



Tips to boost your profit

Mandeep Mudhar shares six key tips that can increase your pharmacy's profitability

AS INCOME FROM the supply of medicines continues to diminish, independent pharmacists are having their business skills tested to maintain their profit levels.

In order to boost your bottom line in an increasingly competitive market place you need to consider your business from every angle: your financials, your pharmacy team, your pharmacy environment, your customers, your current offering, opportunities and how you market your business to the local community.

New initiatives should reinforce the pharmacy as a destination for healthcare, whilst encouraging footfall by providing customers with vital local services that are not being provided elsewhere. A good business initiative will be profitable for your pharmacy, meet the requirements of your community and play to the key strengths of you, the community pharmacist.

Make the most of services

There are a number of nationally commissioned services (some specific to each home country) for which money is available and ring-fenced – so why is it that their full potential is still not being realised? Some, MURs for example, have a volume cap, but for many others it is

about selecting appropriate patients, and targeting them is essential.

We know that the locally commissioned services landscape is hazy and there is uncertainty about who is responsible for what as public health and CCGs evolve – so the first priority is to find out what is going on in your locality. Once you are aware of what is being commissioned, you will be in a better position to decide which services you want to provide.

Don't forget that there are patients willing to pay for services either not available through the NHS or where there is no other option available. Flu vaccinations started years ago as a private pay niche service, but today the service is being widely commissioned. These private services may well pave the way for future commissioning. Do you know the demand for paid-for services in the community you serve?

Using your PMR data, in addition to the knowledge of you and your team, is critical in identifying a pool of patients that can be targeted, and this should form part of your services business plan. Talk to your staff about identifying patients who may be appropriate for these services. Encourage counter staff to engage patients in

conversations about understanding their medicines better, and from there book an appointment if the pharmacist is not available right there and then.

Attend local accreditation programmes or courses that allow you to provide services you want to provide. You can then market your pharmacy as an accredited provider to attract patients from far and wide.

Identify the demand for private services by asking your patients, staff, local businesses and even your local surgery. You might find a whole unmet need that you can fulfil and capture other additional benefits by bringing in new customers to your pharmacy. Capture the outcomes from these services and share success with staff, colleagues, GPs and others. It is really important that you can show what 'good' looks like, as this will open the eyes and ears of commissioners about what pharmacy can do.

Tie into a good commercial deal

The most obvious way of buying generics is to adopt a 'best buy' approach where you select purchases on a product-by-product basis from a variety of suppliers' lists. Supermarkets offer a variety of offers each week on products that we all know and most of us need. So the headline rate for PG Tips may encourage you to consider Asda for your weekly shop, but once you get there you may find you pay more for Heinz Baked Beans. Few shoppers will go to different supermarkets for each item on their shopping list because of the time, effort and transport costs involved, so they make a judgement as to where they will get their overall shop for the best value.

It's the same when it comes to purchasing in the pharmacy. Yes, by shopping around it is possible to obtain discounts, but this is false economy. And it can take half an hour or more to save that few pence – a pharmacist's time is worth more than that! In addition, time saved on sourcing generics can be diverted towards providing services – the profit from delivering one MUR is far more easily and quickly obtained than the equivalent saving from your generics' bill. Manufacturers and buying groups offer schemes that offer good generics' prices across a basket of products and save you a lot of time and hassle.

Reduce your stockholding

Many pharmacies, particularly independents, stock too many products. Implementing a core range of the top 2,500 selling lines is essential to grow your average transaction value, gain loyalty and increase profits.

Overstocking on like-for-like products is not only confusing for customers but is damaging to profits and your brand. Consumers are used to choosing between a brand leader and an own brand – this strategy gives them choice and ensures loyalty and profits for the retailer. Pharmacy should be no different.

If you do not stock a product that a customer is asking for, and an alternative simply won't do, offer to order it in from your wholesaler for next-day delivery. There is no need to stock 8,000 products – over 85 per cent of pharmacies' retail profits come from a core range of 2,500 lines.

Sell a solution, not a product

When dealing with customers the pharmacy team should be encouraged to recommend other products and/or services that would complement the product sale or aid patient recovery. Don't just sell products, recommend complete solutions. This type of customer interaction is something they will not receive from a grocer. Link selling helps increase average sales, cash margin and promotes customer loyalty.

When looking at link selling, consider the following ranges:

- Cold and flu products with tissues, decongestants, vitamins and lipcare
- Hay fever products with tissues, decongestants and eyecare
- Travel products: anti-histamines, anti-diarrhoeal/rehydration remedies, indigestion remedies, pain killers, travel sickness tablets, sun care, first aid and insect repellent
- Footcare: corn plasters with insole supports, pain relief, cosmetic footcare products.

Utilise counter staff to encourage sales

How often do we see our staff encouraging customers to come back for their dispensed medicines rather than ensuring they have an engaging experience in the pharmacy while waiting? We are all impulsive buyers if there is a good offer or something catches our attention – and pharmacy is no different.

Consider changing the phrase, "would you like to wait for your prescription or call back?" to, "your prescription will be about five minutes, please take a look at our monthly special offers while you wait". This will encourage your customers to browse rather than stand rooted to the spot, or worse, leave the pharmacy to buy their products elsewhere.

Maximise your prescription volume

EPS brings a whole new ball game to the business of capturing prescriptions and patients. And the simple truth is that if you have not started signing people up to EPS through your pharmacy, someone else will be doing so. The system will advocate your pharmacy, but only if the patient has signed up to the EPS scheme through you and you have notified the system of this. If it means having a dedicated member of your team capturing nominations, so be it. What could be more important in securing your core business?

And once you have done this, then it is about ensuring these patients continue to use your services going forward. Managing your repeat prescription patients, locking them into your service above all, and making the availability of their dispensed medicines easy and hassle-free is an absolute priority. Over 80 per cent of patients in the UK are on repeat medications – this will be your biggest profit centre. ●

Mandeep Mudhar is director of marketing at Numark

A good business initiative will be profitable for your pharmacy, meet the requirements of your community and play to the key strengths of you, the community pharmacist