



Value by outcome, not cost

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'There are no limits. There are only plateaus and you must not stay there; you must go beyond them.' BRUCE LEE

Many community pharmacy owners are stuck on a plateau: most new initiatives are evaluated based purely on cost alone with little regard for the benefits or outcome of business-building investment. Pharmacy must shift from this plateau.

The most recent example is that owners justify not addressing improvements in dispensary efficiency and performance by looking only at the cost. Improvements can come from small-volume dispensaries by simply improving storage, reducing picking time, streamlining processes and utilisation of appropriate staff. Larger volume dispensaries benefit from installing a carousel system or automated dispensing machine.

RATIONALE

Owners must shift their thinking about dispensary efficiencies because:

- **All pharmacies dispense scripts competently whether they are community or warehouse pharmacies. This is not a competitive advantage.**
- **Patient drug compliance has become vital in delivering a better healthcare outcome, adding value to product supply and growing sales in a flat script growth environment.**
- **Pharmacists are skilled professionals and must be freed from activities that don't deliver patient healthcare outcomes.**
- **Customers want and need contact with the pharmacist, many of whom are bogged down in process.**

- **Efficiencies can free up pharmacists to solution-sell health-related products that improve the patients well-being plus provide much needed high margin sales.**
- **Overheads, particularly wages, are rising at 6% per annum and eating away dispensary net profitability and overall pharmacy business returns.**
- **There is a need to stem the tide of medicines commoditisation.**
- **There is a need to create the point of difference with supermarkets and other purveyors of product at a price.**

OWNERS JUSTIFY NOT ADDRESSING IMPROVEMENTS IN DISPENSARY EFFICIENCY AND PERFORMANCE BY LOOKING ONLY AT THE COST

RIGHT STAFF FOR THE RIGHT TASK

Peter Feros of Pharmacy Workshops has provided a very concise list of the 10 things a pharmacist must not do:

1. **Take in the prescriptions**
2. **Enter Rx data into the computer**
3. **Assemble paper work**
4. **Pick stock**
5. **Package Rx for pick up**
6. **Get patient to sign Rx**
7. **Get patient to pay for Rx**
8. **Order dispensary stock**
9. **Handle PBS claims**
10. **Order dispensary stationery**

However the tasks they must do are:

- **check pharmaceutical validity of medications ordered;**
- **check accuracy of dispensing, using scanner to check accuracy of stock picking; and**

- **counselling patients on medications.**

The pharmacist also has an opportunity to consider the patient's total health needs. This involves providing more holistic advice, selling solutions and recommending helpful products where appropriate, as well as introducing the customer to skilled staff from other departments like weight management, wellness/complementary medicines, wound care, quit smoking, arthritis and many others.

The goal is to provide a differentiated service offering which is leveraged off the script flow,

leading to increased sales which are in the interests of the health of both the customer and the pharmacy.

For this to happen, pharmacists must be freed from Peter's 10 tasks above (which can be carried out by dispensary technicians) so they can be permanently stationed at the front dispensary 'counter' or pod and offer their authority and skill sets to introduce other health services.

But for this to happen, owners must let go of the historical 'plateau' and move on to become more relevant to the needs of today's customers, new and emerging pharmacy business models and opportunities, and government which is constantly seeking increased value for taxpayers.

EFFICIENT DISPENSING BENEFITS

Inefficient dispensing practices are costing most pharmacies an enormous amount of money. Again borrowing from the excellent time and motion work that Peter Feros has conducted, the time taken to dispense from the point of script 'in', and data transfer to hand 'out' using good practice, versus the least efficient practice is two minutes 43 seconds. That startling statistic has been borne out by some of our clients who have made radical dispensing efficiency improvements.

Let's reduce that time to an average of, say, one minute 20 seconds per script on the basis that not all pharmacies utilise least-efficient practice. If we apply that to the average number of scripts dispensed by JR clients last year (58,945 scripts—190 per day) the time saving (all staff involved in the process including pharmacist) would amount to 1,300 hours which could be freed for professional and customer health activities mentioned above.

Purely on a wage plus on-cost basis, that would be worth in the order of \$48,000 (\$0.81c per Rx), not to mention the additional sales that could be generated by taking a more proactive, customer-centric approach, which is worth much more in dollar terms and also achieves the much-needed plateau shift.

I'll write more about achieving dispensary efficiencies in the near future because it offers an opportunity to most pharmacy business models. ■