

Take Time for a Pharmacy Tune Up

There are some basic, fundamental ways in which independent pharmacies can improve their businesses, and they should be periodically reviewed to ensure success. Keeping the cost of goods as low as possible is so basic that many pharmacy owners believe they have this covered. But actually, they haven't really checked in years.

The relationship with your wholesaler is key when it comes to keeping your COGs as low as possible. Wholesalers have programs to help make sure you are buying efficiently and maximizing your cash flow. Your buying group is another key relationship. A buying group also has a variety of programs to help you.

Talk with your fellow pharmacy owners about tips they have found to lower their COGs. The NCPA Annual Convention, Oct. 15–19 in New Orleans, is great for those kinds of conversations.

The biggest expense for the average independent pharmacy is personnel. Nobody wants to reduce hours or eliminate positions, but an annual assessment of your current staffing levels is appropriate and could save tens of thousands of dollars.

The capabilities of today's pharmacy management systems are light years ahead of where they were even a decade ago. They can cue your business for adherence opportunities and help

streamline your business to make it operate more efficiently.

The most basic ways to increase profits are to make more money from your product or service, reduce the cost of your product or service, or do both. Getting paid more is even more challenging than lowering COGs and reducing costs, because of the take-it-or-leave-it contracts that pharmacies currently have little choice but to sign.

PBMs sell a network of pharmacies (i.e., YOUR pharmacy). Your pharmacy services administration organization should be an important partner in guiding you through the network contract signing process; with 29 states now having passed some form of MAC legislation, your PSAO has become even more essential in helping pharmacies understand the changes. In some states, the PBM has to respond to MAC appeals, but the pharmacy has to submit the appeal—which often is a service offered by your PSAO.

There are other ways to increase incremental revenue. For some pharmacies it's improvement in the non-prescription side of their business. NCPA's Front-End *Overhaul* can help pharmacies grow their non-PBM touched revenue. For other pharmacies, it's growing their business by addressing specific needs in their community such as special packaging or expanding their LTC business.



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There are growth opportunities out there, but usually you have to find them. As I said before, the NCPA Annual Convention is a great place to start. Learn more at www.ncpanet.org/convention. ■

Best,

B. Douglas Hoey, Pharmacist, MBA
NCPA Chief Executive Officer