Part 1 – The pharmacy landscape

Chapter 1 – What pharmacy used to be

When I was a child growing up in the eighties, my parents only ever went to one pharmacy for medicine and advice. This pharmacy was across the road from their candy shop in Chester Square, Newcastle. While we rarely needed medicine, I was a regular visitor who went to the pharmacy to watch the massive Kodak machine spit out photos.

While helping my parents, I always used to watch the pharmacist, John, in his long white robe. John always gave my parents remarkable support and advice. He left no stone unturned, he made sure that my parents were getting the best advice he could give, and he would follow up on how a medicine performed. John was an amazing ambassador for his profession – kind, supportive, selfless, caring and noble.

Day in and day out, my dad he stood behind his candy shop counter overlooking John's pharmacy. As a migrant living in harsh conditions with his parents and much-loved family thousands of kilometres away, his goal was to give his children the greatest possible chance of financial freedom, respect and dignity. He believed that if we were ever to leave our mark on the world, we needed to become pharmacists. He dreamt that his kids would someday wear those magnificent white robes and take on what he believed to be the most noble and rewarding profession in the world.

This idea resonated and two of my brothers did eventually become pharmacists. Meanwhile, I was too busy wanting to get out into the world and didn't want to study the extra years, so became a nurse. (Ironically, after I finished my nursing degree I felt like studying some more and ended up with an MBA and a Certificate IV in Training and Assessment. But that's another story.)

Pharmacies used to be the hub of the community. They were a place you would turn to get the best advice about your health, knowing that the pharmacist's top priority was your wellbeing.

Pharmacy was one of our most trusted and noble professions, and the profession was looked at with a sense of duty to care for the community. As a result, the pay was great, pharmacists lived a plentiful life and enjoyed the greatest of respect. Rather than worrying about competing against other pharmacies, competition was only against their own standard of service.

These pharmacists were surrounded by great teams. As I grew up and transitioned from primary to high school, I got to know the wonderful girls who worked at the pharmacy across the road. I thought they were the kindest and most supportive people I had ever come across, and over twenty-five years later, I still remember their faces. I will never forget their constant smiles; smiles that made me feel like I wasn't 'just another customer'.

The truth was that no customer was 'just another customer'. In the pharmacies of old, it was as though the customers weren't customers at all – they were guests who were treated with the utmost care. Because the pharmacy team hadn't been tainted by sales tactics and upselling; they advised and supported from the heart. As a result, customers did not feel like they were being sold to. Instead, customers got the best products available without manipulation, and the advice they received was focused on what would benefit them – not what would generate the most profit.

This built true loyalty at a time when there were no loyalty cards or discount vouchers. Like my parents, people went to a single pharmacy for life and felt so respected and cared for that they would never set foot into another pharmacy unless there was an emergency. It was as though they had a share in 'their' pharmacy, and would not settle for anyone else.

This is true loyalty – when your customer feels guilty buying from anyone but you. And this loyalty is what creates a community around your pharmacy.

Chapter 2 – Pharmacy today

In the pharmacies of old, pharmacists were free to focus on serving their customers because they weren't stressed about their bottom line. The government supported their profession, wholesalers gave them ample time to pay their stock back and pharmacies weren't savagely competing against each other in price wars.

Today, things couldn't be more different.

According to the IBIS industry report *Pharmacies in Australia 2014*, the Australian pharmacy industry is only growing at a rate of 1.2 per cent a year, and more pharmacies have gone bankrupt in the last two years than at any time in the history of the pharmacy industry in Australia.

The Pharmacy Guild estimates that the average pharmacy will lose $90,000 in profit in the 2014-2015 financial year due to government reforms. To put that in perspective, if we extrapolate that based on the estimated 5,000 pharmacies in Australia, that would be $450,000,000 in lost profit to the pharmacy industry.

Additionally, cash flow is tighter than ever before due to the increasing expense of doing business. According to a study conducted by BMI, purchasing costs now add up to sixty-five per cent of a pharmacy's expenses. While overheads are part and parcel of many industries, with wholesalers cutting down payment times significantly pharmacies have to cough up the cash much, much earlier than they used to. Other expenses include wages and salaries (16.8 per cent of expenses), utilities (seven per cent of expenses) and rent (three per cent of expenses). All in all, the profit margin of an average pharmacy is just seven per cent.[1]
Another cost that is often overlooked is shoplifting. Even though some pharmacies have excellent security, due to the cost of good security systems many simply do not have a system in place. Shoplifting is a major burden – not only does it causes a small yet painful bleed in profit, when customers are caught it usually causes a commotion within the pharmacy and disrupts the team. It is also a stressful encounter for many team members because it is very hard to approach a thief when you really don't know how severe the thief's reaction is going to be.

This is then compounded by increased competition for pharmacies, both with retail chains like Chemist Warehouse, My Chemist and Priceline entering the market, and even supermarkets and discount stores like Coles, Big W and Kmart, which now sell a range of non-prescription medications.

Ultimately, the battle to survive has become an everyday affair for modern-day pharmacies.

A change in focus

Comment [J1]: Is this from the same report, or do you have a different source for this fact?

Comment [J2]: Given that your book will probably come out early in the next financial year, it would be worth updating this statistic with how much was actually lost, if you can find it

Comment [J3]: What does this stand for?

Comment [J4]: It would be valuable to say how many pharmacies are running at a loss, if you can find this information

[1] IBIS data. Industry report Pharmacies in Australia January 2014. Changing landscape: Regulatory and competitive pressures constrain growth. Report G4271a

These pressures have resulted in a change in focus in the pharmacy industry. Rather than being a pillar of the community, the pharmacy has become a retail establishment.

I believe that the moment the community pharmacy became the retail pharmacy we lost the true meaning of the community pharmacy.

With the retailer mentality being applied to pharmacy, no value is placed on the pharmacy serving a deeper purpose, the pharmacy nurturing its staff and providing a nourishing culture for them, and genuinely supporting customers. Instead, the focus is making the sale. And this focus impacts every area of the pharmacy.

Pharmacy leadership

With these pressures, pharmacists find themselves in a state of constant stress to make ends meet. The adrenaline rushing through their systems increases their heart rates, constricts their arteries and increases their blood pressure. More glucose is pumped into the blood stream and the pancreas slows down. Pharmacists become tense and on edge as their bodies race to catch up.

This creates a situation where they feel like they're constantly fighting fires. They starve their capacity to empathise with others and nurture their needs because they are too preoccupied with balancing the books, gaining the highest market share, having the highest growth and creating the biggest discounts to lure in customers.

They think of customers as transactions rather than people, and they reduce staff conversations with customers to save time rather than improving the relationship between their customers and their team. This means they try to make the sale as quickly as possible, rather than focusing on what the customer really needs. In short, the pharmacist creates a culture that's all about taking from the customer, rather than giving value-added support without focusing on money.

Before long, cracks in team communication start showing, impatience kicks in between the team members, trust breaks down, and everyone on the team is only looking out for themselves.

In the end, the pharmacist is so focused on solving their current problems that the pharmacy as a whole lacks purpose and long-term business planning. What they don't realise is that this focus on fighting today's fires is ensuring more fires will ignite tomorrow.

The team

Because the pharmacy owner's focus is on managing spiralling costs, team members are the first ones to suffer.

As I mentioned earlier, on average, salaries and wages account for 16.8 per cent of a pharmacy's expenses, which is very low when you consider that the cost of goods for the pharmacy is a staggering sixty-five per cent of expenses.

The cost of running a pharmacy has skyrocketed so much that many pharmacies are resorting to hiring very young, inexperienced staff to keep the cost of wages down. However, many of these

team members are young high schoolers who have no training on how to deal with customers who are predominantly in the pharmacy due to an illness or disease. Time and time again I witness communication gaps between young pharmacy assistants and customers, especially the elderly. What pharmacy owners don't realise is that this dynamic has a number of run-on effects. Many of these customers move to other pharmacies where they can be heard and understood, and when they are catching up with friends at bingo or lawn bowls, the bad customer service story spreads. I know of a whole croquet team that boycotted a pharmacy over a simple mistake – thirty-seven elderly patients wanted to remove their scripts from the local pharmacy, all because a group of the pharmacist's innocent friends caught up and played a game of soccer on their croquet pitch. While you might feel like you're saving money on wages, hiring young, untrained staff is a hidden cost that can be chipping away customers without you noticing.

Wages are also an integral part of people's lives, and underpaying employees (whether they are juniors or not) can lead to dissatisfaction with their position. This is particularly true when there's a rift between the rich owner and the low socio-economic staff member.

Meanwhile, the pharmacy culture today doesn't encourage team members to do their work well. Every week I get to hear stories of how a pharmacist made an extra sale by 'pushing' the sale onto the customer or by luring the customer to remove their scripts from the neighbouring pharmacy and filing them at their pharmacy. At the end of each conversation, the pharmacist calculates how much money from the scripts they would make from their tactics. Did you know that some pharmacies praise the team members who make the most customers switch to them by obtaining the customer scripts on file? It is as though once the scripts are on file with the pharmacy they're locked in and can't get away. I can only imagine how hard it would be for a customer to request her files if she wanted to move to another pharmacy to make herself feel better.

This is also encouraged by a lack of training on how to sensitively address individual issues, as instead pharmacies focus on serving each customer as quickly as possible. However, when customers go to a pharmacy, each has a different situation to the previous customer, even if they have a similar health issue. For example, the complications of one diabetic could be cardiovascular risk that is treated by diabetic drugs, statins and antihypertensives, while another diabetic may have an infected foot with a high risk of gangrene and possible amputation, while another may suffer from diabetic retinopathy so would not be allowed to drive anymore. The problems that each individual faces are unique, regardless whether they have the same disease or not. However, when the pharmacy team is only focused on dispensing a script and processing a payment as fast as possible, these needs aren't addressed.

This lack of training, transactional culture and focus on keeping costs down is then exacerbated by increasing workloads. Many pharmacies today are cutting staff numbers to further reduce costs, rather than maintaining adequate staff numbers and creating a balanced work environment. This causes staff then become stressed, which has further ramifications for their performance.

In the end, these disgruntled employees are then more likely to be driven by the money and can be easily poached by supermarkets and other pharmacies for as little as an extra dollar an hour. Then you have to recruit all over again, orient the new recruit and the cycle goes over and over again, what a massive waste of time and money.

Customers

Now imagine how all of this is affecting your customers. Instead of focusing on their customers' health, pharmacies have an insatiable appetite for new customers at any cost, and are doing everything they can to lure customers through their doors, including fierce discounts, marketing campaigns, loyalty programs and special offers.

And, once the customer is through the door, the focus turns to how much the pharmacy team can encourage them to spend – 'pushing' sales onto customers, persuading customers to remove their scripts from the neighbouring pharmacy and file them at their pharmacy, and flogging generic medications for financial incentives.

Ultimately, these issues have led to pharmacies valuing the dollar more than the health and wellbeing of customers. Medical checks are viewed as a cash grab instead of an opportunity to further understand and support the patient's health and wellbeing, customers being upsold whether they need it or not, pharmacy teams no longer have the ability or desire to provide personalised care, and many pharmacy teams no longer recognise that their customers are humans who are loved as grandparents, parents, partners, friends and children.

In short, customers and their health have become commodities.

This then causes the customer to focus on price, rather than being loyal to their community pharmacy. And once your customer is used to buying at a lower price it becomes very hard for them to buy at the regular price. This creates a negative cycle where you further reduce the price in order to entice your customers to remain your customers. However, this retail attitude only drives the need to sell more, which puts further pressure on the pharmacy team.

The community

Comment [J5]: To cover all four pillars, I think you need a section on how this pharmacy culture impacts the community as a whole, including how they value their health

The result?

The ultimate result of this transactional relationship between pharmacist, staff and their customers is that they only ever make short-term gains, like an upsell, rather than building a genuine relationship and helping the customer improve their health.

In the wider industry, I believe retail pharmacy is one of the very few industries that is cannibalising itself as pharmacies compete for every last cent. Signs offer to beat the price of any script by ten per cent, pharmacy processes require that customers have to walk through the pharmacy before paying for their medication so they hopefully buy some of the colourful specials on offer, and staff are encouraged to push discount products whether the customer needs them or not. As a result, the industry has become a financial statement where mark-ups and retail profits have replaced the language of health care and community.

Long gone are the days when the pharmacist was one of the most trusted professions in the country, when the community pharmacist knew everyone by name and chatted with customers about their children, and where the pharmacist felt humbled to be supporting people in their community.

However, while these days are gone, I believe we can bring them back.

I envision a pharmacy industry that has a sincere bond with its team, its customers and its community. A bond that creates sincere loyalty. A bond that elevates the practice of pharmacy from the downward spiral of financial focus to the upward spiral of a human focus.

Chapter 3 – Treating the cause

The financial turmoil facing the pharmacy industry is merely symptom of a much more serious problem. It is a symptom of the widespread commoditisation of health.

The most common mistakes I see in the pharmacy industry all come down to trying to treat this symptom, rather than treating the cause of the problem. Because the pharmacy owner sees declining profits, or even losses, they focus on cutting costs and increasing sales. However, as I discussed last chapter, this focus has simple exacerbated the problem and has created a vicious cycle that continues to drain the pharmacy team's motivation, their customers' loyalty and their community's health.

If you've found yourself in this situation, I don't want you to blame yourself. I've been in the same position.

In 1992 I completed my HSC and decided to become a nurse because I wanted to support the sick. I loved nursing – it was an incredible way to fulfil my desire to support others. Every patient to me was someone I loved, and I did everything in my reach to create a healing environment for them. I quickly became a nursing supervisor and began teaching students almost my own age.

However, as I became entrenched in the hospital system, my focus started to shift from having a genuine relationship with every patient to the hospital culture of looking at people as cases instead of human beings. When the medical and nursing team were having a medical brief we would say, 'This is a case of a fractured femur, the patient is on the following medications and will be sent to the operating room tomorrow morning,' and so on, always focusing on the 'case' instead of the person. And I transformed into a case-driven robot just like everyone else.

This changed one day in the emergency department, when we had a 'case' of multiple fractures due to a car accident. The patient was hanging on by a thread and had severe head injuries. We were working like clockwork to save him – no emotion, our minds completely on the task at hand – until he finally became stable and conscious.

After this great effort I left the emergency room and was going to hand the patient over to the Intensive Care Unit. I walked through the waiting room where many concerned family members and friends wait for news about their loved ones, and an older lady carrying a two-year-old baby in her arms asked me about her son – the man I'd just spent hours saving. I told her I was really busy now and that I would talk to her later. She begged me saying, 'He is my son, he is my son! Is he alive?' As I continued like a robot towards the ICU, she followed me and grabbed my clothes. 'Look, look he has three children,' she handed the baby to me. I held his son and I felt so guilty that I started crying. I was ashamed of myself – how could I have become so heartless? How could I have become so desensitised to such an important situation in people's lives?

I calmed enough to tell the mother that her son was alive and stable, yet this was the hardest wake-up call in my life. I could not believe that I, someone who had always prided himself on being so caring and compassionate, could have become a desensitised robot. I had become part of the hospital culture of insensitivity. Even though we were playing a crucial role in saving of people's lives, we lacked the human touch. We never followed up a single person when we referred them to other wards, we never thought of the loved ones struggling in the waiting room waiting for a

glimmer of hope and we never thought of anything beyond the scope of our duty, unless it was a relative.

I am forever indebted to this caring mother for her wake-up call, because she highlighted how entrenched we become in the atmosphere of our work. We tend to move with the majority and, in many cases, we lose our identity only to become a part of a weak whole. We drift away from our individual brilliance, veer away from our true beliefs, and slowly each individual loses their true colours, only to be awoken by a harsh wake-up call.

For some people, the only solution is to leave the culture.

For others, the solution is to change the culture itself. I didn't leave, but instead told this story to my colleagues. We all agreed that we had lost our human touch and that we would have greater fulfilment if we allowed ourselves to show better care and deeper emotions. We recognised that we were in the health care industry and it was not wrong to be attached to the people we supported and saved. It was not wrong to feel and act like human beings. It was not wrong to have our hearts broken due to loving the people we had so devotedly cared for. We learnt to talk to their families, we visited them in other wards, we held barbecues on hospital campus and we invited the new generations of medical and nursing students to talk about their experiences of living through car accidents, living through overdoses and going through rehab, and understanding the feeling of despair when the angel of death was near. When we changed our mindset from a culture of no feelings to a culture of caring, we found a reason to support every person walking through the emergency rooms doors. We found a purpose that elevated our consciousness to the greatest levels of humanity. We started treating every person as our own family and, incredibly, over a two-year period our hospital had the highest survival rate in the country.

Comment [J6]: This story is excellent – well done! I was captivated as I read

Caring as a competitive advantage

It's 3:28am and our teething daughter's fever is raging through her shivering body. Her cheeks burn red and our hearts burn with desperation and hope.

My tearful wife gives our baby some medicine, and I hear her silent prayers caress every drop entering our sick baby's mouth. 'I hope this will help you, sweetheart.'

What was once just another box of medicine on a pharmacy shelf has transformed into a bottle of hope. Hope that our daughter's suffering will ease. Hope that she will get well.

Pharmacists don't simply dispense drugs. Pharmacy assistants don't simply price and dust boxes and bottles. Pharmacy owners don't simply make decisions about budget cuts and discounts to lure in more paying customers.

Pharmacies aren't simply in the business of providing medicine and making a profit. They are in the business of hope. When my wife held our baby to give her medicine, she held her with infinite love, compassion and hope that this medicine would nurture our baby's body and relieve her pain. Pharmacy is the extension of this feeling. After all, it is the medicines from our pharmacies that have given parents, the elderly and the diseased the hope of a better life. Pharmacy is the embodiment of this hope.

A pharmacy can touch people's lives in unimaginable ways. People depend on you for the quality of their health. You are on the frontline of the health care industry and can be the greatest supporter in preventing people from ever having to visit an emergency department.

I cannot imagine a community without a pharmacy. It would be a diseased community – one that has a poor understanding of their health and is destined to disease. This is why I ask you to look for the compassion within your heart and soul and transform your pharmacy.

Just as when you look at a customer's symptoms and link them back to the underlying cause, the solution is not to treat the symptoms your pharmacy is experiencing. It's not to continue discounting and cutting back on expenses and pushing your team to increase their sales and customer turnaround time. The solution to treat the cause of your pharmacy's illness. The solution is to de-commoditise health by creating an environment of trust and empathy within your pharmacy that radiates from your team to your customers and the wider community. It will change your world just as it changed mine.

A Prescription for Pharmacy will teach you to create a pharmacy culture that gives value to customers, supports its team members, fosters open communication, and runs smoothly, regardless of the situations that arise.

How? By addressing the four pillars of pharmacy – leadership, team, customers and community.

In Part 2 of this book, you will discover that your leadership is the foundation of a fulfilled team, loyal customers and a thriving community. After all, how can your team go above and beyond to make your customers feel nurtured and appreciated if you don't first set the example? How can they focus on service, rather than sales, if you're encouraging a culture of undercutting other pharmacies and pushing discounted products? They can't.

In this part of the book you'll create a purpose for your pharmacy that goes beyond simply making a profit. This purpose will inspire and unite your team, lead to higher levels of customer service and, ultimately, a healthier community.

Comment [J7]: My feedback on Part 1 included adding content on a vision and values. If you do, this will need to be updated to incorporate that.

In Part 3, my focus is the team, and how an unfulfilled team leads to internal bickering, transactional customer service, and even customer avoidance. In this part of the book you will discover the key attributes to look for when it comes to building a purposeful, heart-centred team, as well as how to maintain a healthy culture once you've built the team.

Part 4 focuses on your customers, or the lifeblood of your pharmacy. You will learn why customers no longer want to be sold to, as well as how to deeply understand them and what they're looking for when they walk through your doors. It's only with this understanding that you will be able to meet and exceed their expectations, and generate positive word of mouth about your pharmacy.

You will also learn the PATTERNS methodology for communicating with customers. This is a methodology I developed after visiting 7,500 pharmacies across the globe, when I started to take note of the common traits that built highly successful pharmacies. This methodology fosters open communication with your customers and team, increases your sales, and nurtures customer loyalty.

Finally, Part 5 will discuss the community, and the role of your pharmacy in creating thriving health.

Comment [J8]: Revisit after editing that section

How do I know this?

I am a nurse with thirty years of experience in emergency rooms and intensive care units, and was also a nursing instructor for six years where I taught nursing students classroom theory and practical practices in nursing. I also hold a Master's degree and have a Certificate IV in Training and Assessment from the Australian Institute of Management.

As my career progressed, I formed a special interest in understanding how medical mistakes occur and how they can be prevented.

I have witnessed many deaths and injuries due to medical errors, from every part of the medical industry – hospitals, physicians, nurses and pharmacists. I don't want to see these mistakes happen again, especially when they can be prevented. While we are prone to making mistakes, being human, it saddens me to see the health care professionals who believe that this is just collateral damage and a natural part of the job.

When I became a nursing supervisor in a private hospital where staff were supported and encouraged to have direct contact with patients and their families, I discovered that a key element of preventing these medical errors was having that personal contact and seeing patients and their families as people, rather than just another file in the system.

As a nurse I was often contacted by my hospital while I was off duty because patients would not allow other healthcare professionals to undertake any of their medical procedures.

However, once they left the hospital, I had little influence over the care these same customers experienced during their recovery. This led me to become a pharmaceutical representative in 1997, where my job was to visit pharmacies and healthcare professionals to promote medicines.

After 7,500 pharmacy visits with over 80,000 healthcare professionals in Australia and across the globe, I noticed the common threads between pharmacies and their struggles. I realised what makes a pharmacy thrive, rather than simply survive. This book and the four pillars of pharmacy are based on this experience.

Becoming a pharmacy of the future

Every year millions of dollars are spent on marketing, discounts and promotions to lure customers into pharmacy doors. This book helps you look beyond money to make more money. Instead, it focuses on the valuable measures that matter, the measures that are not physically seen in the cash register at the end of the day, but that are felt both in your day-to-day interactions and in the long-term health of your pharmacy.

While you can compare the amount in the till today with the amount you made yesterday, you cannot measure whether that twenty dollar note in the till is from a new customer who was to you referred by their neighbour due to your remarkable service and care, or whether it's the last twenty dollars you will see from a disgruntled customer. As a result, instead of focusing on your balance sheet, this book focuses on community and compassion. For those who think that loyalty no longer exists, this book will prove you wrong. For those who believe that business needs to be cut-throat,

Comment [J9]: Originally you wrote 50 years. Given that you did your HSC in 1992, I'm guessing that around 30 would be the right number

Comment [J10]: In what?

Comment [J11]: Need to explain how this contributes to the knowledge you used to write this book – the nursing qualification and experience are fairly self-explanatory, but these aren't

Comment [J12]: Give an example of one – it would make it more compelling

Comment [J13]: I'm not sure this is correct, but it's the link I've made between what you said about mistakes and the emphasis you place on customer relationships.

Comment [J14]: If it's true, potentially add some information about your patients' recovery times and experiences in comparison to other patients as a result of this care you gave them

Comment [J15]: Again, linking. Change if it isn't true, but you need to explain how the whole story comes together. Your original felt like a string of unrelated sentences

this book will also prove you wrong. And for those who believe that there should be no emotion in business, again this book will prove you wrong.

A *Prescription for Pharmacy* is based on the premise of mixing business with compassion so that pharmacy leaders who are driven by a powerful drive to care for others can look beyond the financial transaction in today's cut-throat economy, and once again become a pillar of the community.

The world is evolving faster than ever before, and it’s time to either ride the wave of change or be swept by the tsunami of transaction-centric, money-focused businesses. My purpose is to help create a health care system that interacts with empathy and trust, so that each individual's life is valued. With this purpose in mind, pharmacies can unlock the value of differentiation, talent acquisition and retention, team loyalty and sincere customer loyalty. Ultimately, the more you focus on something beyond money, the more money you make.