

EXCLUSIVE INTERVIEW:

Con Tangalakis, CEO Sinapse

Con Tangalakis, CEO of Sinapse, a private consulting systems and technology company, will introduce the Pharmacy Optimisation – Business Scorecard, a new tool for measuring pharmacy performance, at the APP conference. He tells *Retail Pharmacy* how advanced metrics give a clearer picture of pharmacy business performance.

What is the Pharmacy Optimisation – Business Scorecard?

I am delighted to launch at APP2015 a new Excel-based Pharmacy Business Scorecard developed by Sinapse. The plenary session at APP will explain how to use the scorecard as a key business support tool. Sourcing and inputting the data for the scorecard will take the average pharmacy approximately 30 to 90 minutes. Once completed, the score generated indicates the pharmacy's business optimisation performance.

The scorecard will be available free of charge as a USB at the Amneal stand. In the future, the scorecard will be available as a web-based tool. There are 36 metrics that make up the final scorecard number and these metrics do not all have the same weighting to the final score. Those 36 metrics are divided into five key business areas: dispensary metrics (25 per cent), professional services metrics (10 per cent), front-of-pharmacy metrics (20 per cent), fixed and variable financial metrics (25 per cent) and miscellaneous metrics (20 per cent).

Why do pharmacists need tools like this – what do they capture about their business that they are not already seeing in their general accounting?

If you don't 'measure' you don't know how you are performing or where improvement is needed. In these challenging times for community pharmacy you need to know your pharmacy business inside and out. Tracking indicators can facilitate early intervention for an issue. Scorecards are a quick and simple tool that can assist a business. In offsetting the impact of price disclosure it is not enough to increase prescription volume, or substitute generics better, or buy generics more economically. Even



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if you do all those things extremely well, you will not recover all of the losses created by the government's accelerated price disclosure measures announced in August 2013. The scorecard requires the pharmacy owner/manager to focus on many metrics that accountants simply do not measure.

There are other similar tools to this on the market, so what's different about this one?

In developing this tool we asked pharmacy owners and business managers what they needed in a quick-check business scorecard. Some were new to ownership, some had many years of experience and some had the responsibility of managing the business, even though they had no ownership stake. If I had to summarise six key issues that were requested from pharmacists of the new tool the following are the key points in priority order.

1. Produce an actual score – "Give me an overall score so that I know how I am tracking compared with my colleagues."
2. It needs to be simple.
3. It needs to not take hours to complete. As one pharmacist stated, "Should take only 30 minutes". My response was, "Is your business not worth investing more than 30 minutes of time?"
4. Don't reinvent the wheel –

"Complement metrics I already use in my business such as the 'Guild ScriptMAP' report and Pharmacy Financial Health."

5. It needs to consider all elements of pharmacy operation. The scoring system established ensures we take into consideration that one poor metric out of whack with industry average can highlight a stressed business.
6. It is the first scorecard to take a whole-of-pharmacy business approach. The overall score is for one moment in time. The line item metrics with a low score result need to be the first items a pharmacy focuses on.

What metrics do you find pharmacists most commonly overlook?

The feedback from our pilot program sites indicated that measuring professional services is often overlooked. This scorecard allocated 10 per cent of the overall score to measure this key and growing part of the pharmacy business. In addition, it was interesting to have feedback from pharmacy owners that they had never measured some of the front-of-store metrics that are included in the scorecard. We found that no two pharmacy owners or managers are the same in terms of their business focus.

Once the business has been assessed, how can business owners use the information to improve their business?

Any report is of little use unless action steps are taken to improve the results. We give guidance on steps to take. Once the data input is made, report-generated results are reviewed and shared with key staff. The pharmacy owner(s) and/or manager establish which of the key metrics are to be shared with staff. There are some metrics that a pharmacy owner may not wish to share with staff, eg, the pharmacy rent metric.

Key staff do, however, need to know some key metrics in order that the 'issue' is addressed and a strategy for improvement identified. To ensure a systemised approach to improving pharmacy performance we recommend you identify, and work on, only five metrics at a time. Share the data with relevant staff and explain the scorecard and the key metrics that are to be addressed. Establish a process to achieve improvement in a key metric. External assistance from a third party may be part of the solution. Set targets and timelines and establish a review date. A focus on a maximum of five metrics at a time allows staff to stay focused. It is better to effectively identify and improve a few key metrics rather than focus on too many with a scattergun approach. The scoring system will quickly identify where the focus should be. ^{RP}

Con Tangalakis' presentation at APP conference is on Friday, March 19, 3.30pm-4.30pm. It is sponsored by Amneal Pharmaceuticals. Conference delegates can receive a free copy of the scorecard at Amneal stands 71, 72, 75 and 76. Pharmacists not attending the conference can access the scorecard from Amneal Pharmaceuticals: www.amneal.com/business/australia/.