Pharmacy – time to move house ?

A Presentation

to the

PCPF Annual Conference

By

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21st November 2013

Pharmacy – time to move house ?

Should a pharmacy relocate ?

The issues involved

Opportunities within the industry

The future of Pharmacy within the new NHS

How we can help

Introduction

Kevin Nichols A.C.I.B.

17 years with Barclays Bank Plc - last position as Manager of a mixed retail branch (including 1 pharmacy customer !) Associate of The Chartered Institute of Bankers

3 years in industry, specialising in Financial Management roles

17 years in the pharmacy industry, including four years as Head of Pharmacy Finance for AAH Pharmaceuticals Limited (Europe's largest pharmaceutical wholesaler) and Director of Statim Finance Limited - the group's retail pharmacy finance company, managing a portfolio of 650 customers and a loan guarantee book of £220 million

Since 2010, an Independent Management Consultant specialising in all aspects of retail and community pharmacy

UK Pharmacy

11,000 pharmacy contracts in England

Grown at an average of 2% pa over the last 5 years - due almost exclusively to exempt contracts. Now virtually static

850 million prescription items dispensed by pharmacies last year

Currently growing at 4.6% pa by volume and an average of 6% pa by volume over the last 5 years. >85% of prescriptions are repeats. >90% of prescriptions are not paid for at the dispensary

Net average ingredient cost per item reduced by 1.3% last year

Average reduction of 2.8% pa over the last 5 years

The Global Sum has increased by £760 million since 2005 to nearly £2.5 billion

This represents average growth of 6% pa

Should a pharmacy relocate ?

Is it a better location ?

Will there be increased service provision ?

Does the patient benefit and choice improve ?

Is the relocation commercially justified ?

Don’t move .... just because !!

What are the issues ?

Current location and performance ?

Source of prescriptions

Level of OTC sales

Length of time in present premises

Goodwill

Level of competition

Consequences of relocating

Consequences of not relocating

What are the issues ?

New location and performance ?

Improved source of prescriptions

Reduction in OTC sales

New terms of tenure

Maintaining momentum

Synergies

Hidden benefits of new premises

Winners all-round

Consequences of not relocating

What are the opportunities ?

Improved premises

Long-term security of tenure

Better working environment

Stronger relationship with fellow healthcare providers

Increased service provision

Improved service delivery

Stronger, sustainable business model

The future of Pharmacy

The future of Pharmacy

Opportunities to work closer with GP practices

Increased relocations into medical centres

Ongoing use of Category M

Continued pressure on margins

Greater emphasis on the provision of services

Increased use of the private sector

Cost of Service Inquiry is overdue (COSI)

Greater emphasis on Healthy Living Pharmacies (HLP's)

The future of Pharmacy

Pharmacy is an integral part of UK Healthcare

Pharmacy provides a unique range of Healthcare services

Pharmacy needs to engage with all commissioners of healthcare services

Pharmacy needs to engage with fellow healthcare professionals

Pharmacy needs to look at all business opportunities

Pharmacy needs to embrace change

Pharmacy needs to be adequately reimbursed for the delivery of these services

How we can help

Try to include a pharmacy, wherever possible

Be sympathetic to the needs of Pharmacy

Understand the current issues within Pharmacy

Look at the added benefits and synergies

Undertake some financial modelling for the pharmacy

Be mindful of the relationships between Pharmacy & GP’s

Try to ensure that all parties are winners

Finally

Thank you for your attention

It’s been a pleasure to make this presentation

I’d be happy to take any questions

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