

CASE STUDY

Community Pharmacy: GP Practice and Internet Hub

Background

A large General Practice opened an independent Community Pharmacy business comprising of two branches; a 100 hours practice-based dispensary which opened in 2008 and an off-site internet pharmacy which also acts as a hub for preparation of prescription deliveries and multicompartiment compliance aids.

Each pharmacy has its own contract to dispense NHS prescriptions and provide a wide range of services including Electronic Prescription Service (EPS), Medicine Use Reviews and the New Medicine Service.

The business has 10 partners; 3 of whom are directors within the Pharmacy Operational Board. The Board employs 2 senior pharmacists; one who acts as Superintendent (a legal requirement) and a second who has the title Operations and Business Development Manager. There was a second junior pharmacist at the 100-hour pharmacy and a pharmacist manager at the internet pharmacy. Support staff include Accredited Checking Technicians, Pharmacy Technicians, Dispensers, Healthcare Assistants, Delivery Drivers and an office-based administrator.

Meridian were invited in by the partners as there were concerns that the business was not reaching its full potential and profits had fallen over recent months affecting cashflow and the business' ability to pay partners' dividends in full.

Study Findings

The initial analysis phase consisted of a week-long detailed study in May 2017 across both pharmacy branches, identifying the following;

- There was a lack of leadership by the Pharmacy Operational Board and the management skills of the two senior pharmacists were poor leading to a chaotic and unproductive team dynamics within and between branches.
- Despite the procurement of a vehicle tracking and analysis IT programme, delivery routes were not planned effectively, and drivers spent only 37% of their worked time on the road.

- Stock control was weak with no reconciliation between orders placed, goods received and NHS dispensing.
- There was unwarranted variation between both branches in terms of retained purchase profit margin on medicines.
- Management controls were virtually non-existent; no budgets, targets, expectations, plans, reports and little variance quantification.
- The electronic Point of Sale (Epos) system was not used well. Cashing up was infrequent and always presented a negative variance.

The analysis highlighted the difference in working practices between the two pharmacies and the urgent requirement to strengthen internal processes to improve governance and increase profitability. management of capacity within the teams. As a result, the Board commissioned an initial 15-day Improvement Programme and subsequently a further 5-day contingency.

The overall goals of the project were to;

- Strengthen the governance of the Board through monthly meetings facilitated by Meridian.
- Install and embed a suite of daily and weekly management reports that feed into a monthly summary of KPIs for the Board.
- Undertake a Training Needs Analysis of all pharmacy systems and redevelop underlying Standard Operating Procedures to improve compliance and consistency.
- Complete Demand and Capacity modelling for Delivery Drivers and Senior Pharmacists.
- Competitor analysis to develop a robust business plan with realistic targets reflecting best service offering to customers and increased profitability for the business.



Project

Meridian worked closely with the nominated directors of the Board and the senior pharmacists over an extended period of 8 months.

Working in partnership with colleagues from the business, management ownership was facilitated through a series of weekly This Week: Next Week meetings. 1:1 coaching and support helped directors to challenge preconceptions and non-productive customs and practices. Weekly operations reporting was installed and further refined to provide the Board with a framework against which to measure improvement and manage performance. This approach supported the implementation of new ways of working to ensure more flexible, effective and efficient running of the business to cut costs and increase revenue.

The key focus of the programme was to right-size the delivery service and reduce pay costs, particularly for the junior employed pharmacists. Stock control was reviewed to increase availability of prescription medicines thus reducing the duplication and re-work from incomplete prescriptions. This also improves customer experience which was reported to be poor.

The changes included the following activities;

- Analysis of Quartix vehicle tracking data and quantification of a preliminary resource load to right-size the service.
- Overhaul of stock management system in the 100-hour pharmacy to a single main supplier at agreed discount plus minimal back up wholesalers.
- Review of junior pharmacist capacity requirement following one dismissal and one resignation to ensure that replacement staff were employed for only those hours required and at market rates commensurate with their skills and experience.
- Tightening of spending controls on senior pharmacists to avoid discretionary, non-value added spend.
- Revised and distributed SOPs to reinforce the correct ways of doing things across both branches.
- Configured and installed the weekly reporting suite to provide directors with greater insight into data being captured and a consistent measure of performance across both pharmacies.
- Restructure of senior pharmacists including review of salaries, roles, responsibilities and additional tasks to an agreed minimum required over and above their regulatory "Responsible Pharmacist" duties.

Results

The project delivered a **return on investment** for the Pharmacy Operational Board of **455%**.

Prescription delivery service – cost reduction of **£14.9k annualised** through removal of 0.8wte driver, one vehicle lease, fuel, insurance and associated on-costs.

Pharmacists salaries – cost reduction of **£48.8k annualised**. This was achieved through the following interventions;

- Replacement of 1.0 wte pharmacist manager post at internet pharmacy with 0.6 non-manager post at reduced market rate.
- Replacement of premium-priced second pharmacist with regular locums at reduced hourly rate and no employer's on-costs.
- Reduction in senior pharmacists' "protected time" in line with demand and capacity modelling.

The delivery driver resource has been reconfigured and Quartix is now being used to review route planning to further streamline the service.

As the project drew to completion, the Board accepted Meridian's recommendation and has appointed a Turnaround Director to operationally manage the senior pharmacists and restructure the business. Competitor analysis and benchmarking through Pharmdata has challenged the draft Business Plan for 2018/19.

Contact Us

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Meridian Productivity was established 1996 and has been extensively involved in the Healthcare industry across the United Kingdom, Republic of Ireland, Holland, Belgium, Spain and the Czech Republic. Meridian assists clients across the Healthcare environment (private and public) in achieving improved operating efficiencies and performance, through the development of bespoke management and behavioural processes. These processes are all designed and implemented to ensure that our client organisation can be assured of returning the best performance on the resources applied.

We work with about 20 to 25 organisations a year, both in the public and private sectors, helping them to reduce their operating costs, improve their productivity and provide value for money.

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