



Turtle principle: stick your neck out

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'Behold the turtle. He makes progress only when he sticks his neck out.'¹

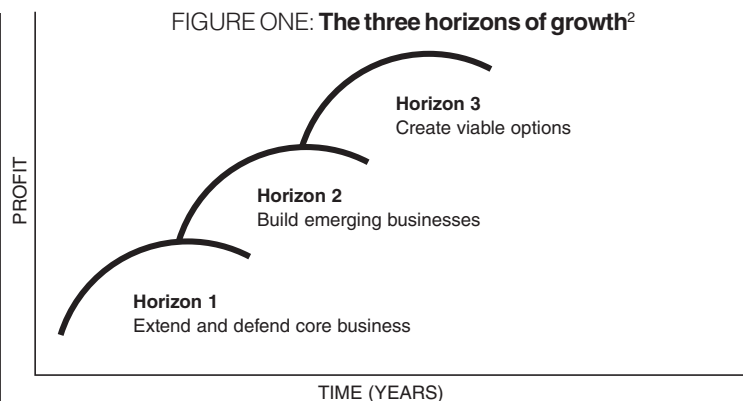
Most pharmacies have become complacent to the point where even the simplest of business innovations are seen as major risks tantamount to 'the turtle sticking his neck out'.

Yet this is exactly what community pharmacies must do to redefine their customer relevance. Only by adopting new ideas and different ways of managing the business can pharmacies offer reasons for old customers to stay and new customers to come.

The success of community pharmacy en masse and individually will be determined at the grass roots level. So success will come to those pharmacies that shrug off inertia and innovate by responding to the following three key issues and acid questions they generate:

- 1. Government is removing PBS dispensing income and profit. How will your pharmacy replace it?**
- 2. Traditional pharmacy has to compete for the customer but is unable to compete on price. How will your pharmacy compete and improve its relevance to customers?**
- 3. Government is challenging pharmacy to do more in primary and preventative care. Will you change your pharmacy model and behavior/culture to address these demands?**

Pharmacy's peakbodies do offer wonderful enabler tools, information and opportunity but implementation is up to you: the owner; the employed pharmacists; and managers.



HORIZONS OF GROWTH

'The three horizons of growth' concept (see Figure One) provides a good framework to answer the three acid questions above.²

The framework recognises that as the business model of pharmacy matures, declining growth³ sets in as inertia or complacency takes over. With a few exceptions, that's exactly where traditional pharmacy finds itself today and it's only higher profit per script (thanks to generics) that's holding the bottom line together.

So the challenge is to maintain the existing operation (Horizon 1) while investing some of the generics profit into building emerging businesses (Horizon 2). It is standard business practice to reinvest funds earned from the current profitable model into new areas that will deliver future profits. Improving the existing operation includes ideas such as margin management, generic substitution, fixing the stock mix, lifting dispensary efficiency, removing the store room, financial measuring and business management.

Emerging business opportunities (Horizon 2) include building a services

business, starting with:

- **always stationing a pharmacist outside the dispensary 'four walls' and its processes;**
- **implementing government-remunerated programs; and**
- **becoming expert in a specific health solution area such as diabetes, osteoporosis, arthritis, wellness, wound care, and quit smoking.**

These fit with what government wants, will build alternative income sources to script product supply and enhance customer relevance, thus reversing falling customer numbers.

This approach is proven to work and answers the first two of my acid questions above. Importantly, those adopting the cultural shift to services are in a far better position to answer the third acid question by meeting the Government's challenge to deliver primary care services, prevention and condition management.

Horizon 3 is about developing ideas that will ultimately lead to growth well into the future. Once adopted and implementation has begun they become Horizon 2 activities. The work involved in developing industry

and university-driven professional programs can be considered Horizon 3 activity and pharmacies are fortunate to have all this work already done for them. All they have to then do is simply adopt them (when they have been commercialised, such as with as HMRS) and they become a Horizon 2 activity.

All three Horizon activities should occur simultaneously: always focus on continually improving the existing core business while, at the same time, implementing new business activity and developing ideas and commercial concepts for the future.

Those pharmacists concerned about financial sustainability and relevance of their roles in the health care spectrum could focus their combined attentions on Horizon 1 activities as a 'must do' and start working on implementing one Horizon 2 opportunity.

However, in reality many pharmacists allow themselves to be overwhelmed by just operating the existing profit-focused product supply model and yet avoid Horizon 1 opportunities.

Sadly, this is by choice rather than necessity because taking the necessary steps is easy and it maintains the pharmacy's commercial status quo.

On the flip side, traditional community pharmacies who decide to 'stick their necks out' by adopting Horizon 1 and 2 activities will progress and enjoy future growth. ■

1. James B Conant. US chemist, diplomat and educator, 1893–1978.

2. Baghai M, Coley S, White D. The alchemy of growth. New York: Perseus Publishing, 1999.

3. Declining growth occurs when customer and script numbers fall.