Australian public (including people like me who are long-term asthma sufferers constantly looking for help). Otherwise, I fear community pharmacy will go the same way as it has in countries such as the UK and US, where independent community pharmacy owners are suppliers of product only, and struggling to earn just a commercial salary. This is because they failed to adopt appropriate retail healthcare practices before it became unaffordable and, hence, too late.

I'm not one who believes that the industry as we know it will be saved by Government-funded professional services (such as HMR, MMR, CMI). While they are excellent programs for the community and help to further entrench pharmacy's role in the healthcare continuum, they won't provide enough financial return and permit pharmacy owners to forsake building a profitable 'specialty retail healthcare' business.

The suggestions I have made represent enormous gaps in the thinking of pharmacy owners and an opportunity for industry peak bodies. It is also of great concern that many recent pharmacy

graduates don't clearly see that embracing commercial and retail skills are critical to being a successful pharmacy owner.

It is true that the Guild in general, and John Bronger in particular, have been working at some aspects of these issues (the Centre for Pharmacy Retail Excellence, for example). The PSA has also begun appreciating the vital role of retail management skills, as evidenced by its greater emphasis on the issue at the PSA Overseas Refresher Courses. It is also true that these initiatives are not being taken up with any enthusiasm by the majority of industry or of pharmacy owners. In my view the Australian Institute of Pharmacy Management could be the ideal vehicle to deliver this message as it has the expertise in this integration of 'professional' and 'retail' skills.

Therefore, I urge the Guild, representing pharmacy owners, and the PSA, representing all pharmacists, to give this message the weight it deserves and deliver it to their respective membership and the industry at large. These issues are as vital as the regulatory debate.

However, regardless of Guild or PSA support, it is still up to pharmacy owners themselves to make the necessary changes and grasp the initiative. Some owners have already made the change, which is wonderful to see, but these owners are usually the high performance ones you'd expect to see do well. They're usually the owners whose businesses have most easily integrated Quality Care Pharmacy principles because they've already had their finger on the management pulse.

But, they are a very small minority because most are blinded by the sunshine of a pharmacy-friendly regulatory environment. The big problem is that the sun is setting and tomorrow's environment is bound to change and be more competitive.