**Pharmacy Practice: Lecture 3 Dr. Haider Raheem**

**Community Pharmacy Management**

**Background**

**Perception of the community pharmacist**

• Accessible health professional

• Provides advice to patients on health issues

• Professional charge is not clear: patrons believe that they can receive counselling without being charged

• Patients may feel more comfortable in a pharmacy setting rather than a clinic environment

**Changes occurring in the community pharmacy setting**

• Availability of new drugs

• Ageing population

• Alternative dispensing systems: automated dispensing, domiciliary services, mail order, internet services

• Change to non-prescription medicine status.

**Challenges in the community pharmacy setting**

• Financial viability

• Preservation of market share as opposed to competition from supermarkets, internet pharmacy and other sources to get drugs

• Cost containment

• Keeping up with ethical and legal considerations; the misconception that having a good business aspect is inconsistent with good clinical practice is very often discussed

• Use of computer technology to connect with prescribers and maintain patient’s profile

• Time management to allow for new patient contact interventions required.

**Business operations**

• Accounting: keeping records

• Finance: monitoring cash

• Personnel management: managing people, training and development

• Production: time-and-motion studies

• Administration: payments, legal requirements, ordering.

**Personnel management**

• Appointing and dismissing of staff: issuing contracts and drawing up job descriptions

• Health, safety and welfare

• Training and development.

Good management improves the satisfaction of patients with professional pharmacy services and meets expectations regarding the quantity and quality of the care received.

**Starting a pharmacy**

• Plan the business

• Strategic planning and identifying legal form of business (proprietor, partnership, company)

• Capital needs: obtain financing

• Location and licenses

• Set up records

• Insure the business

• Manage the business.

**Plan the business**

For businesses where the pharmacy already exists and is being taken over, this step is essential to evaluate costs incurred in acquiring a business.

• Review history: for already existing businesses, the sales and profit; for a new pharmacy look at potential for clients

• Assess condition of facilities and identify and cost any upgrades necessary

• Estimate maximum realistic profit that can be generated

• For already existing businesses, assess ability to transfer goodwill to new owner.

**Strategic planning**

• Identify targets according to timeframes where the business should be

• Assess the impact of changes on targets

• Develop and implement procedures and policies.

**Capital needs**

• Establish how to finance starting up business:

enquire with banks regarding loans and repayments and work out how these conform with the expected profits

• Set-up capital:

– buying or renting business and/or premises

– insurance

– fixtures

– equipment

• Stock

• Start-up capital:

– capital needed to get it started immediately prior to opening or during the first few weeks

– decorative fixtures

– office supplies

• Operating capital:

– expansion

– cash shortages.

**Location**

• Population: community demographic data

• Competition with other businesses

• Availability of physicians and primary care clinics, collaboration with prescribers in the area

• Retail shops close by may serve as a positive point in that the area is considered as a shopping centre

• Traffic direction may hinder access to the pharmacy or may have a positive influence on patron’s choice, availability of parking space.

The accounting system for a pharmacy should be developed in a way that it is easily understandable and serves the needs of the pharmacy. Financial records are required both for internal and for external reasons.

**Product lines**

• Decision on what to stock:

– not to delay dispensing a prescription

– not recommended to keep a product just in case someone needs something because overstocking may lead to money tied in stock or to stock that will become shop soiled or past its expiry date

• Carry out study sales

• Identify prescribers in the area and define drugs that they prescribe.

**Buying merchandise**

• Right quality

• Right quantity

• Right supplier

• Right time.

**Policies and procedures**

Specific policies and procedures are needed for specific tasks to explain the procedure and who is authorised to:

• place orders and receive merchandise

• update legal records

• keep financial records

• check stock, update and maintain formulary.

**Sources of supply**

• Reliability

• Order-processing time

• Delivery

• Risk

• Credit extension.

**Merchandise control**

• Expiry date

• Shop-soiled items

• Slow moving merchandise

• Stock levels.

**Services offered**

• Methods of payment for clients: acceptance of credit cards

• Provision of domiciliary services and delivery to institutions and house-bound patients

• Dispensing services: emergency prescription dispensing, unit-dose dispensing, containers

• Patient profile cards

• Point-of-care testing: blood pressure monitoring, blood tests

• Patient monitoring, medication review and patient counselling

• Controversial issues: advertising and slashing prices, discounts.

**Personal selling skills**

• Identifying prospective customers

• Approaching clients

• Attracting attention to the services provided

• Handling queries

• Follow-up of interaction with clients.

**Design and layout**

***Physical environment***

• Promote atmosphere that is pleasing, conducive to shopping and professional

• Psychological effect or feeling created by physical characteristics of the pharmacy.

***Pharmacy layout***

• Planning the internal arrangement of departments and allocating the amount of space for each department

• Designed to direct ‘traffic’ around the pharmacy

• Space allocated to specific departments depending on profitability

• Maximising exposure of products.

**Product presentation**

• Most saleable and profitable items in the most prominent locations

• Products arranged by pack size, colour, brand, price

• Eye-level positions rather than bottom or top shelves

• Prepare impulse purchase items on counter

• Identify fast moving products.

**Shop-window display**

• Pleasing

• Matches image projected by the pharmacy

• Simple

• Clean and neat.

A large number of purchases from the pharmacy with regard to non-prescription items and parapharmaceuticals occur as a result of impulse buying. Methods used to attract clients to the pharmacy and to display the stock, and the stock displayed, influence impulse buying.

**Financial operating processes**

**Journals**

• Purchases journal: to record credit purchases (supplier, amount, when payment is due)

• Sales journal: to record accounts receivable

• Cash disbursements journal: to record purchases paid.

**Balance sheet**

A balance sheet is a statement of the financial condition of the business at a given point in time. It reflects what is owned by the pharmacy, what it owes and what the owner has invested.

**Assets**

• Current assets: convertible into cash within a year (e.g. short-term stock)

• Fixed assets: not used within 1 year (e.g. computer, office equipment)

• Intangible assets: goodwill.

**Liabilities**

• Amounts owed to creditors.

• May be current liabilities (must be paid within 1 year) or long-term liabilities (e.g. bank loans).

**Computers in pharmacy**

• Used for stock control, purchases and supplies

• Used for professional services.

**Computer use for professional services**

• Electronic patient records

• Presenting point of access to patient information on the web

• Management of prescribed medicines

• Promotion of healthy lifestyles: development of compact discs

• Pharmacy webpage, on-line pharmacy services.

**Computer audit**

• Password to limit access to authorised personnel

• Back-up copies

• Keep up regular physical counts of stock and expiry dates.

In converting from a manual system to a computerised system or from one computer system to another it is advisable to keep a parallel version (the old system) for some time. This reduces the risk of errors. However, it is more expensive.

**Advantages of computerisation**

• Improved business information

• Increased work quality

• Better organisation of business

• Record keeping: patient profiles

• Stock status immediately available and controlled.

**Disadvantages of computerisation**

• Initially demanding on staff

• Conversion from manual to computerised system may be traumatic

• Generates a large amount of information which may be of little value to business but distracts attention from major issue

• Investment required: computer hardware and peripherals (e.g. printers), software, back-up and storage.

**Steps in acquiring a computer**

• Identify the activities that will be carried out with the computer system

• Select adequate hardware (including right memory) and software

• Select the vendor that provides the system according to specifications required and has after-sales services

• Install system and train the users.