



The Pharmacy
Guild of Australia

EXCELLENCE

SPRING 2015



**PHARMACY
TRANSFORMATION
– WHAT IS IT AND
DOES MY PHARMACY
NEED SOME?**

**CHANGE: MANAGING
THE ROLLER
COASTER RIDE**

**MAKE ROOM FOR
PROFESSIONAL
SERVICES**

TRANSFORMATION IS ONLY ACHIEVED THROUGH CHANGE

Your community pharmacy is more than a health care destination. It is an essential business contributing greatly to your community's economy. Transforming your business to provide sustainable consumer services to patients has never been more important. Establishing these services requires energy and time spent on positive business development.

This edition of *Excellence* is released at the 2015 Pharmacy Business Network — the Guild's boutique event focusing on business development, people management and innovative opportunities. Aligned to an event concentrating on transforming your business from the roots up, *Excellence* brings you 28 pages of practical content which is easily applied to your pharmacy.

Starting with the basics — Pharmacy Transformation Group Executive Pam Price, and Victorian Branch President Anthony Tassone, have explained what the industry means by "transform" and why pharmacies should embrace change and evolve. They explain that "community pharmacy opportunity lies with an integrated, value-based model, providing health solutions that will meet the needs of your customers and community into the future" and why this needs to become a fundamental component of your small business.

Our 2015 Pharmacy of the Year champion Hannah Mann of Kimberley Pharmacy Services, Broome, describes the process she followed to open her remote pharmacy services on page 14. Hannah strives to bridge the service gaps for local Indigenous communities and has developed a strong network of medical officers, Aboriginal Health Workers and nurses with the same goals and ideals. Her advice to other pharmacists is simple yet effective - build a great team culture, service your community's needs and foster a 'tsunami of passion'.

The call for change and what process your pharmacy should go through for successful change management is described on pages 10-12. Implementing change in your business is not a one off event — it is an evolutionary process that all businesses must go through to grow. This article introduces you to the change curve and the tools to increase transformation success.

Guest authors and presenters at PBN2015 Mark Fitzgerald and Peter Saccasan have combined their knowledge of pharmacy sales and partnerships to provide an overview on page 18 of what steps you should go through in order to find the right business partners and pharmacy to suit your objectives.

From negotiations through to settlement, these handy hints will ensure your purchase stays on track and works for you.

Now that you have purchased the right pharmacy and have the right partnership model, identifying the services your pharmacy needs to offer is an essential element of business. Time should first be spent on assessing your current consumer demographics and getting to know your customers better, and our latest article in our demographics series on pages 22-24 highlights the wealth of information contained in statistical data from the Australian Bureau of Statistics.

After these new services are identified and justified, implementing and promoting become the main focus. 2015 Pharmacy of the Year professional services category winner Paul Jones of Moodie's Pharmacy, takes the time to outline his secret to success — marketing. Following the five Ps of product, price, promotion, place and people, Paul has transitioned from traditional service offerings to patient targeted fee generating services. ■



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PHARMACY TRANSFORMATION

What is it and does my pharmacy need some?

Pam Price — Group Executive, Pharmacy Transformation Group
 Anthony Tassone — President, Pharmacy Guild of Australia (Victoria Branch)

The five year Sixth Community Pharmacy Agreement (6CPA) has been signed; that's great news, so what's next?

The 6CPA gives community pharmacy much needed certainty and stability for the medium term, but now is not the time for the industry to rest on its laurels. Now is the time to leverage that stability and manage the transformation of your pharmacy, to take advantage of new opportunities as community pharmacies become health solution destinations.

Why should you 'transform' and what does it involve? While dispensing and medicines management are core professional services of pharmacies, building a sustainable pharmacy business can no longer rely solely on these. Community pharmacy opportunity lies with an integrated, value-based model, providing health solutions that will meet the needs of your customers and community into the future.

The need for transformation has been regularly reinforced in recent times. Korda Mentha, an advisory firm that provides restructuring and turnaround support, published a research paper in 2014 titled *Pharmacy: A challenging and changing outlook*¹. They noted "the Australian retail pharmacy industry is facing a challenging outlook...As the window of 'windfall' profits from generic medicines closes, retail pharmacies must adopt new strategies to position themselves in a changing future." Based on their research, they recommend "pharmacies need to invest and restructure, moving away from transacting and reacting to a 'customer-centric' model that focuses on customer experience and skilled and specialist staff as differentiators to the volume driven approach of discounters".

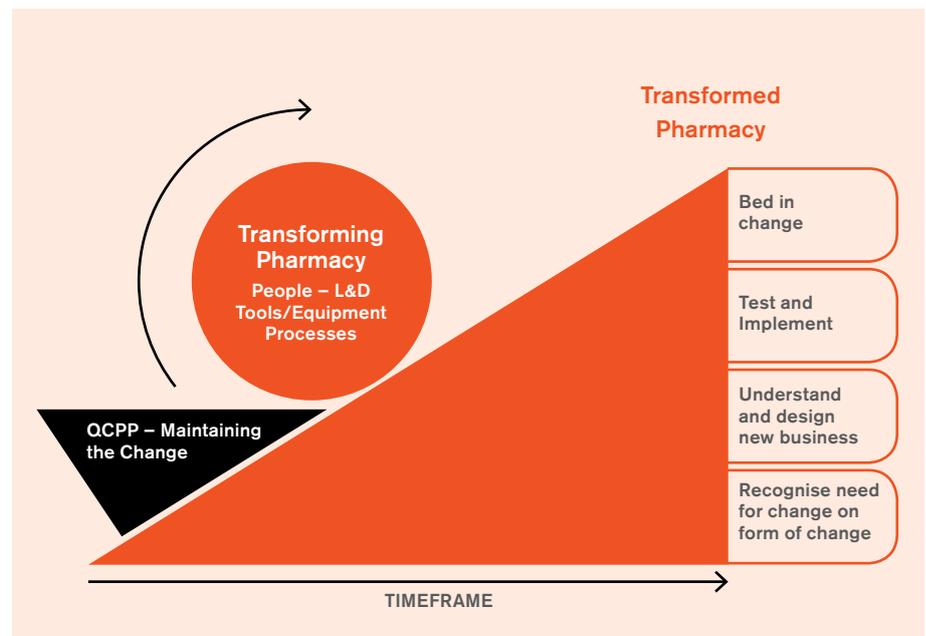
¹ Korda Mentha. February 2014. Publication No. 14-01. Pharmacy: A challenging and changing outlook. Retrieved from http://kordamentha.com/docs/default-source/publications/14-01_pharmacy.pdf

An expanded role for pharmacists has been more recently supported in the Consumers Health Forum of Australia's survey *Consumers Voices on Expanding the Roles of Pharmacists into Primary Care Services*.² Over 500 consumers responded to the survey which asked key questions on how Australians want to receive front-line care. 71.5% of respondents were supportive of pharmacists having a larger role in providing primary care services and 69.5% said they would support their local pharmacists offering additional primary care services.

So what does it take to transform your pharmacy? Transformation is about making fundamental changes in how you conduct your business to meet shifts in the market environment. It doesn't necessarily mean moving away from the core business of supplying medicines and related products, rather incorporating adjacencies such as professional services that protect, complement and add-value to provide an integrated health solution.

Transformed businesses focus on excellence across all operations that contribute to success; market positioning, supply chain, customer service, people management, harnessing technology. Success in transformation can often be seen reflected in the characteristics of the business, in this case your pharmacy. Pharmacies that have or are undergoing a level of transformation have a focused business plan, they have benchmarked their performance and are ready for change.

FIGURE 1 STEPS TO TRANSFORMING YOUR PHARMACY



These pharmacies are run by leaders who are 'present' in their business and they engage their employees through clear vision and goals. These pharmacy owners have derived their goals through proactive community engagement focused on ensuring their pharmacy meets the needs of their customers. Their goal is to provide valued health solutions to their customers which are financially sustainable for the pharmacy. This goal is enabled through well trained and customer-focused staff and supported by an integrated business infrastructure.

These are all positive characteristics that you might already have or can aim to develop, but transforming is not an aimless wander and not all change is good change.

Transforming to reap return on your investment means progressing through the following key steps:

1. Recognising the need for change and defining the purpose or desired result;
2. Understanding and designing what you want your business to look like;
3. Testing and implementing your ideas;
4. Bedding in the changes in your pharmacy business;
5. Monitoring, evaluating and identifying opportunities to improve and enhance; and
6. Repeating the process, the journey continues!

² Consumers Health Forum of Australia. July 2015. *Consumers Voices on Expanding the Roles of Pharmacists into Primary Care Services*. Retrieved from www.chf.org.au/pdfs/chf/Summary-of-Pharma-and-PHC-Consumers-Report.pdf

In the current climate the need for change is probably obvious, but changing to what? Not all professional services may be relevant to your pharmacy and its customers; what is best for you? You're a community pharmacy so the best place to start is in your community.

Have you engaged and do you know what your community looks like? In this and earlier editions of *Excellence* a number of articles have focused on using publically available data to understand the demographics of your community. You can expand this view by engaging directly with your community through groups and organisations. For example, if you are located in an area of young families, have you thought about engaging with the Nursing Mothers' Association or local child care centres? Make yourself available to learn their health needs and shape your pharmacy offerings to cater for this market. Perhaps offer to visit and meet with the groups to provide presentations on your health services. Staying engaged with your community and making them aware of your offerings is a key marketing strategy and will help set your business plan. Remember you are best off planning, resourcing and executing specific services that are relevant to your local market well rather than trying to do all possible services.

Having a business plan with a clear goal based on your community's needs is a step in the right direction, but being ready for the change is often more challenging. Change is about where you're going to but relies on you already knowing where you are – being given a map and told to find Point B without being told where Point A is presents a problem.

Do you know where your business is starting from, have you conducted a performance or SWOT analysis of your business, have you benchmarked that performance? Guild Members can access tools such as Guild Digest and the Business Resilience Tool Kit, to help with business planning and benchmarking. Element 6 of the QCPP Requirements Manual also provides some guidance on business planning.

Part of your business being ready for change is also having your staff ready for change. It is crucial staff are educated on the need for change; what is happening, why is it happening and how will it happen. Building an awareness of the need and creating a desire to want to change can mitigate many of the common risks associated with managing change. It's also important to acknowledge that change may not be for everyone and some hard decisions may be needed to create the team that can support and enable your pharmacy transformation.

With a clear goal and a team that is ready for change, a transforming pharmacy business needs to be well designed. This involves having engaged staff with the right skills and support tools to deliver the quality health services you are offering. At a physical, infrastructure level it is about the layout of the pharmacy, the technology and equipment. At a business practice level it is about new ways of working and how you can document that practice into procedures that ensure a quality, repeatable level of service is provided to your customers. QCPP can aid in ensuring that business practices are well documented and fit for purpose. As a quality management system, QCPP is focused on enabling your pharmacy to achieve business objectives to meet your customer's requirements.

Remember change doesn't need to be immediate or dramatic. In transforming your pharmacy, change can be progressive and new health services can be trialed giving you the opportunity to test and implement further adjustments or improvements before you lock down the offering. Going back to your customers for feedback is a valuable approach.

The shift in the community pharmacy landscape means a pharmacy's revenue base needs to change; pharmacies can no longer rely on dispensing as their sole revenue stream. Transforming your pharmacy to provide integrated, value-based health solutions will be both exciting and daunting but there is no time to start like now.

In the words of Jack Welch, who as chairman and CEO of General Electric between 1981 and 2001 saw the company's value rise 4000%, "Change before you have to".



MAKE ROOM FOR PROFESSIONAL SERVICES

Natalia Webster – Marketing and Communications Officer

Step inside Moodie's Pharmacy in Bathurst NSW and you will be welcomed with smiling staff, eager to help pharmacists and an abundance of health services on offer.

These health services are accessible through Moodie's EasyClinics, provided by Instigo, a concept that has become well-known around the Bathurst community with many returning customers using the services to take control of their health. Paul Jones, owner of Moodie's Pharmacy took time to share their success journey which led to the pharmacy winning the Excellence in Professional Services category in the 2015 Pharmacy of the Year awards.



FIGURE 2 THE 5PS OF MARKETING



Starting in 2013, Moodie's Pharmacy introduced multiple new services through careful business planning and sound business structures. This investment in new services allowed the pharmacy to expand from specialising in traditional diabetes services to providing blood sugar levels testing, weight loss, and height and weight measurements. Within the next 12 months, the services grew even more rapidly with the introduction of opioid replacement therapy, carbon monoxide monitoring, health screening for breast awareness, bowel health, Medscheck and Diabetes Medschecks.

The pharmacy also took advantage of the growing demand for their sleep apnoea services by implementing home sleep studies for their patients. Another year later, the pharmacy really stepped up showing a consistent delivery of a broad range of services with 13 additions including cholesterol testing, leave/absence certificates, influenza vaccination and more.

Paul identified that to grow and develop his business, he needed it to be recognised by the local community as a healthcare destination. This required the introduction of professional services that meet the needs of his existing and future customers. To determine which services to offer in his pharmacy, Paul researched his community.

"Part of it is to look at your demographics. You can get the demographic data from the Australian Bureau of Statistics and you can also talk to people and find out what the demand is," Paul said.

As well as looking at the community around him, Paul has broken down his pharmacy business and from that structured a sensible model following a popular five P's system.

"Now, when I talk about retailing and providing services, I think about the pentagon model, the five Ps, it's the product, place, price, promotion and the people around it".

"We looked at that and went, 'Okay, our Place is our consultations rooms, our Product is our services, our Price is we've got a price list, we create value, we give people printed copies, we do it one-on-one and it's private' so we create something tangible there and we also create a value perception around it", Paul said.

"We also promote the pharmacy, we've implemented consistent branding that says, 'We're a healthcare destination' and we have designated EasyClinic days every Thursday where staff wear green. We promote our services not by discounting but with the value we offer. Finally we do the last part which is 'people'. Here we allocate the resources, receive necessary training and communicate with our customers to create strong, loyal relationships".

To ensure success with the five P's model, a quality management framework was implemented at Moodie's where systems, processes and controls are used in the business to drive continuous improvement and reduce the incidence of variation and error in the delivery of business operations. With usual day-to-day pharmacy procedures, additional services and an increase in customer traffic, structured processes were essential for the smooth operation of the pharmacy.

Recording pharmacy activities has emerged to be an essential factor in ensuring adequate business management, as well as a structured system to charge for services.

"I don't think you can do services properly unless you've got two pharmacists and you've got a consultation room. And most important if you don't record it, it never happened, so you need some type of CRM (customer record management system)", Paul said.

Moodie's Pharmacy implemented a systematic use of GuildCare as a CRM option to record all customer interactions, their current and previous medication and health history.

"If a patient comes in, all staff are able to look up their history and carry on providing that continuity of care. We have GuildCare available on computers in both rooms, which allows you to actually be part of the healthcare team and help the patient with the lifestyle changes", Paul said.

"If the patient has diabetes, we may also offer them a blood pressure test, measure their height and weight, record it and every month review the patient's improvement in health".

"This systematic recording process allows you to be part of the healthcare team and actually help the patient with the lifestyle changes. With the ability to record this treatment, you are able to show patients that you've made a difference over time and motivate them to do more to change their health", Paul said.

The Moodie's recording process has enabled the pharmacy to begin charging customers a fee for service which can prove difficult for many pharmacies, with regular customers sometimes shocked to find out their usual, accessible services now come with a price tag.

"Transitioning into charging for services was a bit of a task. Historically if you haven't charged for a service it's very hard to get people to make that quantum change. I took an approach that provides quality and gives the customer something tangible to take away. This has been a journey, it's not something you can do overnight", Paul said.

When it comes to the logistics of your pharmacy, Paul has a very simple yet strong message "You can't deliver quality services without a consultation room". Moodie's pharmacy is a prime example where building sustainable and inviting consultation rooms was a top priority.

Inside the room a customer will be welcomed by a professional services pharmacist highly trained in delivering advice on issues such as sleep apnoea, bowel health and flu vaccinations. The two private rooms are fitted out with table and chairs, a computer, access to a coloured printer, scales, stadiometer and resource kits for delivery of multiple services.



The first EasyClinic room is designed to be friendly to patients with limited mobility who use a wheel chair or motorised scooter. The room has a larger double door opening which also allows greater visibility to customers in the store, as well as providing necessary privacy when needed.

"We actually gave up retail space to secure these rooms. We decided to give up non-core pharmacy products with careful evaluation of our demographics", Paul said.

"We identified that baby products are not key for our area due to a number of different factors, as well as gifts. We wanted to focus on having products people can access only through a pharmacy" Paul said.

As well as giving up retail space, Moodie's Pharmacy had to re-evaluate staffing roles to ensure best outcomes for patients and best practice within their provided services.



"Initially when we built the rooms we thought, 'Okay, this is not working, why?' and it was because we didn't have someone allocated to drive it. It essentially came down to having the right person in the right place to deliver the service or to identify customers that may need the service", Paul said.

"Now, we have two pharmacists Monday to Friday; one is allocated as being the professional services pharmacist, which means a lot of the time doing services and communicating with patients. The other person is allocated as being the dispensary pharmacist who is checking scripts and managing Webster packs".

With Moodie's pharmacists busy taking care of the clinical aspects, extra training was provided to dispensary technicians to manage the administrative side of the pharmacy. With the separation of clinical and administrative roles, resources can be used more appropriately.

Added training for dispensary technicians at Moodie's also showed a rise in job satisfaction with team members becoming a more integral part of the team.

Paul Jones is a great example of a dedicated pharmacist seeking to transform the way consumers pursue and value pharmacy. His innovative approaches to management of professional services are a clear example of why Moodie's Pharmacy came out as winner of the Excellence in Professional Services category in the 2015 Pharmacy of the Year award. Finishing off the interview, Paul had some solid advice for any pharmacist looking to expand their services.

"Research your market and understand your demographics. Be a champion in one or two specific areas that are in demand. Build your customer loyalty, expand from there and don't forget to invest in a consultation room! I believe these factors are key in developing and maintaining a successful business model".

For more information

On the Ps System of Marketing go to www.business.gov.au >
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CHANGE: MANAGING THE ROLLER COASTER RIDE

Jo Legge-Wilkinson — Consultant, Business Support

Innovation, transformation, health destination — we're told the pharmacy of the future won't look like the pharmacy of the past.

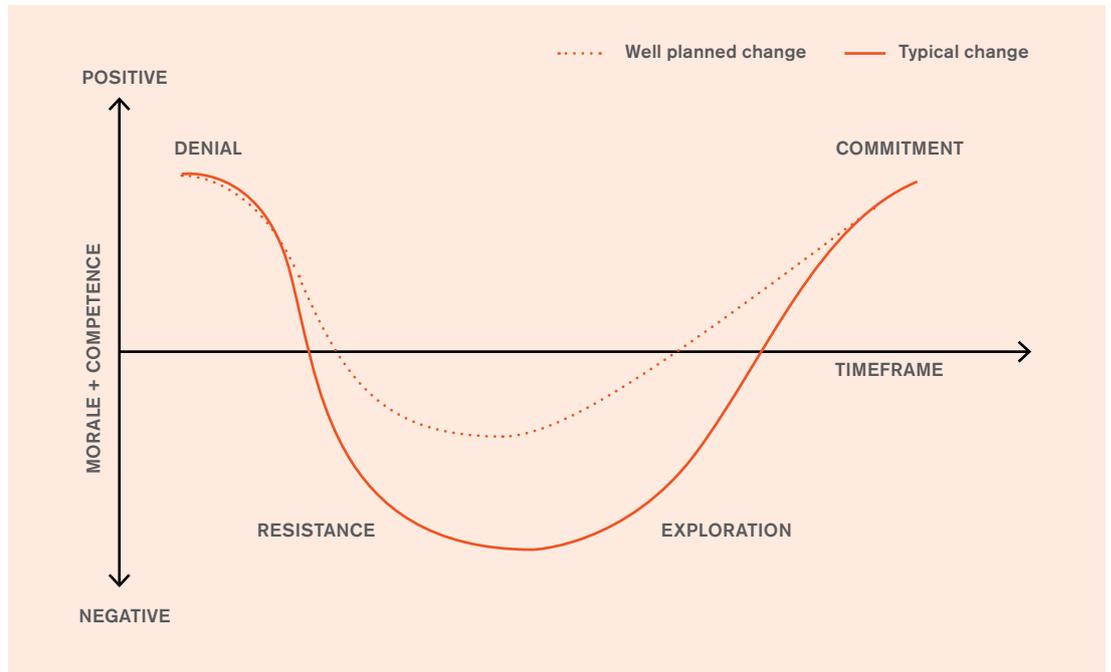
Gone are the days when the pharmacist was corralled in the dispensary managing medicines; now we have 'free range' pharmacists on the shop floor. Past are the days when you went to the pharmacy simply to fill your prescriptions; now it's the first port of call for health advice. Undeniably, community pharmacies are still doing and will continue in future to do the things they have always done — manage and dispense medicines. However changes, particularly in government policy, business structure, and competition, as well as community expectations, mean pharmacy businesses must transform in order to remain viable. They can no longer remain the same.

So what does this mean for your pharmacy? You recognise the need to change and you have a plan. Maybe you've decided to introduce a new professional service, change your staffing structure, rejig your front of shop, or implement a new business structure. Whatever you have decided, it will involve change.

Understanding the change process and having a structure to guide you through the process is essential for successful change management.



FIGURE 3 THE CHANGE CURVE



Change is a process not an event. If we look at nature this is evident everywhere - summer changing into autumn, daylight into dark, caterpillars into butterflies. Likewise a change won't occur in your business just because you have made an announcement, sent an email, or held a meeting. Business change is also about process - we move from what we know now, through a period of transition, to the new.

As in nature, in business the process of change is predictable. Just as the caterpillar turning into a butterfly follows a foreseeable series of steps, likewise there are distinct phases individuals, teams and organisations go through on the path to change.

THE CHANGE CURVE

The Change Curve, based on a combination of Kurt Lewin's three-phase model of social change and Elisabeth Kubler-Ross' five stages of grief, is useful for understanding the phases one undergoes during the process of change. Using the Change Curve as a guide when managing change allows you to better understand people's reactions, uncover barriers and develop actions to overcome resistance faster.

STAGE 1: DENIAL

The first phase of change is denial. For most people change is not easy to accept. When a change is first introduced people's initial reaction may be one of shock or denial. Often, while knowing there is to be a change, people will not comprehend the impact the change will have on them. They deny there will be a change to the status quo.

This stage is best managed by helping team members understand why the change is occurring and how it will be helpful. Keeping people informed about what is happening helps to build a sense of security.

STAGE 2: RESISTANCE

Stage 2 of the change process is the period of resistance. Once the reality of change starts to hit, people may react negatively. Things they used to do with ease have now become difficult. Ordinary activities take longer to do. Actions are no longer second nature. This can bring about feelings of anger, self-doubt, fear and anxiety. Negative feelings can cause a drop in morale and team members may show their resistance by being uncooperative.

This stage needs careful planning and preparation. Know what is going to happen and how it is going to happen. Carefully consider the impact on people and objections they may have. Be sure to address these concerns with clear communication and support, and by taking action to minimise and mitigate the problems people may experience. It is important to manage this stage proactively – listen to the concerns of stakeholders and demystify the change.

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STAGE 3: EXPLORATION

The third stage of the change process sees people finally understand and accept the change. During this stage people need to test and explore what the change means to them. It is a time of learning and people will do this more easily if they are helped and supported to do so.

You can lay good foundations for this stage by making sure people are well trained and are given early opportunities to experience what the changes will bring. Be aware that this stage takes time. You shouldn't expect people to be 100 percent productive during this stage – they need time to learn.

STAGE 4: COMMITMENT

Commitment is the final stage of the change process as productivity starts to increase and people start to feel more in control. In this stage changes start to become second nature, and people embrace the improvements to the way they work.

It is important at this stage to continue to monitor and assess the process. Look for ways to improve your processes and correct problems as they appear. Also reward team members for their contributions and keep them motivated and committed.

USING THE CHANGE CURVE FOR PHARMACY TRANSFORMATION

So what does this mean for the pharmacy looking to transform? The Change Curve has been likened to a roller coaster ride – the topography of the curve shows that those managing change must count on plummeting staff morale and motivation before it will rise again. Like a roller coaster ride change can be exciting, exhilarating and a little bit scary. Like a roller coaster ride it is also predictable.

As someone introducing change, you can use your knowledge of the Change Curve to give individuals the information and help they need, depending on where they are on the curve. This will help you accelerate change, and increase its likelihood of success.

Also, use the Change Curve to understand that negative emotions during change are normal and, most of the time, they are transient. This is helpful in supporting yourself and others during change.

Finally remember, the intensity of each stage of the change process can be limited by careful planning. Developing a business case to identify and describe your business changes will help you explain changes to your staff and keep planning on track. A clear and well-reasoned business case for change will assist you to navigate through the change process and will save you time and effort once the process is underway.

Business can't change if people don't change. So it's how you manage through the process of change that will make or break your results. Businesses that handle change will thrive, whilst those that don't will struggle to survive.



**Will your pharmacy
become our
2016 champion?**

'I wanted to be a pharmacy leading innovation.

I wanted to be a pharmacy with a great team and I wanted a pharmacy with the community behind me; that knew they could get great services and health outcomes from me.'



Samantha Kourtis
Capital Chemist Charnwood, ACT
Pharmacy of the Year 2014

'It was exciting to have the work of Kimberley Pharmacy Services and our staff acknowledged.

I think we often work in isolation so it was great to hear that we measure up well against other pharmacies and the reinforcement that we are providing a great service was fantastic for our team.'



Hannah Mann
Kimberley Pharmacy Services, WA
Pharmacy of the Year 2015

To enter visit

pharmacyoftheyear.com.au

Entries close Wednesday 14 October 2015

**ENTRIES
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MANN OF THE HOUR

A winner's take on success

Chris Davis – Communications Officer

When Hannah Mann was taking the initial steps to get her first pharmacy, Kimberley Pharmacy Services (KPS), off the ground she admits she had no contracts, no clients and no business.

With all the challenges ahead, Hannah (then only in her late 20s) says she never had any doubts about the success of her venture. For her it was a choice of now or never.

"I always had the innate confidence that these things are all going to work out in the end. Looking back now, I probably should have been more scared!" she says.

It was this kind of self-assuredness that endeared to audiences Hannah's story during APP2015 in March where she accepted the 2015 Pharmacy of the Year Overall and Excellence in Community Engagement awards.



Hannah left audience members teary eyed as she shared her story of building her successful pharmacy business in Broome, delivering essential medication services straight to the door-step of her patients in remote indigenous communities. When she talks about how she felt after accepting the award more than six months on, that confident nature she's known for takes a back-seat.

"It was a bit overwhelming. I went back to my hotel and I told my boyfriend 'look, I don't want you to say anything to me for about an hour.' I think I had spoken to more people over those three days than I probably do in a month."

She has the same attitude when the conversation turns to why she decided to enter the Pharmacy of the Year competition.

"To be honest, I never felt we would win. I actually did it on the last day it was due and then kind of thought about it at the last minute," she says.

Hannah shares a lot of these stories: one minute she's holding court for thousands of her peers and colleagues with aplomb, the next she's doubtful her efforts will ever get noticed. It's easy to see that her well of confidence stems from her passion in her business, her patients and her staff. But it's moments during her self-reflection you see that she is incredibly grounded.

"I think in remote health you kind of live and die by your professional reputation," she says. "That is something I think I'm particularly mindful of in Aboriginal health, around really making sure that I can be in the best position I can be professionally."

"What drove me was never about owning businesses and making profit. It was always about health outcomes and closing the gap and things that were bigger."

"I think in remote health you kind of live and die by your professional reputation," she says.

Hannah and her team work closely with medical officers, nurses, Aboriginal health workers and the government in the Kimberley through support clinics to provide medicine services to 29 Indigenous communities in an area roughly twice the size of Victoria.

Her pharmacy also offers pharmacist visits, phone and email services, after hours support and DAAs, all to support Aboriginal communities where rates of diabetes in some areas are nearly five times higher than the national average, with similar rates in renal diseases and suicides.

For Hannah, her journey from breaking ground on KPS to now owning two pharmacy businesses wasn't something she fell into – it was always part of her plan.

"Aboriginal health and remote clinics really needed dedicated services and it's not something you can run out of a retail pharmacy I don't think."

"There was so much support around having a pharmacy service that was specific and dedicated but also something that was quite malleable from the health services point of view."



Hannah spends most of her time on the road working with Indigenous health organisations serving as a vital link to many regional service providers and hospitals in Perth to provide medication reconciliation on admission and to support the discharge process.

She also works hard making sure patients are educated on their medication and that they are culturally appropriate. Hannah often experiences firsthand the subtle cultural differences. She shares a story when working in a remote community in the Fitzroy Valley where she was approached by an Indigenous patient with a question about taking his medication during breakfast.

"I had an older gentleman come up to me and say 'sister, sister I have a problem,'" Hannah says. "He said 'I can't take my tablets'. And I was like, 'Geez! We did all this stuff, they're once a day!'"

"When I asked why he couldn't take them he said 'I don't have breakfast'. I thought 'I am such an idiot.' ... So I said to him 'you get up and whenever you eat you take your tablet.'"

"Now when I talk to patients, I ask 'when do you usually eat? Breakfast or dinner?'"

Not only is Hannah making headway into learning how to be a better communicator, her work is also teaching patients that pharmacists don't just stand behind a dispensary.

"People are being more aware about what a pharmacist can do, what a pharmacist is all about and that they are really important," Hannah says.

"It's also about how much people actually understand what they can access from the pharmacy and also how much they understand the knowledge a pharmacist possesses."

Spending so much time away from her team and pharmacy, Hannah relies on technology to not only keep in contact with her staff, but also with her patients. The KPS team had a hand in developing a local electronic medication record which keeps track of patients' medication history to improve safety and health outcomes for patients.

"I used to lose sleep all the time around never knowing the full picture of the patients."



“We’re all a passionate bunch. I’m a bit of a tsunami of passion which can be a bit overwhelming at times!”

“If we didn’t have our electronic health record, how many patients would we have potentially given the wrong medication or how many patients would have been admitted to hospital or had a bad health outcome as a result of that? You never know.”

Hannah has proved to be a savvy user of online tools. She recently hired two new pharmacists through Facebook after posting her Pharmacy of the Year winner video on a pharmacy training page.

She admits she’s learning as she goes when it comes to staff management and HR. Despite not having any formal skills or training, Hannah says she’s managed to recruit a highly talented team she’s proud to work with every day.

“[With my staff] we always talk about the important things we do, because it’s hard for the staff based in Broome who don’t see the end result.

I’m lucky when I go out to remote clinics and get the feel goods of actually seeing changes in health outcomes.”

Hannah says while it’s important for her team to possess a range of skills, the trait on the top of the list when hiring staff is passion.

“Hiring people based on passion rather than skill sets: that’s really, really important. People can learn process but you can’t learn passion,” she says.

“We’re all a passionate bunch. I’m a bit of a tsunami of passion which can be a bit overwhelming at times!”

After a lengthy chat, Hannah’s advice for others starts to crystallise into a nice neat list: build a great team culture, service your community’s needs and foster a ‘tsunami of passion’.

“And a lot of hard work,” Hannah adds.

“We continue to work very hard and make sure that we are constantly improving and evolving and delivering in every way.”

“We’ve always kind of tried to maintain a business culture around our clients and that’s really the reason why we’re here.”

Even after winning Pharmacy of the Year, building on her successes and leading the charge in closing the gap, Hannah will always think she can prove to herself, and everyone else, she can do more.

“I have to do the opposite of coasting. And I thought at the time when I won, if I do all these other things, can I win the award again?” she says.

“I felt like I wanted to do more before I won it, but that’s OK.”

BUYING A PHARMACY: AN OVERVIEW

Mark Fitzgerald — Principal, Meridian Lawyers

Peter Saccasan — Director of Pharmacy Services, RSM Bird Chartered Accountants



So you have found a pharmacy to buy, agreed on the price in principle and have the funding to proceed, but don't know what happens next? Here is a brief overview of the process involved in buying a pharmacy.

As a first step, you should ask your accountant to undertake financial due diligence and assist you in relation to the price being negotiated. The onus is on the buyer to investigate as much as possible and sound advice is important in this vital step. You should not rely solely on what the seller, or the broker for the seller acting as their agent, is telling you about the pharmacy business you are interested in.



You will need to instruct a solicitor to act for you in the purchase, and it is helpful if your accountant and solicitor liaise regarding the terms of the purchase and any perceived risks. Usually the seller, through their business broker, will ask the buyer to make an offer using a short form 'heads of agreement'. Make sure you ask your solicitor to check this — it should be non-binding and subject to completion of due diligence to your satisfaction.

At this stage the buyer should thoroughly examine the claims made by the seller about the profit the business generates.

Generally a pharmacy business will sell for a price based on a multiple of profit or the application of a rate of return to the profit. The multiple will reflect the risk that is perceived to be attached to that business and the ability to continue to earn the stated profit. Profit is normally the business profit before interest on borrowings and after allowing a salary for the owner who has to work in the business.

The usual procedure is that the actual profit and loss statement is laid out and then adjustments are made to reflect what might be a normal operating outcome for the business. Working with your accountant at this stage is important so you have an expert eye considering the adjustments presented by the seller in the financial statements. For example, your accountant would question adjustments such as:

- **Gross profit dollars from sales reduced:** If the gross profit dollars are not reduced, the profit remains inflated and so will the price of the business.
- **Wages expense reduced:** Be cautious if the seller suggests wages are too high and that you as the new owners could operate with fewer staff. By reducing wage costs, profit is higher and so is the price of the business.

- **Banner group fees added back to profit:** This is the seller suggesting that these fees are discretionary. Be warned, in many cases they are not. If these fees are added back, profit is higher and so is the price of the business.
- **Repairs reduced:** Look closely at the nature of the repairs and be sure they were one-off and not ongoing. By reducing this expense, profit is higher and so is the price of the business.

Your solicitor will engage with the seller's solicitor and ask for further clarification where information has not already been provided as an attachment to the draft contract. This process is sometimes referred to as the legal due diligence process during which your solicitor checks that you are buying what you thought you were buying, and that the seller actually owns all of the assets of the business being transferred including items such as the lease, the intellectual property (trademarks etc), the stock and the plant and equipment.

Your solicitor will undertake searches including property searches and searches of the Personal Property Securities Register to ascertain what security interests are registered over the business and assets. These must be discharged on completion so that clear title is transferred to you. This process is similar to the process of discharging the current owner's mortgage over a house when a new buyer completes the purchase.



If you are buying with a partner, you should consider the benefits of negotiating a partnership agreement.

AGREEMENT WITH YOUR PARTNER

If you are buying with a partner, you should consider the benefits of negotiating a partnership agreement governing your relationship, with effect from settlement of the purchase.

A partnership agreement would cover issues such as how the business is to be run, how much time each of you are to devote to the business, profit shares, voting rights, and what is to happen to the business if one of you resigns, retires or dies.

EXCHANGE OF CONTRACTS

Generally, contracts for the sale of a pharmacy are prepared by the seller's solicitor because the seller has the relevant information and documentation about the business which is needed to put the contract together. A seller will often be referred to as the vendor in the documentation.

The contract sets out procedures for dealing with the transfer of any lease of the premises and the obtaining of any consents which are required, such as consents to assignment of the lease from the landlord, and consents to any mortgage over the lease which is to be required by the financial institution funding your purchase.



Contracts for the sale of a pharmacy will contain conditions precedent which are requirements which must be satisfied before you will be legally obliged to complete the purchase. The obtaining of all necessary consents in relation to the lease are important conditions precedent, as are the requirement for Pharmacy Council and Medicare approvals to be given. You should make sure you are satisfied your finance has been formally approved and that you can satisfy all financial conditions, or make the contract 'subject to finance'.

It is important for you and your solicitor to carefully review the contract prepared by the seller's solicitor. In particular, the contract should include a range of seller warranties, and the seller (and its principals) should provide robust and enforceable restraint covenants.

Once your solicitor is satisfied that all is in order, he or she will arrange for you to sign and exchange contracts with the seller. From this point, the parties are under a legal obligation to buy and sell subject to the conditions precedent being satisfied. Some important considerations include:

- **The lease:** There are requirements for lessor and assignor disclosure when the lease is transferred. The purpose of the disclosures is to ensure that the buyer is made aware of relevant information relating to the lease before accepting liability under it.
- **A stipulated training or assistance period:** If you requested it in the contract, the seller will attend at the pharmacy after settlement in order to train and assist you and/or your staff and provide you with important practical information.
- **Employees:** Usually the buyer will decide which members of the current staff are to be offered employment upon the handover of the business. The buyer should consider whether he or she wishes to interview staff prior to settlement, and if so, have this written as a term of the contract. It is important that the position regarding employees is considered carefully. Having the terms of their new employment written into a formal offer letter and contracts prior to them commencing employment is vital for the buyer under the Transfer of Business provisions of the Fair Work Act 2009.
- **Stock:** Generally, a stocktake will take place at the pharmacy on the last business day before completion in order to determine the exact amount to be paid for stock on completion. The buyer will generally pay an agreed amount to the seller on completion, and there will be an adjustment of that figure once the results of the stocktake are known. If you do not wish to buy certain items of stock (e.g. stock within 3 months of its expiry date), then this should be set out in the contract.

COMPLETION

Completion is sometimes also referred to as settlement. The buyer's solicitor will liaise with the funder regarding draw down on loans, and with the seller's solicitor regarding the directions for payment of the purchase monies.

All parties will agree a time and date for the settlement meeting. At settlement, the solicitors will collect any discharges of outgoing securities, deal with the transfer of the lease, hand over cheques for purchase monies, collect documentation facilitating the transfer of the business name to the buyer and the assignment of any trademarks, and the legal transfer of the pharmacy will take place.

There are a few steps which need to be undertaken by your solicitor after completion, such as registering the transfer of a lease (in some states and territories), checking the status of outgoing securities, and ensuring that any adjustment sums payable to you or the seller under the contract are properly dealt with such as adjustments to the amount payable for stock.



ACCESSING DATA

from the Australian Bureau of Statistics

Kevin De Vries — Resource Development and Project Pharmacist

Previous articles in this series have discussed the value of understanding the demographic characteristics of the customers who use your pharmacy.



This article looks at some of the rich sources of data available from the Australian Bureau of Statistics and how an understanding of the Australian Statistical Geography Standard can help you find the right data to understand your target market.

The Australian Bureau of Statistics (ABS) www.abs.gov.au is the statistical agency of the Australian Government; it provides key statistics on economic and social issues to allow informed decision making, research and planning.

The ABS administers the national census and compiles data from the census and many other sources to provide a continuous stream of information about Australia and its economy, businesses, communities and people.

Some data tables such as national wage earnings, unemployment or consumer price index are updated monthly, quarterly or annually to provide information to government agencies; other data such as community demography may be updated only annually or following each census.

ABS GEOGRAPHICAL STRUCTURES

In order to obtain the most useful information for your needs it is useful to have an understanding of how the ABS arranges and presents its data geographically. Many ABS reports are able to provide data according to the Australian Statistics Geography Standard (ASGS). You can learn more about the ASGS on the ABS website. Most pharmacies will obtain the information they need about their communities and target markets by referring to SA2 and SA3 locality information.

STATISTICAL AREA 2 (SA2)

Although the ABS gathers data in smaller clusters (termed mesh blocks and Statistical Area 1), the smallest reporting unit is generally at Statistical Area 2 level. SA2 regions represent communities that interact together socially and economically.

Australia has been divided into 2,214 SA2 regions with populations in the range of 3,000 to 25,000. You may find that your pharmacy's target market comprises one or more SA2 regions. For example data on the Melbourne suburb of St Kilda, the NSW town of Goulburn and the Adelaide suburb of Glenelg can all be reported at SA2 level.

STATISTICAL AREA 3 (SA3)

Regions at Statistical Area 3 are geographic areas used for the output of regional data. They cluster together groups of SA2 regions that have similar regional characteristics. There are 351 SA3s covering the whole of Australia. Pharmacies in regional centres such as Ballarat, Toowoomba, Launceston may find the information presented at SA3 of more value; as may pharmacies in towns that attract customers from many kilometres away.

SIGNIFICANT URBAN AREAS

Some data is reported using groupings termed Significant Urban Areas (SUA). These groupings are useful where information is sought about towns or cities that cross a state or territory border. While SA2 and SA3 groupings are confined to data clusters in one state or territory only, SUA reports can report, for example, on locations such as Albury-Wodonga, Echuca-Moama or Gold Coast-Tweed Heads.

With so much information available it can be difficult to know where to start when you first visit the ABS website. Once you have an understanding of the site layout and the geography on which you wish to report, I suggest you try the following reports.

DATA BY REGION

The Data by Region report <http://stat.abs.gov.au/itt/r.jsp?databyregion> provides a consolidation of ABS statistics on a particular geographic region. Enter your suburb or town in the search box and the map and side menu hierarchy will help you to identify the SA2 or SA3 region you are seeking.

Once you have found your location click on 'View data' to view a breakdown of ABS data including number of people, median age, average earnings, major employment sector, percentage of Aboriginal people, percentage of people born overseas, percentage of post-secondary education and more. Click on the + sign next to the categories People, Economy, Industry, and Energy and Environment for additional information.

COMMUNITY PROFILES

The Community Profiles www.abs.gov.au/websitedbs/censushome.nsf/home/communityprofiles produced from census data provide a comprehensive statistical picture of an area in MS Excel format. Data from the 2011 census are reported in SA2 and SA3 regions as well as other data groupings including suburb, local government and SUA areas.

SOCIO-ECONOMIC INDICES

The ABS Socio-Economic Indices www.abs.gov.au/ausstats/abs@.nsf/mf/2033.0.55.001 provide indexes of socio-economic advantage, disadvantage, economy, education and occupation for an area, suburb, town or region. We will discuss the Socio-Economic Index for Australia (SEIFA) in the next article in this series, but the ABS website has some helpful descriptive articles on the concepts behind socio-economic reporting.

OTHER REPORTS: AUSTRALIAN HEALTH SURVEY

The Australian Health Survey www.abs.gov.au/ausstats/abs@.nsf/mf/4364.0.55.003 provides important information on the health characteristics of Australia. Although some data is available at State or Territory level, this report is of less value in identifying local demographic information

GIVE IT A TRY

The best way to get to learn the information available from the ABS is to jump right in and test out the Community Profile and Data by Region reports. Type your region into the search facility on those pages. Refine your search by selecting the names of nearby locations.

Once you have a feel for the reports which are available, visit the statistical geography section and spend a little time learning about ABS data classification. Then you will be equipped to construct searches and compile demographic profiles on specific target markets.



NEW

DEVELOPMENTS

FROM QCPP

Chris Shortis – QCPP Administration Services Manager

HUMAN RESOURCES ASSESSMENT

Currently QCPP permits pharmacy groups to sign a declaration stating all human resource (HR) records for the pharmacy are located at the head office and have been audited, confirming relevant information is located in the personnel file. This process will cease from 1 January 2016.

From 1 January 2016, HR documentation will need to be assessed either on site at the pharmacy or at the head office. If a group of pharmacies wish to request a head office audit, a QCPP assessor will be allocated to assess the HR records of all pharmacies who are due an accreditation. Full details of the head office assessment process can be accessed at qcqp.com/resources/tools/qcpp-forms and within the Knowledge Hub.

Head office assessments are to be conducted in the quarter preceding the pharmacy's accreditation period. The following table explains the timeline for booking and conducting head office assessments.

TABLE 1 HEAD OFFICE ASSESSMENT TIMELINES

Pharmacy's accreditation date period	Opening date for head office assessment request	Final date for head office assessment request	Head office assessment completed (inclusive of remedial actions)
1 January to 31 March	14 September	14 October	31 December
1 April to 30 June	14 December	14 January	31 March
1 July to 30 September	14 March	14 April	30 June
1 October to 31 December	14 June	14 July	30 September

Group head office's will be charged an assessment cost based on the number of pharmacies assessed. Costs will include travel and accommodation if the assessor has to travel more than 75km to the head office.

To apply for a head office assessment, head offices should go to qcpp.com/resources/tools/qcpp-forms and complete the QCPP Head Office Assessment Application listing all relevant pharmacies to be assessed.

From 1 January 2016, HR documentation will need to be assessed either on site at the pharmacy or at the head office.

EXPANSION OF PROFESSIONAL SERVICES

Community pharmacies are able to offer as part of their business, additional professional services to their communities, for example In-Pharmacy Vaccination Services and Absence from Work Certificates.

QCPP accredited pharmacies considering the introduction of a professional service into the pharmacy will need to ensure they meet QCPP Program and Assessment Rules 31 and 32.

Before you commence advertising your new professional service, you must notify QCPP within three months of the service commencing to obtain provisional accreditation. To apply, complete the QCPP Expansion of Professional Service Application form, available at qcpp.com/resources/tools/qcpp-forms, and provide an explanation of each additional service being offered.

The completed form is to be sent to help@qcpp.com or faxed to QCPP on 02 6270 1885. An administration fee of \$110.00 (including GST) will be charged for each professional service.

If you fail to notify QCPP that you have commenced a new professional service, it may result in a sanction being applied to your pharmacy.

As a community pharmacy it is important the professional services you offer in your pharmacy are accredited. Not only does it give you the confidence your business is running according to best practice standards, your customers have the satisfaction of knowing the quality of services you are delivering have met these standards.

FEEDBACK MANAGEMENT SYSTEM

QCPP values your feedback, which is why at QCPP we have enhanced our Feedback Management System. Having an effective feedback system empowers you to provide comments on what we are doing well and areas that require improvement.

The enhanced QCPP Feedback Management System is designed to improve services for you as a stakeholder by providing an opportunity for compliments and complaints. The system will provide QCPP a framework for continuous improvement by finding ways to do things better. QCPP will focus on a transparent system to give you confidence in the program.

We would appreciate hearing positive stories from you on how QCPP has assisted you in your business. We also welcome your concerns and complaints, it means we are listening to you, and at QCPP our aim is to strengthen our relationship with you and improve your business.

We aim to ensure community pharmacies are compliant with QCPP requirements. A thorough process has been developed to investigate situations where a pharmacy may be in breach of compliance in a QCPP related area. If a pharmacy has been found to be non-compliant a sanction may apply. There are different levels of sanctions: such as a warning letter, partial assessment, assessment without notice and suspension of QCPP accreditation.

If you know of a pharmacy which is in breach of compliance we would like to hear from you... it is the right thing to do to ensure the integrity of community pharmacy, the QCPP program and most importantly the health and safety of the community.

Remember all feedback can be anonymous, an electronic QCPP Feedback Form is located at **qcpp.com/QCPP-Pharmacy-services/Compliments-and-Complaints**.

We look forward to hearing from you.





REFRESHER TRAINING

The following courses have been approved for Refresher Training since the last edition of *Excellence*. This approved list is correct at Tuesday 1 September 2015. To see the complete list of currently approved activities go to www.qcpp.com/resources/training-requirements

New Approvals				
Training	Approved Duration	Approval Period	Format	Training Provider Contact Details and Notes
Medicines to Relieve Pain	30 mins	16/6/15 – 15/6/17	Online	Guild Pharmacy Academy (02) 6270 1888 guildpharmacyacademy@guild.org.au To check availability of face-to-face training near you, contact your local Guild Training Branch
Terry White Chemists S2/S3 Refresher Training	1 hour	26/5/15 – 25/5/17	Online	Terry White Management kylie.turner@twmanagement.com.au
CounterConnection (PSA Self Care)				Pharmaceutical Society of Australia psc.nat@psa.org.au helen.howarth@psa.org.au
Atopic Eczema and Xerosis	1 hour	1/6/15 – 31/5/17	Distance/ Online	PSA Self Care inPHARMation (June 2015)
Hay Fever	1 hour	1/9/15 – 31/8/17	Distance/ Online	PSA Self Care inPHARMation (September 2015)
TBA	1 hour	1/10/15 – 31/9/17	Distance/ Online	PSA Self Care inPHARMation (October 2015)

CONTACT THE GUILD AT

guild.nat@guild.org.au

OR THE GUILD'S NATIONAL SECRETARIAT

ON 02 6270 1888

BRANCHES IN EVERY STATE AND TERRITORY.

www.guild.org.au/guild-branches

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CONTACT QCPP AT

help@qcpp.com

1300 363 340

www.qcpp.com



The Pharmacy
Guild of Australia



Guild Pharmacy
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Quality Care
Pharmacy Program

An initiative of The Pharmacy Guild of Australia

Supporting Excellence in Pharmacy

Thank you to Kimberley Pharmacy Services, Broome WA; Priceline Pharmacy Bourke Street Mall, Melbourne VIC; and Moodie's Pharmacy, Bathurst NSW for their participation in the photography.