Building Organisational Flexibility to Promote the Implementation of Primary Care Services in Community Pharmacy

Researchers: Prof S.I. (Charlie) Benrimoj, Eleonora Feletto and Laura Wilson
ACKNOWLEDGEMENTS

PARTICIPANTS

Interview participants
Survey participants
Intervention Participants

ASSISTING PHARMACISTS

Nick Logan
Lachlan Rose

WORKSHOP FACILITATORS

Julie Allan
Bruce Annabel
Humphrey Armstrong
S.I. (Charlie) Benrimoj
Eleonora Feletto
Wendy Poyser
Alison Roberts

PHARMACY GUILD OF AUSTRALIA

Meryl Kane
Sue Leitch
Magda Markezic
Cathie Marshall
Erica Vowles

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# ACRONYMS

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<thead>
<tr>
<th>Acronym</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
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<tr>
<td>APP</td>
<td>Australian Pharmacy Professional Conference</td>
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<tr>
<td>CBD</td>
<td>Central Business District</td>
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<tr>
<td>CPA</td>
<td>Community Pharmacy Agreements</td>
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<tr>
<td>DAA</td>
<td>Dose Administration Aid</td>
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<td>DMAS</td>
<td>Diabetes Medication Assistance Service</td>
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<td>GP</td>
<td>General Practitioner</td>
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<td>HMR</td>
<td>Home Medicine Review</td>
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<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
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<td>NDSS</td>
<td>National Diabetes Service Scheme</td>
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<td>PAMS</td>
<td>Pharmacy Asthma Management Service</td>
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<td>PBS</td>
<td>Pharmaceutical Benefits Scheme</td>
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<td>PGA</td>
<td>Pharmacy Guild of Australia</td>
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<td>PMP</td>
<td>Patient Medication Profile</td>
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<tr>
<td>PSA</td>
<td>Pharmaceutical Society of Australia</td>
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<td>QCPP</td>
<td>Quality Care Pharmacy Program</td>
</tr>
<tr>
<td>RMMR</td>
<td>Residential Medication Management Review</td>
</tr>
<tr>
<td>RPBS</td>
<td>Repatriation Pharmaceutical Benefits Scheme</td>
</tr>
<tr>
<td>SMART</td>
<td>Specific, Measureable, Achievable, Realistic, Time-bound</td>
</tr>
<tr>
<td>SME</td>
<td>Small to Medium sized Enterprise</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities, Threats</td>
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# Glossary of Terms

The technical and research related terms used in this report are outlined and explained in Table A.

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<thead>
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<th>Term</th>
<th>Definition</th>
<th>Reference in Text</th>
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<tr>
<td>Professional Pharmacy Services</td>
<td>The term “professional pharmacy services” is referred to in the literature as cognitive pharmaceutical services, primary care services, pharmaceutical care and enhanced services. Cognitive pharmaceutical services are defined as “professional services provided by pharmacists, using their skills and knowledge to take an active role in contributing to patient health through effective interaction with both patients and other health professionals.”¹</td>
<td>For the purpose of this report the terms ‘professional pharmacy services’ and ‘services’ are used.</td>
</tr>
<tr>
<td>Community Pharmacy Agreement</td>
<td>These are five year agreements between the Commonwealth Government of Australia and the Pharmacy Guild of Australia on behalf of community pharmacy owners.²</td>
<td>The relevant details of the CPA are discussed on page 1.</td>
</tr>
<tr>
<td>Organisational Flexibility</td>
<td>Volberda defines organisational flexibility as “the degree to which an organisation has a variety of managerial capabilities and the speed at which they can be activated, to increase the control capacity of management and improve the controllability of the organisation”³</td>
<td>The application of organisational flexibility to this research is outlined on pages 3-4.</td>
</tr>
<tr>
<td>Qualitative Interviewing</td>
<td>Qualitative research methods are used to enhance knowledge of a particular topic area and develop an understanding of unknown subject based on the perceptions of the participant.⁴ Semi-structured interviews were used in the study, enabling the participants to use their own narratives to express their views.⁵ The researchers’ role in qualitative methods is that of an ‘active shaper’ of the data.⁶</td>
<td>The use of this method is outlined on page 6.</td>
</tr>
<tr>
<td>Constant Comparison</td>
<td>The constant comparison method of coding was used where “newly gathered data are continually compared with previously collected data and their coding.”⁷ This process is continued until no new themes emerge, thus reaching a point referred to as “data saturation.”⁷</td>
<td>This is referred to on page 6.</td>
</tr>
<tr>
<td>Exploratory Factor Analysis</td>
<td>Exploratory factor analysis is a statistical analysis applied to a set of variables with the aim of identifying subsets of variables that are correlated to each other. The subsets are said to represent underlying factors.⁸,⁹</td>
<td>The method is outlined on page 7.</td>
</tr>
<tr>
<td>Confirmatory Factor Analysis</td>
<td>Confirmatory factor analysis is a technique used to test a scale designed to explain a set theoretical framework. This analysis evaluates an existing theory and prior research in relation to a specific model for a new sample. It was used to test a scale of organisational flexibility in the context of community pharmacy</td>
<td>The method is outlined on page 8.</td>
</tr>
<tr>
<td>Cluster Analysis</td>
<td>Cluster analysis is a multivariate analysis technique that identifies groups of cases or respondents based on their characteristics. The characteristics used to identify the groups are based on the items used to produce the clusters.⁹</td>
<td>The method is outlined on page 8.</td>
</tr>
<tr>
<td>Discriminant Analysis</td>
<td>Discriminant analysis used to analyse the different between groups based on a series of independent variables (e.g. pharmacy size)⁹</td>
<td>The method is outlined on page 8.</td>
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BACKGROUND AND RATIONALE

Background

The focus of this research was to investigate the capacity of community pharmacy to provide professional pharmacy services. In this context, it examined the factors affecting past experience of community pharmacy in the provision of these services and the environment in which it operates. This research was stimulated by national and international reports showing concerns regarding the implementation of services.\(^{11-14}\)

The capacity and desirability of community pharmacy to promote and conduct effective interventions in order to improve the quality of service delivery and the health of the population is explicitly recognised in the Community Pharmacy Agreements (CPAs) between the Commonwealth Government and the Pharmacy Guild of Australia (PGA). The Fourth CPA (effective 2006 – 2010) has been executed in six parts to address varying elements of community pharmacy.\(^2\) Parts 2 and 3 discuss the remuneration associated with the dispensing function of community pharmacy, including mark-up and associated professional fees for medications listed on the PBS. Part 5 relates specifically to professional pharmacy programs and services, setting out the priorities and allocated government funding to support the provision and implementation of these services. It set aside $568 million to fund pharmacy professional services through specific remuneration to pharmacists and pharmacies for their delivery. Funding is spread across five key programs, two of which focus on service provision. These are:

1. Better Community Health ($260 million) encompassing the Quality Care Pharmacy Program (QCPP) administered through the Pharmacy Guild and funding for a range of other programs including:
   a. Dose administration aids (DAA)
   b. Patient medication profiling service (PMP)
   c. Practice change and education incentive scheme
   d. Diabetes (DMAS) and asthma (PAMS) disease management
   e. Counselling for dispensing of emergency contraception, and
   f. Communicable disease prevention initiatives

Funding for Research and Development is also made available under this program.

2. Medication Reviews ($150.3 million). This funding included continued support for the Medication Review Program both at home (Home Medicine Reviews, HMR) and in residential care (Residential Medication Management Reviews, RMMR). Provision was also made to support accreditation and a facilitators’ program.

Community pharmacy is undergoing a transformation, evolving from its product supply orientation to that of a business capable of providing professional pharmacy services to the community while importantly continuing its traditional activities. Effective implementation and delivery of these services necessitates the “pharmacists, using their skills and knowledge, to take an active role in contributing to patient health through effective interaction with both patients and other health professionals”.\(^1\) The “average” community pharmacy is thus a multi-faceted blend of a small business delivering products and services in a retail environment, and a critical component of the health system providing services to the public.

The environment in which community pharmacy operates is one of commercial necessity to run a financially viable and accountable business on the one hand, and configuring operations, product supply and service delivery to meet appropriate standards of professional conduct and competence as health care providers, on the other.\(^{11}\) Meeting the expectations and requirements of the community, profession, suppliers, financiers and government demands much of community pharmacy, particularly in the context of the substantial shift in its orientation from a business model centred on product supply to one incorporating service delivery.\(^{11}\) The four key factors driving this shift include:

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\(^a\) The term “professional pharmacy services” is also referred to in literature as cognitive pharmaceutical services, primary care services, pharmaceutical care and enhanced services. For the purpose of this report the terms ‘professional pharmacy services’ and ‘services’ are used.


• compelling research evidence of the significant burden imposed by medication related harm;\textsuperscript{15, 16}
• the unique capacity of pharmacists as health professionals;\textsuperscript{11}
• government policy;\textsuperscript{17} and,
• the evolution of the profession in national and international terms.\textsuperscript{12}

There are also significant financial imperatives as community pharmacy seeks to reposition itself in terms of its business orientation to ensure its future financial viability, particularly in the face of the reduction by government in the margins on medications.\textsuperscript{11, 18, 19}

Importantly, community pharmacy is uniquely placed to implement effective strategies to assist the community in optimal medication management. This is because of the available expertise and capacity in their workforce consisting of highly qualified health professionals with a strong professional commitment to integrated health care.\textsuperscript{20} Community pharmacy is uniquely accessible – there are approximately 5000 community pharmacies across Australia, located in urban, rural and remote communities.\textsuperscript{21} Many of these pharmacies are owned or staffed by local community members and are thus well positioned to lead and mentor local health improvement programs and interventions. Research has shown the effectiveness of health care interventions by community pharmacy.\textsuperscript{22, 23}

Rationale

This research project has focused on identifying the needs and examining the current capacity of community pharmacy to facilitate its effective operation in this new dual role. The study moves beyond the statistics showing that Australia is well positioned in terms of providing dedicated funds to community pharmacy in return for service provision.\textsuperscript{24} It focuses on the practice and business issues facing community pharmacy as it repositions itself to meet the expectations and requirements of a service provider.

The optimal implementation of professional pharmacy services is an issue of international concern. This has seen most developed countries attempt to introduce a model of community pharmacy operation and funding which places delivery of services and associated therapeutic products at its core.\textsuperscript{12, 13, 21, 25} Research evidence emanating from these countries indicates that there has been only limited uptake of services by community pharmacy and that, although much progress has been achieved, it has not yet been able to optimally and effectively implement the necessary business and operational changes.\textsuperscript{11, 14, 26, 27}

There is a question as to whether Government and professional organisations have directed sufficient resources and programs of the necessary level towards assisting community pharmacy in making required changes.\textsuperscript{28} Programs have not been as effective as anticipated. The initial programs have adopted an approach focused on providing clinical education (training the pharmacists who deliver the services) and a service delivery payment (directed to the pharmacy to motivate the delivery of services) with some limited payments to encourage enrolment and support infrastructure changes. However, evidence of both implementation and the lack of sustained service delivery suggest that existing programs, incentives and resources are not meeting the needs of community pharmacy. Critically, programs do not adequately or optimally assist changing the environment in which community pharmacy operates to make a successful transition to a new model of business orientation incorporating service delivery.

Community pharmacy has identified its need for assistance in effecting change, adjusting business models, planning for the future and adapting to their dynamic environments. Research suggests that community pharmacy as a whole faces challenges in its attempts to deliver services sustainably and effectively because of the difficulties encountered in integrating service provision with existing business models at current capacity.\textsuperscript{11} The implementation of professional pharmacy services requires changes in the way pharmacies operate and are managed; some of these changes are incremental, others large scale.\textsuperscript{11, 29}

Anecdotally it has been said that pharmacists need more assistance in making these changes and are cognisant of their lack of capability, capacity and expertise to make the necessary adjustments to their operations. The profession and government are keen to promote an effective transition and to ensure optimal service quality and impact; this is evident from programs and support already provided. However, the problem lies in difficulties in the
practical day to day context of delivering services, dispensing medications, supplying products, retailing non pharmaceutical goods and operating as a viable and sustainable community pharmacy.

Previous research on the barriers and facilitators to service implementation has predominantly focused more on the individual practitioners’ needs, not on the community pharmacy as an organisation. In an exception to this, Roberts et al identified a series of facilitators for change in Australian community pharmacy which included:

- Building relationships with general practitioners locally
- Planning and goal setting
- Engaging the whole pharmacy team
- Suitable pharmacy layout
- Attracting and training staff
- Generating consumer demand
- Establishment of support networks
- Financial viability and sustainability of the services

A further study recommended a large-scale, industry-wide change management program, however, the areas in which organisational capacity to promote service delivery had to be built and/or strengthened were not addressed in depth. The organisational view integrates the individual pharmacy practitioners in the context of their professional and operational environments, takes due regard of the influence of political and legislative pressures, and makes allowances for the importance of stakeholders such as local community expectations and needs.

This study attempts to develop an understanding of the environment of community pharmacy and its impact on service delivery in an organisational context addressing the specific issues of capacity building to enable service delivery and change management programs to be successful. In looking to identify a framework for development of appropriate support and education for community pharmacy in making this organisational shift and capacity building, we have identified the theory of organisational flexibility as having the requisite components. We have used this framework to look at:

- Identifying areas which require capacity building
- Suggesting processes to enhance the integration of the professional and business aspects of community pharmacy; and
- Adapting and extending the current use of pharmacy infrastructure to incorporate sustainable service delivery

Organisational flexibility provides a framework for guiding strategic practice and business change in a holistic manner and facilitating the change to a service focused pharmacy. To our knowledge this is an innovative approach not previously researched in community pharmacy.

Organisational Flexibility

The concept of organisational flexibility refers to the ability to adapt and change in response to what is happening both internally and externally to an organisation. Its principles focus on the enhancement of two components: managerial capabilities; and organisational design.

Where organisational change refers to actual changes that an organisation undergoes in response to an external or internal condition or driver, organisational flexibility focuses on increasing the organisation’s capabilities to allow change to happen with more ease. In this context, the application of organisational flexibility theory seeks to examine how pharmacists and pharmacy staff can use their knowledge and expertise effectively, building the capacity of community pharmacies to integrate professional and business aspects; and thus extend the current use of pharmacy infrastructure to accommodate the provision of professional pharmacy services.

\[b\] the capabilities of all employees and their ability to integrate knowledge and learning into the organisation

\[c\] the structure, technology and culture of an organisation to build the capacity of, and speed at which the organisation is able to foster change.
Variations in managerial capabilities have been defined in the literature using four “types” of flexibility. They are defined in terms of the quantity or quality of managerial capabilities, and the speed at which these capabilities can be activated. Figure 1 illustrates the characterisation of these types of organisational flexibility (these are defined in Table 1, found in the “Definitions” section).

Figure 1: Types of Organisational Flexibility

Organisational flexibility has been found to result in improved business performance, or viability. Thus this framework has been chosen to identify how capacity can be built to provide services and support the viability of community pharmacies.

**RESEARCH QUESTIONS**

The overall objective of this project was to investigate and identify areas which would build the capacity of community pharmacy to increase the rate of implementation of professional pharmacy services using an organisational flexibility framework.

We have used organisational flexibility to scientifically analyse the information we have acquired from community pharmacy. Specifically, we sought to gather information to assist us in understanding how products and services were integrated in community pharmacy, and how this integration could be altered to optimise the viability of community pharmacy.

The information gathered could be critical in assisting with effective future planning and interventions for community pharmacy. **The research findings from this study can be used to better inform existing and future education and training and change management programs for community pharmacy, thus enhancing the capacity and capability of community pharmacy to contribute to improved health outcomes for the Australian population through the implementation of professional pharmacy services.**
DEFINITIONS

Table 1: Definitions: Types of Organisational Flexibility

<table>
<thead>
<tr>
<th>Type of Flexibility</th>
<th>Definition</th>
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<tr>
<td>Steady-State</td>
<td>an organisation which implements constant procedures, without changing. This is typically the approach taken when the environment is stable. However, when the environment changes the organisation does not respond by adapting or modifying their procedures.</td>
</tr>
<tr>
<td>Operational Flexibility</td>
<td>where there is a static situation in the relationship between the organisation and the environment, resulting in the business having a short term orientation in planning activities in association with predictable changes in the environment.</td>
</tr>
<tr>
<td>Structural Flexibility</td>
<td>where managerial capabilities are used to adapt the structure, including decision and communication processes, depending on the dynamic pressures either internal or external exerted on the organisation. The demands of structural flexibility necessitate that the business has a medium term time orientation in planning.</td>
</tr>
<tr>
<td>Strategic Flexibility</td>
<td>where an organisation demonstrates an ability to engage in proactive strategic initiatives. The focus is on the goals and organisational activities being less structured and non-routine in order to accommodate changing conditions. The application of this sort of flexibility generally results in the business having a long term perspective in its planning and operations.</td>
</tr>
</tbody>
</table>

Source: Volberda 34

OBJECTIVES

The overall objective of this project was to address building the capacity of community pharmacy to increase the rate of implementation of primary care services using an organisational flexibility framework. Specific objectives are detailed in Table 2.

Table 2: Specific Project Objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Project Stage</th>
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<tbody>
<tr>
<td>1. Documenting and measuring current capacity and existing types of flexibility in pharmacy</td>
<td>Addressed in Stages 1 and 2</td>
</tr>
<tr>
<td>2. Undertaking a needs assessment to target areas with potential for improvement</td>
<td>Addressed in Stage 2 of the research (Section 1: Needs Assessment)</td>
</tr>
<tr>
<td>3. Identifying resources required by community pharmacy to build capacity to change</td>
<td>Addressed in Stage 1 of the research and Stage 2 (Section 1: Needs Assessment)</td>
</tr>
<tr>
<td>4. Creating tools to assist pharmacy staff to utilise their skill base and structure when integrating services into professional and business models, and</td>
<td>Addressed in Stage 3 of the research and was informed by the results of Stages 1 and 2</td>
</tr>
<tr>
<td>5. Developing and trialling a pilot intervention program to build the capacity to provide professional pharmacy services.</td>
<td>Addressed in Stage 3 of the research and was informed by the results of Stages 1 and 2</td>
</tr>
</tbody>
</table>

The project was conducted in three stages, using three different research methods. They are (1) qualitative interviews, (2) a quantitative survey and (3) an intervention workshop and follow up.
Stage 1 – Qualitative Interviews

The qualitative study was conducted to understand the current business models used in pharmacies, how this affected service implementation, integration and perceptions of their business viability. The research objectives focused on:

- Understanding and documenting dimensions of organisational flexibility in relation to pharmacies’ product/service offering
- Identifying existing business models in pharmacies and their relationship to both product/service offering and organisational flexibility
- Identifying the pharmacy’s product/service offering mix within their existing business model
- Informing the development of a quantitative survey.

**Design**

Semi-structured interviews were conducted in 30 community pharmacies across Australia. The purposive sample was identified through consultation with industry experts. Pharmacies were chosen based on an understanding of their business model in relation to their product/service offering and level of experience with service implementation. The pool of participating pharmacies covered rural towns (n=6), regional (n=11) and urban centres (n=13) and represented independent pharmacies (n=11) as well as those affiliated with a corporate banner group (n=19).

An interview guide was developed from literature on organisational flexibility and adapted for community pharmacy (Appendix 1). The themes of organisational flexibility were explored covering: pressures from the external environment, business strategy and planning, decision making, leadership style, staff management and training, use of technology and the viability of the pharmacy. The concept of viability in pharmacy was framed in terms of perceived success and business performance. A separate interview guide for the senior staff member was adapted to incorporate their role in the pharmacy (Appendix 2). The interview guide was pre-tested with two pharmacy owners and one senior staff member to establish face validity. Two researchers were present in 24 of the 30 interviews to minimise bias and interviews were continued until no new content or themes emerged.

**Participants**

The participants invited to take part in this stage of the project were all employees or owners of community pharmacies. Pharmacy owners were initially contacted by telephone, invited to participate and asked to identify appropriate interviewees in their pharmacy. Potential participants were explained the purpose of the interview and the intended use of the information. Participation was entirely voluntary and participants were free to leave the research at any stage (The University of Sydney Human Research Ethics Committee Approval No. 11-2007/10504).

**Sample**

In qualitative research, statistical representativeness is not a primary concern when the objective is to understand a process or depict a range of opinions. The number of participants interviewed (n=57) represents the use of a purposive sample of community pharmacists across Australia.

**Data collection and analysis**

All interviews were audio taped and transcribed, with data collected remaining confidential. Identifiable characteristics were excluded from the transcribed information to be analysed with the identity of participants known to the core research team. The interview transcripts were used to analyse the data through an inductive coding process of constant comparison using the qualitative data management program, NVivo.
Stage 2 – Quantitative Survey

Based on the findings from Stage 1 of the project and existing literature, a survey was developed (Appendix 3). Specifically the survey aimed to measure current capacity and existing types of flexibility in pharmacy, undertake a needs assessment to target improvement areas and identify resources required to build capacity to change. The survey was divided into four parts. These assessed:

- Section 1: Needs Assessment
- Section 2: Flexibility Scan
- Section 3: The External Environment and This Pharmacy, and
- Section 4: General Pharmacy Information.

Design

The survey research involved three stages: pre-test, pilot and main study. A pre-test of the survey was conducted with a selected group of nine practicing community pharmacists. This involved testing the survey items to gauge the appropriateness of the wording and reduce the overall number of items. This was conducted in November 2008. A pilot study was undertaken to establish the validity and reliability of the instrument in December 2008 with the main study sent out in February 2009. The face, content and construct validity were all rigorously assessed (Appendix 4) and the instrument was found to be valid and reliable.

Participants

A database of approximately half of the community pharmacies in Australia (n=2500) was obtained from the PGA. A subset of the sample was taken for the pilot study (n=392) and a final database of 2006 pharmacies was used in the main mail survey. The minimum required response rate was 15% in the main study to receive sufficient responses for factor analysis, 10 cases (useable responses) per variable. Additionally, from previous research it was postulated that approximately 2000 pharmacies would be surveyed to provide a representative sample of the Australian community pharmacy. The pharmacies were stratified based on their geographic location to include representative proportions from urban, regional and rural areas. (The University of Sydney Human Research Ethics Committee Approval No. 11-2008/11353).

Sample

The pilot survey yielded a response rate of 19% (n=75), achieving the minimum number of cases needed to perform exploratory factor analysis. The main mail survey was sent to 2006 community pharmacies with a response rate of 19.7% (n= 395). The representativeness of the sample was assessed in comparison to previous surveys conducted in Australia with community pharmacies. This showed that the sample was representative in terms of metropolitan vs. non-metropolitan pharmacy location in comparison to the Guild Digest (Metropolitan: 55% vs. 60%, $\chi^2 = 1.042; p=0.307$). However, the average pharmacy size was 227m$^2$ for this survey, higher than the latest reported average of 151m$^2$.

Data collection and analysis

A survey package was used for all three stages of the research (pre-test, pilot and main) and included a letter of invitation inviting the pharmacist-in-charge to participate in the study, a participant information statement, a survey and a reply paid, addressed envelope. A code number was assigned to each reply paid envelope. This code was used to delete the responding pharmacy’s details from the mailing database so that no further reminders were sent to them. The identifying envelope was then immediately destroyed. Using the Dillman “total design method”, reminder letters were sent to pharmacies at two time points during the study to encourage participation.

The data analysis techniques of confirmatory and exploratory factor analysis were used on various scales of the survey. Exploratory factor analysis is a statistical analysis applied to a set of variables with the aim of identifying subsets of variables that are correlated to each other. The subsets are said to represent underlying factors. Exploratory factor analysis was considered most appropriate for the needs assessment scale due to the investigative
nature of the scale, the early stage of scale development and a desire to understand the scale’s underlying constructs (for both the importance measure and the improvement measure). 41, 42 (Appendix 5)

Confirmatory factor analysis is a technique used to test a scale designed to explain a set theoretical framework. 43 Here it was used to assess the validity of an existing organisational flexibility scale (organisational flexibility scan) developed for large manufacturing firms and adapted for community pharmacy. 35 (Appendix 6) The results of the confirmatory factor analysis were used to group the pharmacies into the four different types of flexibility. This was done using the descriptive technique of cluster analysis designed to identify patterns and groupings in data. 9 Finally, the relationship between the groupings of the pharmacies was tested against the pharmacy demographic information using the technique of discriminant analysis. This analysis allows for the comparison of a category or groups against other independent variables. 8

Stage 3 – Intervention: workshop and follow up visit

This intervention built on the two prior stages and involved an educational workshop with community pharmacists as well as a follow-up face-to-face visit to their pharmacy. The aim was to trial and qualitatively evaluate a practical support program designed to assist Australian community pharmacies in building their capability for implementing and managing professional pharmacy services.

Design

A one-day educational workshop was developed using results from Stages 1 and 2. Specifically the results of the need analysis were used to set the content of the workshop. The workshop was designed to assist pharmacies to improve their capacity in the area of service delivery.

The content of the workshop presentations, and the supporting manual, consisted of five sections:

1. Building Organisational Flexibility,
2. Creating a Strategic Direction,
3. Creating a Health-services Image,
4. Staff Management, and
5. Creating an Awareness of External Support and Resources.

Sections 2-5 incorporated the key issues identified in Stage 2 and were the main focus of the intervention.

Each section of the manual was designed using a combination of results from previous research and material from experts in each area (Appendices 7 & 8), and included:

- an explanation of the concepts and how they relate to service provision,
- practical examples from pharmacies previously interviewed to highlight how these issues relate to practice,
- questions for participants to answer, designed to stimulate thinking in each topic area; and
- points participants might need to consider for the future.

Six case studies were also included in the manual detailing pharmacies that were operating and delivering professional pharmacy services. Finally, a series of workshop tasks were developed to guide participants through each section and identify specific areas that may require attention and improvement in the delivery of services in their pharmacy.

The workshop was followed up by an on-site face-to-face pharmacy visit involving a semi-structured interview. Participants were also given assistance, as requested, in the following areas:

- strategy development
- ideas for pharmacy layout
- ideas for local area marketing and communicating a health-focused image
- possible changes to staff structure
- discussing possible changes with other staff members
Participants

Survey respondents were asked to indicate as part of a survey (Stage 2) if the research team could contact them in regards to the study. Intervention participants were then chosen from NSW respondents who indicated they were willing to be contacted again and those who had implemented one or more services. These participants were then telephoned by a member of the research team and asked a series of questions to gauge their eligibility for the intervention. If the pharmacy met the criteria for inclusion, they were invited to participate in the study (Appendix 9) (The University of Sydney Human Research Ethics Committee Approval No. 04-2009/11726).

Sample

The list of survey respondents indicated a potential sample of 69 community pharmacies. The intended sample size was 25-30 community pharmacies. Of the potential sample, 51 pharmacies were contacted. However, due to a number of factors, only 19 were able to participate in the study. A pharmacy owner or manager was asked to represent the pharmacy in the workshop in an effort to target an individual with decision making power and the ability to make practical changes. The pool of participating pharmacies was predominantly urban (n=13) with some regional (n=4) and rural pharmacies (n=2). Independent pharmacies (n=10) and those affiliated with a corporate banner group (n=9) were equally represented. The pharmacies were subjectively categorised into a type of flexibility after their follow-up visit, steady-state (n=8), operational (n=5), structural (n=4) and strategic (n=2).

Data collection and analysis

Workshop evaluations and participant feedback interviews were conducted to evaluate the program. Costs of facilitating the workshop were also calculated by the research team. A basic evaluation form was used to collect data confidentially from participants regarding their opinion on the usefulness of both workshop and the manual prior to leaving the workshop (Appendix 10). All participants but one completed this evaluation after the workshop (95% response rate).

The semi-structured feedback interview was conducted during the on-site face-to-face visit by one or more of the researchers. All workshop participants were contacted by phone two weeks after the workshop follow-up. A topic guide was developed to seeking feedback and review of the following (Appendix 11):

- knowledge gained from the program,
- usefulness of the program,
- behaviour through actions taken, and
- attitude to professional pharmacy services and the future.

The researchers classified pharmacies into groups, based on the four types of organisational flexibility, and developed a business case for these groups, where a business case was interpreted as being an informal summary justifying a project.\textsuperscript{44-46}

Business cases were developed from the interviews with participants. These were designed for educators and policy makers to use in developing targeted programs and specifically approaching pharmacies at different levels of experience and expertise in service provision. In other instances, a business case could include longitudinal financial data, tracking a business over a number of years. In this study, however, this was not feasible due to the time period over which the study was conducted. Additionally, any reporting of business information could have compromised the confidentiality of participants due to the small sample size (n=19) and the nature of the study. Pharmacists attended one of two workshops and other participants could easily identify pharmacies other than their own from reported material. Therefore, ethically, it was inappropriate for the researchers to attempt to collect this data.

The business cases developed provide qualitative based evidence on methods to build capacity of community pharmacies in order to support the provision of professional pharmacy services. Each group’s business case was designed to:

- Define the group and their positioning in relation to service provision
- Provide feedback on how a practical support workshop might be organised
- Outline the impact of this workshop on pharmacy
- Analyse how the communication for the group might be strategically approached
• Describe and provide advice on the planning the next steps for pharmacies in this group and specifically elucidate enablers that may accelerate the implementation and of service provision.

Data on the cost incurred to conduct the workshop was also collected to develop a simple cost effectiveness assessment.

RESULTS

Stage 1 – Qualitative Interviews

The study identified four business models of Australian community pharmacies that exhibited all four types of organisational flexibility. These models were: classic community pharmacy (n=8), retail destination pharmacy (n=5), health care solution pharmacy (n=9) and networked pharmacy (n=8) and showed that pharmacies were choosing to position their business and incorporate services in one of four ways:

• Classic community pharmacy – a pharmacy that relies on traditional products and services without making significant change to their current business model, and is predominantly driven by viability of the dispensary. In this model there was an ambivalent approach to adopting funded professional pharmacy services. A pharmacy owner using this model stated: "we are probably reasonably protected… but I don’t suppose we can be complacent about it.”

• Retail destination pharmacy – a pharmacy that has changed to expand on the front of shop offer and positioned themselves as a “one-stop shop” for customers and is predominately driven by their retail offering in the front of shop. Owners of these pharmacies were trying to introduce services but they lacked the understanding of how services could be incorporated into daily operations and their potential financial return. As explained by a pharmacy owner: “If I could see services getting a return on investment then I would employ a pharmacist full time to do services. At this point in time there is no return on investment.” There was a subset of this group taking a more proactive approach to service provision but there was little or no integration of services with the rest of the business. Price focused pharmacies are part of this group.

• Health care solutions pharmacy – a pharmacy that uses a professional image and services to differentiate their business. The business is driven by this position as a health care provider with its future viability linked to professional services. A pharmacy owner described the approach used to making decisions in the pharmacy: “Every time a new product has to come into the [pharmacy] we always look at our mission statement and say “is this where we’re heading? Is this the way we want to go?” [If] it’s not going to give the message that we’re into health, it’s gone.”

• Networked pharmacy – is an alliance of a small number of pharmacies creating a local group that can provide a broad range of products and professional services to customers. Viability comes from meeting all the needs of their local market through a broad offering. This strategy to maintain viability was described by one pharmacy owner: “Rather than have someone else come in… the best option for us [was] to take on board a second pharmacy… we’d rather be our own competition.” This model could be a combination of the individual pharmacies in the group pursuing any of the models above.

Although these four models were identified, there was also evidence of subsets within the models. A change in strategic position was often in response to increased competition in the local environment. In the cases where a price focused pharmacy came into an area, existing pharmacies were forced to consider changing their business model. They generally either copied the competitors’ model by reducing their prices or differentiated the pharmacy by implementing professional pharmacy services.

The study subjectively found that community pharmacies were exhibiting all four types of organisational flexibility identified in the literature; steady-state, operational, structural and strategic. The manifestations of these types of flexibility were highlighted in the four identified business models above (see Table 3).
Table 3: Organisational Flexibility Type and corresponding Community Pharmacy Business Model

<table>
<thead>
<tr>
<th>Type of Flexibility</th>
<th>Manifestations in Community Pharmacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steady-State</td>
<td>Pharmacies existing in “steady state” have not changed their practices significantly to incorporate services or alter their existing business model in any other way. This type of pharmacy is characterised by its complacency to the external environment and uncertainty in regards to the future. The business model for this type of flexibility is classic community pharmacy.</td>
</tr>
<tr>
<td>Operational Flexibility</td>
<td>Pharmacies with operational flexibility can be characterised by an emphasis on providing products and services to customers quickly and efficiently. As a networked pharmacy, they form part of an informal network of pharmacies in a close geographical area and cater to various target markets. As a retail destination pharmacy, they increase their physical capacity and product range to attract customers based on their retail offering.</td>
</tr>
<tr>
<td>Structural Flexibility</td>
<td>Pharmacies exhibiting structural flexibility have extended the conventional pharmacy product/service offering by developing services in a few key areas and making the necessary structural changes to implement these services, for example including introducing new facilities for services. This type of pharmacy is characterised by structural changes but this is often in the absence of any link to overall business strategy. Some health care solution pharmacies use this type of flexibility.</td>
</tr>
<tr>
<td>Strategic Flexibility</td>
<td>The owners of pharmacies exhibiting strategic flexibility take a proactive approach to managing their business. They use the support functions to free the pharmacist’s time for the provision of services, but they maintain a high level of involvement in all facets of the pharmacy’s operations. This type of pharmacy is characterised by its focus on integrating its product/service offering with the overall image of the pharmacy and supporting this through effective internal practices. This type of flexibility was manifested in both the health care solution pharmacy and networked pharmacy.</td>
</tr>
</tbody>
</table>

Stage 2 – Quantitative Survey

The quantitative survey consisted of two key sections – the needs assessment and the organisational flexibility scan. The needs assessment was divided into two parts to identify (1) the factors that were important when implementing services (importance measure) and (2) the factors that needed improvement for the implementation of services (improvement measure). The exploratory factor analysis, designed to identify the underlying groups of variables, showed that there were three factors for the importance measure and three factors for the improvement measure. For the importance measure, they were:

- planning and performance,
- people and processes, and
- service awareness and infrastructure.

For the improvement measure, they were:

- planning, performance and service awareness,
- infrastructure, and
- people and processes.

All the factors in the solutions demonstrated good reliability and construct validity (Table 4).
Table 4: Characteristics of the Factor Solutions

<table>
<thead>
<tr>
<th>Factor</th>
<th>Needs</th>
<th>Responses, n</th>
<th>Items, n</th>
<th>Item Loading Range</th>
<th>Cronbach’s α</th>
<th>% of Variance Explained</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Importance (Maximum likelihood extraction, Direct Oblimin rotation)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning &amp; Performance</td>
<td></td>
<td>355</td>
<td>7</td>
<td>0.7-0.5</td>
<td>0.8</td>
<td>31.3</td>
</tr>
<tr>
<td>People &amp; Processes</td>
<td></td>
<td>355</td>
<td>3</td>
<td>0.8-0.4</td>
<td>0.7</td>
<td>6.8</td>
</tr>
<tr>
<td>Service Awareness &amp; Infrastructure</td>
<td></td>
<td>355</td>
<td>5</td>
<td>0.7-0.3</td>
<td>0.7</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Improvement (Maximum likelihood extraction, Direct Oblimin rotation)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning, Performance &amp; Service Awareness</td>
<td></td>
<td>355</td>
<td>9</td>
<td>0.8-0.4</td>
<td>0.9</td>
<td>33.4</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
<td>355</td>
<td>3</td>
<td>0.9-0.6</td>
<td>0.8</td>
<td>7.9</td>
</tr>
<tr>
<td>People &amp; Processes</td>
<td></td>
<td>355</td>
<td>4</td>
<td>0.9-0.3</td>
<td>0.7</td>
<td>5.7</td>
</tr>
</tbody>
</table>

Although the factors identified in the two measures, (importance and improvement), were not identical, the issues identified across both measures covered five key areas related to service provision. In essence, respondents indicated that these were the five key areas in which they required support. These areas are:

1. **Planning** was referred to as creating a business plan for the service, using practical case studies as examples, and guides for what could be done with specially trained staff to provide the service and using support from external consultants to aid the implementation process.

2. **Performance** was related to the setting of financial goals and allocation of financial resources to the service provision.

3. **Service awareness** was used to refer to the understanding and acceptance of the service provision from the customer and the motivation of staff to provide the service.

4. **People and processes** referred to resource management in relation the number of staff and creating processes for the staff to build the capabilities and capacity to provide the service. The processes refer to having specialised training and operational procedures for service implementation.

5. **Infrastructure** of the pharmacy referred to the physical capacity of the pharmacy in terms of layout and creating dedicated areas for service provision, but was also coupled with infrastructure associated with human resources or the capability infrastructure. This referred to having “an established core staff team” and “specially trained pharmacist staff” as important to service provision.

The confirmatory factor analysis showed that the organisational flexibility scan, made up by the items of the amended 20-item scale, could fit the data. The scan required modification to fit the context of community pharmacy (Appendix 6). The scan tested the types of flexibility and associated items for each factors showed that:

- **Operational flexibility** was identified through a focus on daily practice rather than planning for the future. For example, these pharmacies used one year plans and outsourced services such as Home Medicine Reviews.

- **Structural flexibility** was identified through (1) an emphasis on using employees’ skills in service provision, (2) developing business relationships with others (3) fostering a pharmacy structure that could be easily modified and (4) adopting a medium term focus of 2-5 years.

- **Strategic flexibility** was identified through (1) the integration of new initiatives, such as service provision, in daily operations and (2) working with governmental agencies or other health care professionals to develop new initiatives.

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*d In the scan, steady state translated to negative (disagree) responses across the items. As a result of this, Verdu-Jover et al determined that the construct of steady state would not be part of the scan and has not been tested statistically.*
The cluster analysis was used to classify the responding pharmacies into one of four groups (Table 5). These results may not be representative of the total population and are reflective of the pharmacists that responded to the survey. The general perception is that many pharmacies are the steady state type of flexibility. Whether this is the case or not is debatable. The discriminant analysis used the cluster grouping to analyse the relationship between these groups and the demographic information. This showed that there was no significant difference between the groups and pharmacy size, location, ownership structure or corporate banner group membership.

Table 5: Cluster Analysis: Type of Flexibility

<table>
<thead>
<tr>
<th>Type of Organisational Flexibility</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steady-State</td>
<td>37</td>
<td>10.4%</td>
</tr>
<tr>
<td>Operational Flexibility</td>
<td>89</td>
<td>25.1%</td>
</tr>
<tr>
<td>Structural Flexibility</td>
<td>109</td>
<td>30.7%</td>
</tr>
<tr>
<td>Strategic Flexibility</td>
<td>120</td>
<td>33.8%</td>
</tr>
<tr>
<td>Total</td>
<td>355</td>
<td>100%</td>
</tr>
</tbody>
</table>

Stage 3 – Intervention: workshop and follow up interview

Both organisational flexibility and the five key areas related to service provision were used as the basis for the design of the workshop. Overall the feedback from the participants was positive. They reported finding value in attending the workshop and having a researcher visit their pharmacy. Participants who had already undergone some degree of business training expressed their desire to participate in an MBA-style workshop rather than the less structured and basic style used in the intervention. On the other hand, participants with no previous training commented on benefit of informal and less structured workshops. Although the informal nature of the workshop facilitated discussion between participants that was seen to be useful and insightful, participants commented that they would have liked to follow the manual in a more structured way. The example of using the workshop tasks outlined in the manual was given as a potential method of improving the format and structure of the workshop (Appendix 7 pp 71-85).

The data from the evaluation form (shown in Appendix 10) and the field notes from the follow-up interviews were summarised and used to develop four business cases based on the type of flexibility exhibited (Appendix 12 & 13). The business cases showed that each type of flexibility had characteristics similar to the types of flexibility evidenced in the qualitative stage. The different sections of the workshop impacted on the 19 participating community pharmacies in various ways. This has been summarised below:

1. **Creating a strategic direction: strategic, business and financial planning for service delivery:** In general, pharmacy owners took the concepts discussed at the workshop and used them to evaluate their product and service offering in the pharmacy. The type of business model and organisational flexibility appeared to be related to the actions taken. For example, pharmacies using operational flexibility had existing strategies focused on the retail side of their businesses. Whereas steady state pharmacy participants expressed awareness that they should develop their strategic position of their business further. The actions taken in this area overall were:
   a. Considering or planning for the implementation of more professional services
   b. Visiting other pharmacies to gather ideas or taking ideas from case studies
   c. Financial analysis and management – incorporating professional services into point-of-sale data
   d. Category analysis and management – decreasing underperforming product areas
   e. Reinforcing or considering the pharmacy’s strategic direction.

2. **Creating a “Health Services” Image:** In creating an image based on service provision, most participants focused on the concepts of changing the physical layout to be more conducive to the provision of services and increasing communication with external stakeholders. The participants from structurally flexible pharmacies were considering more specific changes to their pharmacy layout to promote services e.g. using a forward pharmacy model. The actions taken in this area overall were:
a. Changing pharmacy layout – to incorporate professional service areas (such as counselling rooms) or decreasing non-pharmacy specific product areas in order to be able to increase health-focused product or service areas
b. Implementation of ‘forward pharmacy’
c. Improved or increased communication with local GPs
d. Communicating a health focused image through:
   i. Health talks to local schools and organisations
   ii. Dedicated health information sections in the pharmacy
   iii. Health focused window displays.

3. Staff Management: The workshop overall stimulated discussions between participants and their staff about change and implementing services. It also appeared to encourage change to the staff management to reflect services provision in both strategically and structurally flexible pharmacies. Participants from operationally flexible pharmacies changed the responsibilities of the pharmacy staff to potentially incorporate more services as opposed to any other type of change in this area. The actions taken in this area overall were:
   a. Discussing changes with staff and involving staff in workshop tasks
   b. Restructuring staff in order for professional staff to focus on professional aspects
   c. Considering employing more professional staff
   d. Encouraged staff appraisals to clarify roles and incorporate services
   e. Incorporating professional services into staff performance measures and rewards
   f. Incorporating staff training in professional services

The participating pharmacists expressed clear needs for tools that could help them implement and sustain service delivery. These were:
   • On-site support;
   • IT programs for services that integrate with point-of-sale and dispensing software;
   • Financial tools such as spreadsheets for monitoring KPIs for services;
   • Step-by-step implementation guides/plans for each service detailing the process for each section – planning, image, staff; and
   • Practical examples from case studies and networking with other pharmacy owners/managers.

A clear (and distinctively different) strategy became apparent for stimulating service delivery for pharmacies based on their type of organisational flexibility (Table 6). These strategies could be used to target promotional and support activities that are individualised to groups of pharmacies.
### Table 6: Strategies for stimulating service delivery in different types of pharmacies

<table>
<thead>
<tr>
<th>Types of Flexibility</th>
<th>Strategy for stimulating service delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steady State</td>
<td>The tagline for this group was “unmotivated and unsure”. They were initially unmotivated to provide services because they were unsure of how to integrate services into their daily practice. For this group to begin implementing services the importance of service provision needs to be reinforced. The owners need to develop a more detailed understanding of the necessity and usefulness of services in pharmacy. They need detailed implementation guidelines for each service that show them the step by step process they should go through in each area. This needs to be supported by holistic support ranging from financial analysis of their businesses to overcoming practical issues.</td>
</tr>
<tr>
<td>Operational</td>
<td>The tagline for this pharmacy was “prove it to me”. This group had either tried and rejected service provision or were focused on finding services that matched their existing business position. The main emphasis was on the financial implications of services and reinforcing the return of investment they would see from changing their orientation. Working in pharmacies geared towards product sales, they were looking for systems that could help breakdown services in a similar way.</td>
</tr>
<tr>
<td>Structural</td>
<td>The tagline for this group was “looking to be inspired”. This group provided services in select areas, considered that change was a possibility but were not sure how to approach this. In hearing the experience of others and networking with other pharmacists interested in service provision, they were inspired to make changes in their pharmacies. These changes focuses either on integrating the services in the pharmacy overall or making service provision sustainable through building specific service areas or adding new services.</td>
</tr>
<tr>
<td>Strategic</td>
<td>The tagline for this group was “getting better”. Their strategic orientation meant that they were already quite well developed in their approach to services but were always looking for ways to further develop. They found the workshop useful as it provided the opportunity to share ideas and it stimulated momentum to keep moving forward. Practical tools, such as integrated IT programs, were cited as important ways of sustain service delivery.</td>
</tr>
</tbody>
</table>

In the limited group of 19 pharmacies in the NSW area, a simple cost effectiveness assessment was conducted of the intervention (Table 7). After completing the intervention, it was difficult to assign an effect cost for individual pharmacies. **This analysis shows that the average cost per pharmacy for the intervention was $847.08.**
**Table 7: Cost Effectiveness Assessment of the Intervention**

<table>
<thead>
<tr>
<th></th>
<th>Friday Workshop</th>
<th>Sunday Workshop</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workshop Manual Preparation</td>
<td></td>
<td></td>
<td>$ 1,750.00</td>
</tr>
<tr>
<td>Workshop Manual Printing</td>
<td></td>
<td></td>
<td>$ 1,059.50</td>
</tr>
<tr>
<td>Participants</td>
<td>9</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>Time Taken for Workshop</td>
<td>6 hours 30 minutes</td>
<td>5 Hours 30 Minutes</td>
<td>12 Hours</td>
</tr>
<tr>
<td>Number of External Workshop Presenters (@$750 per day)</td>
<td>6</td>
<td>5</td>
<td>$ 8,250.00</td>
</tr>
<tr>
<td>Catering</td>
<td></td>
<td>$ 550.00</td>
<td></td>
</tr>
<tr>
<td>Other:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participant expenses (Parking etc)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consultant expenses (Flights, Parking etc)</td>
<td></td>
<td>$ 1,550.00</td>
<td></td>
</tr>
<tr>
<td>Follow-Up Expenses:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incorporated Researchers time @ $35 per hour and a per diem allowance of $60</td>
<td></td>
<td></td>
<td>$ 2,935.00</td>
</tr>
<tr>
<td>TOTAL COST FOR 19 PHARMACIES</td>
<td></td>
<td></td>
<td>$ 16,094.50</td>
</tr>
<tr>
<td>COST PER PARTICIPATING PHARMACY</td>
<td></td>
<td></td>
<td>$ 847.08</td>
</tr>
</tbody>
</table>

**LIMITATIONS**

The limitations are based on the ground breaking and exploratory nature of the study. The theoretical framework of organisational flexibility had not been applied to community pharmacy prior to this study, the needs of community pharmacies in implementing services had not been analysed and an intervention focused on building the capacity to implement services had not been proposed or trialled. The limitations of Stage 1 are based on the lack of generalisability of qualitative findings. The use of a purposive sample was insightful in developing an understanding of the business models and elements of organisational flexibility but does not aim to be extrapolated to the broader community at this point. Additionally, four business models were found but the subsets within these models suggest that there are potentially newer models still emerging.

In Stage 2, though statistical analyses were possible, a larger sample would have enabled more robust analyses. If the research sample had been larger (n>600) this would have enabled the scales, such as the needs assessment to be developed (through an exploratory factor analysis) with one sample and confirmed (using confirmatory factor analysis) in a second sample. The low response rate could be due to the large number of research projects being conducted in community pharmacy simultaneously as this was cited by both respondents and non-respondents as a major inhibitor to their participation in this research project.

In Stage 3, the limitations stemmed from the small sample size and the time allocated to this stage of the research. With only 19 pharmacies the results of this stage are not generalisable to the broader population. They do, however, give an indication of potential trends emerging from groups of pharmacies. The measures of change were qualitative and over a short period of time (from 2-4 weeks). This was due to the time period over which this stage was conducted and the scope of the study. Further studies should test these findings over a longer period of time (e.g. 2-5 years) to adequately measure change.
Community pharmacy is clearly an industry in transition and further development and change can be expected. The question is whether this change occurs in a policy vacuum and is solely decided by market forces or whether there is an overall framework developed by the profession to provide leadership to pharmacy owners and managers. This research commences the discovery and examination of the characteristics and needs of the industry but it is nascent as community pharmacy is still evolving and emphatic statements cannot yet be made.

Stage 1 – Qualitative interviews

The impact of changes in the external environment on the organisational flexibility of community pharmacies appears to have produced at least four business models which provide services to varying degrees. The characteristics of these models suggest that there are potentially newer models or subsets of models still emerging. That is, community pharmacy seems to be transitioning. It is therefore very important that the specific needs of pharmacies in making these transitions are identified, particularly in order to allow them to adopt different types of flexibility and thus to effectively implement services and build capacity.

The emergence and adoption of new business models were often stimulated by transforming local environment. Often when a price discounting pharmacy appeared it prompted a rapid change of strategic position in neighbouring pharmacies. At this point it may be surmised that the inherent nature of community pharmacies is to react to external changes rather than anticipate them. This poses a number of questions as to the sustainability of the more reactive pharmacy models and the services they provide. Much of the current debate concerns the implementation of services but there needs to be greater consideration given to their sustainability. This study, however, showed that pharmacies becoming proactive do exist and perhaps others could be provided with assistance to build their capacity in order to operate the same way.

Key Finding 1: Various business models of community pharmacy are developing, driven by market forces and individual pharmacy owner decisions in the absence of an overall policy framework. This research found that service implementation needs to been approached in a holistic way, taking into account the business and professional environment in which it operates.

Interestingly, not all the pharmacies in this study were able to communicate a clearly defined strategy. The models showed that, as economic pressure was placing a high dependence on the dispensary, pharmacies were in the initial stages of diversifying but had not achieved this position clearly enough. This often presented their customers with a lack of clarity of the pharmacy positioning. Positioning a pharmacy as a health care provider was dependent on the philosophical standpoint of the pharmacy owner and the perspective the business’ future. The concept of creating a critical mass or bundle of services was crucial to establishing the viability of the services. In addition, once the owner had made a commitment to make services part of the pharmacy there was a need to diffuse this throughout the pharmacy to generate staff support. The concept of securing staff support has been highlighted as a facilitator of implementation in many previous studies. Additionally, the culture of the pharmacy promoted either operational efficiencies and retailing or service provision through structural efficiencies. However the critical point, as reinforced later by the workshops results, was that when strategic flexibility was used with an underlying philosophy of health care provision, services were more likely to be successfully integrated into the pharmacy. This is an important point for all policy makers to consider.

In the initial stage of research it was evident that when pharmacies were subjected to changes in their local environment it stimulated change in philosophical and business positioning. At times service provision was used as the key element of this change; this was when strategic flexibility was exhibited. This was used in two of the four business models: health care solutions pharmacy or networked pharmacy. Structural flexibility stimulated service specific changes in the pharmacy through alterations to facilities or personnel. Operational flexibility was exhibited in the retail destination pharmacy where the retail aspect of pharmacy was being taken advantage of without intentionally incorporating the extended role of pharmacy. They were increasing their efficiency as retailers. Finally the group of pharmacies in steady state was also the classic community pharmacy model and exhibited complacency to change.
Key Finding 2: The qualitative interviews showed that community pharmacies exhibit all four types of organisational flexibility – steady state, operational, structural and strategic – manifested in four business models: classic community pharmacy, retail destination pharmacy, health care solution pharmacy and networked pharmacy. The integration of the business model and organisational flexibility type influence how services are implemented into the pharmacy operations.

Key Finding 3: Where services are implemented to differentiate the pharmacy, a health care provider focus is adopted. This holistic approach to health care provision suggests that using strategic flexibility enables services to be integrated most effectively.

Stage 2 – Quantitative Survey

The analysis showed that there were three similar factors arising from the importance and improvement measures (the three factors explained approximately 40-50% of the variance). This indicated that the underlying constructs driving community pharmacy from a product and service model to a service and product model are complex and varied. The similarity of factors for the two measures could be a clear indication of the current needs of the community pharmacy industry or alternatively, a result of the survey format which used the same items for both measures.

The major factor was “Planning and Performance” in the importance measure and “Planning, Performance and Service Awareness” in the improvement measure. These factors can be subdivided into three concepts, not discerned in the statistical analysis, perhaps suggesting that the concepts are intrinsically related for practising pharmacists. Respondents highlighted the need to focus on the business and financial planning for service integration and a wish to have practical cases. They also seek financial resources to support these services in conjunction with staff who are specifically trained and motivated. It was indicated that service awareness was both important and needed improvement through knowledge of the service to customers and customer feedback.

The analysis highlights the importance of these concepts and the critical question for policy makers remains how quickly programs can be restructured. Current programs are not meeting needs sufficiently to encourage the widespread implementation of professional pharmacy services. To accelerate the rate of implementation the needs of community pharmacies need to be heeded by incorporating these concepts efficiently in delivered programs. Increased implementation would support the continued emphasis of seeking remuneration for existing or additional services. The successful uptake of these programs is a crucial element in supporting future negotiations.

The second factor in the improvement measure concerned the physical layout, for example including dedicated area for service provision. This result is not surprising as community pharmacies have been traditionally designed to maximise product sales, with a paucity of design layout models for service delivery. In the qualitative study, pharmacy owners told of their recruitment of experts from outside pharmacy to create service-oriented designs. Service-oriented designs for pharmacies should be promulgated to pharmacy owners who wish to change their current business platform.

The second factor, “people and processes” in the importance measure was related to staffing and processes issues. This suggests that transforming to a service model may require more staff with specialised knowledge as well as defined operational processes. Industry change requires a new set of skills for staff. However, the challenge for community pharmacy will not necessarily be the training of pharmacists in services, as Australian universities have incorporated these into their curriculum. Rather, the challenge will be in the financial implications of increased staff numbers and skills. There appears to be a reluctance to invest in staff development. This may be a reflection of the position of community pharmacy as a small business with a more limited financial capacity to provide development opportunities or their past reliance on others, such as the pharmaceutical industry, to provide adequate education and training. Staffing costs are a critical financial indicator that pharmacy owners monitor carefully. There are industry accepted norms for staffing costs/turnover ratio in a product model, but the higher ratio in a service model results in pressure on the viability of the pharmacy.
The third factor in the importance measure combines the physical layout concept from the improvement measure with service awareness. This highlights the significance of creating a pharmacy design that supports a service orientation not only for service delivery but making the services visible to customers. This design should be supported by a core pharmacy team and specially trained pharmacists that can reinforce the service orientation through their skills and image they portray to the customer. The third factor in the improvement measure labelled “People and Processes” is clearly related to the second factor in the importance measure.

In summary the study has provided the initial steps in developing a tool for a need assessment in the area of implementing service in community pharmacy. Pharmacists clearly need support for changing their businesses from a product to a service orientation in at least five areas; planning (business planning), performance (financial planning), people and processes (staff management), service awareness (marketing) and infrastructure (design layout).

Key Finding 4: The five key areas for capacity building were: planning, performance, service awareness, people and processes, infrastructure.

Key Finding 5: The study identified that community pharmacy owners need more practical business management assistance to develop the capacity to change and adapt in this new environment.

Stage 3 – Intervention

Previous research and this intervention have shown that providing information to pharmacists regarding service implementation is not sufficient to increase uptake. The intervention provided evidence of having stimulated the thinking of pharmacy owners and managers by identifying ways in which services could be more effectively implemented. A practical impact of the intervention (see results section and Appendix 13) was seen, even though long term change could not be measured.

Key Finding 6: The trialled intervention program – including a workshop and on site support – provided structured assistance in management issues such as strategic direction, creating an image of a health care provider and staff management. The assistance was seen to be practical and tailored to the needs and characteristics of the different groups.

Key Finding 7: The intervention was positively received by this sample of pharmacists and had an immediate and practical impact on the business operations and planning in the community pharmacies. It promoted flexibility, strategic operations and the potential to integrate services in pharmacies.

Figure 2 outlines the steps taken in Stage 3 of this study as well as crucial pre and post support. Overall it comprises five key steps. The core elements (steps 2-4) are an educational workshop, on-site support and a resource centre. This would be reinforced by steps 1 and 5 – pre-program preparation and a post-program assessment of performance and progress. More specifically, these steps are:

- Pre-preparation: involving background reading of relevant topic areas such as strategic planning
- Educational workshop for services: in small, interactive group workshop where pharmacists can hear from experts in different areas and discuss new ideas and issues with other pharmacists
- On-site support: this continuous support should be over the long term (3-5 years) to ensure that service delivery is sustained. Support could be in form of on-site visits to pharmacies to help define or refine the direction of the pharmacy to include service provision and provide further contacts in the areas in which the pharmacy specifically needs to develop e.g. pharmacy layout
- Toolkit and resource centre: providing a centralised pool of resources for assistance and information relation to the provision of all services. This would also be an interface between pharmacists and experts in the key areas pharmacies need to improve. Tool-kits should be provided with service specific information to assist in implementation, including guidelines, relevant professional standards, case studies of other pharmacies etc.
- Assessment: involving the development of assessable goals and indicators that can be benchmarked against industry standards to set the level and depth of service delivery for community pharmacy
It is important to note that there is not one best model of practice that should be applied to all pharmacies. The aim of any support program should be to provide pharmacists with a number of options or potential business models and allow them to choose the elements most relevant to their pharmacies.

Overall the research showed that there are specific areas in which capacity can be built in community pharmacies to support the implementation of professional pharmacy services – a process of change that will require support over an extended period of time.

Key Finding 8: The theoretical framework of organisational flexibility can be used to investigate and identify areas in which capacity needs to be built to provide services and guide the development and delivery of holistic programs to support community pharmacy.

Key Finding 9: The level of change and capacity building required in community pharmacy is complex, and requires significant support and time to occur.
CONCLUSION

The focus of this research was to investigate the capacity of community pharmacy to provide professional pharmacy services by examining the factors affecting the experience of community pharmacy in the business and health care environments in which it operates.

The first stage of this research, the qualitative interviews, showed that pharmacies choosing to implement services are strategically differentiating their businesses to become focused health care providers. This holistic approach to the health care focus should inevitably influence the sustainability of services. The health care solutions and networked pharmacy models are best suited to integrate services and that creating a strategically flexible model supports the integration of products and services. However it also appears that all types of business models are attempting to incorporate service provision to some extent.

The question for the profession is whether it wishes to promote service provision in all types of pharmacies. In addressing this question there will be much debate on the role of government, professional organisations, universities and other stakeholders. If the future of community pharmacy truly lies in a mix of product and professional pharmacy services a health care solutions pharmacy and networked pharmacy positions are currently the most effective models in achieving this mix. The challenge, however, will be in building the capacity of other models to integrate services and successfully providing leadership and support for an industry in transition.

It is clear from the analysis of the quantitative survey (Stage 2) that there are gaps in the capacity of community pharmacy that could be addressed through business and management programs. The five key areas identified should be taken into consideration and developed into actionable steps. However, efforts to build capacity in order to increase the probability of service uptake should take into account different types of pharmacies and potentially differing needs.

Through the intervention, including a workshop and follow up interview, the third stage of this project enable identified needs to be addressed in order to build the capacity to provide professional pharmacy services. It is clear that an increased awareness of professional pharmacy services among customers, pharmacy staff and other health care professionals is required. Cultural change is required by owners, managers, staff and other influential as well as the creation of cost structures to support a service delivery focused model.

Organisational flexibility, as a theoretical framework, has proved a useful tool in understanding the challenge of service implementation and the related capacity and integration issues in community pharmacy. Current available assistance is focused more on developing the clinical skills of individual pharmacists or the retailing aspects of pharmacy rather than service provision, with few resources provided to address these emerging needs. Professional associations could consider developing different support programs for individual groups of pharmacies and adapting content for their specific needs. It is apparent that developing strategic thinking and developing the business model of a pharmacy to incorporate the role of a health care provider is a critical step before practice change and service implementation can be successful.

The level of change required in pharmacy is complex and will require significant support from professional associations. The capacity and infrastructure of the professional associations and other support networks for community pharmacies needs to be sufficient to meet the breadth of these needs. Without support, the success of sustainable service delivery is questionable. Currently pharmacies are in different stages of development and require different levels to support to transition to the role of a service provider. Any change management programs to assist in this transition, as proposed in previous studies, should take into account both sets of needs identified as well as the mode of delivery trialled and evaluated. To be effective, the provision of information in regards to services should not be didactic or forceful but rather a presentation of options which pharmacies can then align strategically with their business to optimise their long term viability. In the long term, it will be the ability to gradually incorporate and bundle new services in the practice of pharmacy that will support the viability of the industry.

The preliminary evidence suggests that a targeted program of education and on-site support, based on a sophisticated understanding of the organisational needs and characteristics of community pharmacy, can be effective. Therefore, it is recommended that a national trial is implemented and evaluated to support of service
implementation. An optimal program should involve a preparation, workshop attendance, on-going on site support underpinned by a resource centre providing tool kits for each service and integrating information on matters related to services and their implementation.

Relevant policy initiatives are essential to continue and encourage the momentum for change. These initiatives need to both focus on supporting and building on the capacity of the pharmacies already implementing services to increase the potential sustainability of their provision, and provide support and development tools for those pharmacies yet to integrate a sustainable, service delivery model.
REFERENCES


## Appendix 1: Owner Topic Guide

### General Pharmacy Information – Background

<table>
<thead>
<tr>
<th>Main Question</th>
<th>Probe Level 1</th>
<th>Probe Level 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can we start with some general information about the pharmacy like…</td>
<td>• What are the operating hours?</td>
<td>• How many are pharmacists and how many are technicians (pharmacy assistants)? Do they work in shifts?</td>
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<td></td>
<td>• How many employees do you have?</td>
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<td></td>
<td>• What is the local area around your pharmacy like?</td>
<td>• Who do you see as your target market?</td>
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<td></td>
<td></td>
<td>• How does that affect the running of the pharmacy?</td>
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</tbody>
</table>

### Products/services (competition)

| What product areas do you have in the pharmacy?                              | Are there any areas that you focus on specifically? Which one(s)? Why? How? | How is this/are these focus areas known to the pharmacy staff? |
|                                                                               | Who are these products **geared** to?                                          | Does this change the roles of the staff members in any way?               |
| What services do you provide in the pharmacy?                                | Who do you provide these services to?                                        | How did they first find out about these services?                         |
| Who do you consider your competitors?                                        | Who are these services **geared** to?                                         | How is the service administered/run? Who looks after it?                  |
|                                                                               | In what way do they compete with the pharmacy?                                | Are there any other competitors inside/outside the pharmacy profession?   |

### Employees

<p>| Can you describe your employees?                                              | Are they from diverse employment backgrounds?                                | What expertise/knowledge does that bring to the pharmacy?                 |
|                                                                               | Do any of the staff have additional professional qualifications e.g. post-graduate qualifications? | Do the staff members have specialised areas they are responsible for in the pharmacy? |
| How are the staff members organised?                                         | What are the specific tasks of pharmacists/technicians/assistants?           | How do the staff know what to do everyday?                                 |
|                                                                               | Do they have a formal job description? Are they individualised?              | Do you have staff meetings?                                               |
| What do you think drives or motivates your employees?                        | Who does the staff report to?                                               | Why do you think they work in this pharmacy?                               |
| How are new pharmacists initiated into the pharmacy?                         | How do they communicate with each other?                                     | How specifically are the staff motivated? (e.g. incentives)               |
|                                                                               | Do you do anything to motivate them more or to improve their performance?   | Are things written for people to refer to? E.g. job descriptions, work instructions and general rules. |</p>
<table>
<thead>
<tr>
<th>Do you use temporary staff or people outside the pharmacy staff to help you?</th>
<th>For example, do you use marketing consultants?</th>
<th>Do you use your banner group for any administrative support?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• How do you use them?</td>
<td>• What role do they play? How often do they help?</td>
<td></td>
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</tbody>
</table>

**Training and Development – Continuing Education**

<table>
<thead>
<tr>
<th>Can you tell me about continuing education in the pharmacy?</th>
<th>How do you organise training and development in the pharmacy?</th>
<th>What professional development opportunities do your staff members have?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What happens when someone returns to the pharmacy after a training course?</td>
<td>• How often do they go to training and development sessions?</td>
<td>• How do you plan for personnel changes when people are at courses?</td>
</tr>
<tr>
<td>• What role do they play? How often do they help?</td>
<td>• Do they share the information with the other staff members? How?</td>
<td></td>
</tr>
</tbody>
</table>

**Decision Making/ Future of the Pharmacy**

<table>
<thead>
<tr>
<th>How are decisions made in the pharmacy?</th>
<th>Who makes decisions about the daily running of the pharmacy?</th>
<th>What role do the employees play in this process?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Who makes decisions about issues that impact the whole pharmacy (changing the pharmacy computer software)?</td>
<td>• How do the staff find out about new decisions or other changes in the pharmacy?</td>
<td>• Who leads the pharmacy? How do they interact with the other employees?</td>
</tr>
<tr>
<td>• How is this done?</td>
<td>• Do you use goals? Who sets them?</td>
<td>• Is feedback provided to the staff?</td>
</tr>
<tr>
<td>• How are the results of the goals measured?</td>
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<tr>
<td>Only asked if not previously mentioned in relation to other questions</td>
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<td><strong>How have things changed in the pharmacy profession over the last 5 years?</strong></td>
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<tr>
<td><strong>Are you thinking of changing anything in the pharmacy?</strong></td>
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<tr>
<td><strong>Have you changed anything or added anything in your pharmacy in the last 5 years?</strong></td>
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<tr>
<td><strong>Do you work with other health care professionals in the area? How?</strong></td>
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<tr>
<td><strong>What technology do you use in the pharmacy?</strong></td>
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<td><strong>Have you had to change the way your pharmacy is run to accommodate these changes?</strong></td>
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<tr>
<td><strong>Can you describe the change to me? How will you go about it?</strong></td>
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<tr>
<td><strong>What impact do you think this will have?</strong></td>
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<tr>
<td><strong>How often do you change products and/or services you offer in the pharmacy?</strong></td>
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<tr>
<td><strong>Do changes in the pharmacy generally happen quickly?</strong></td>
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<tr>
<td><strong>How do you think this impact on the business?</strong></td>
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<tr>
<td><strong>What impact has this had on your pharmacy?</strong></td>
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<tr>
<td><strong>What work do you do?</strong></td>
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<td><strong>What level of involvement do you have with them?</strong></td>
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<td><strong>Could your working relationship be improved? How?</strong></td>
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<tr>
<td><strong>What data do you get from the computer software? How do you use the data?</strong></td>
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<tr>
<td><strong>What impact (if any) has this had?</strong></td>
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<tr>
<td><strong>How do you decide how they will be changed?</strong></td>
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<td><strong>What drives these changes?</strong></td>
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<tr>
<td><strong>How long does it take for something new to be implemented?</strong></td>
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<tr>
<td><strong>Does it have an economic impact? What kind?</strong></td>
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<thead>
<tr>
<th>Success/Finance</th>
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<tbody>
<tr>
<td><strong>What does success in your pharmacy mean to you?</strong></td>
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<tr>
<td><strong>How do you judge your performance success?</strong></td>
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<tr>
<td><strong>How do you judge your growth success?</strong></td>
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</table>
## Appendix 2: Senior Staff Member Topic Guide

<table>
<thead>
<tr>
<th>Question</th>
<th>Probe Level 1</th>
<th>Probe Level 2</th>
<th>Purpose</th>
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</thead>
<tbody>
<tr>
<td><strong>Individual Role</strong></td>
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<tr>
<td>Can you describe your role in the pharmacy?</td>
<td>• How long have you worked in the pharmacy?</td>
<td>• Do you have a written job description?</td>
<td><strong>Function of Staff</strong></td>
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<td></td>
<td>• What work do you do here?</td>
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<td>• How often do you work?</td>
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<td>• Do you have specific responsibilities?</td>
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<td></td>
<td>• Do you always work with the same group of people?</td>
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<td>• What happens if you’re absent?</td>
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<td>• Have you always worked in pharmacy?</td>
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<td>What is your work background?</td>
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<tr>
<td>Do you have any qualifications outside pharmacy?</td>
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<tr>
<td><strong>Products/services</strong></td>
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<tr>
<td>In the pharmacy you focus on XYZ product lines – why do you think this is?</td>
<td>• In your opinion, why does the pharmacy stock these products over others?</td>
<td>• Are they provided because the customers ask for them? Does the pharmacy owner decide?</td>
<td><strong>Understanding of product/service offering</strong></td>
</tr>
<tr>
<td></td>
<td>• What happened in the pharmacy?</td>
<td>• How are you (and the staff) told about them?</td>
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<td></td>
<td>• What role do you play in the introduction of new products?</td>
<td>• Is there any training involved?</td>
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<td></td>
<td>• Who decides on new products?</td>
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<td></td>
<td>• Do you provide the service?</td>
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<td></td>
<td>• Does the service(s) affect the way of the pharmacy runs?</td>
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<td></td>
<td>• Why is it different?</td>
<td>• Can you describe to me how this was first started/ implemented?</td>
<td><strong>Decision mkg Comms Training</strong></td>
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<tr>
<td></td>
<td>• Do you think there is anything that the</td>
<td>• How are you told about them?</td>
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<td>• Is there any training involved?</td>
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<td></td>
<td>• Is there any training involved?</td>
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<td>• Have any of your ideas been taken up? Can you describe the process to</td>
<td><strong>Understanding of business model and vision</strong></td>
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<tr>
<td>Work Environment</td>
<td>Decision mkg Participation</td>
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<tr>
<td>How would you describe to a friend what it's like to work in the pharmacy?</td>
<td>• How do you think this is represented? Mission? Images? Products? Services?</td>
<td></td>
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<tr>
<td>What leadership style do you think is used in the pharmacy?</td>
<td>• How does your role support this image?</td>
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<tr>
<td>How do you know what needs to be done every day?</td>
<td>• How do you become a part of this image?</td>
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<tr>
<td>Are there any important events/crises that have changed the pharmacy?</td>
<td>• Leadership</td>
<td></td>
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<tr>
<td>Do you have any celebrations in the pharmacy? Birthdays?</td>
<td>• Comms</td>
<td></td>
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<tr>
<td>Do you think that there is anything that is likely to change the work environment in the near future?</td>
<td>• Motivation</td>
<td></td>
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<tr>
<td>• Do you enjoy the work?</td>
<td>• Culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Do you enjoy the working environment?</td>
<td>• Formalisation</td>
<td></td>
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<tr>
<td>• What motivates you to work in this pharmacy?</td>
<td>• Culture</td>
<td></td>
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<tr>
<td>• Is there a formal structure for working together?</td>
<td>• Culture</td>
<td></td>
<td></td>
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<tr>
<td>• Do you take work or issues from work home with you?</td>
<td>• Leadership</td>
<td></td>
<td></td>
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<tr>
<td>• Why do you think this style is used?</td>
<td>• Comms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Does this impact on your work? How?</td>
<td>• Motivation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• How do you communicate with the other staff members?</td>
<td>• Culture</td>
<td></td>
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</tr>
<tr>
<td>• What impact did it have?</td>
<td>• Formalisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• How did people respond to it?</td>
<td>• Culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• How often does this happen?</td>
<td>• Leadership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Do you enjoy being involved in this?</td>
<td>• Comms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• How may this affect you?</td>
<td>• Motivation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• How would you deal with the change?</td>
<td>• Culture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and Development - Continuing Education</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you do any training and continuing education? What kind?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>What happens when you return to the pharmacy after a training course?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• How is this supported in the pharmacy?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Are people interested in what you have learned?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Do you share the information with others? How?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Are you given time off to attend training courses?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Can you choose the areas you are trained in?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• How is the training paid for?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training Support for training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diffusion of information</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Decision Making/Future of the Pharmacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>How are decisions/plans made in the pharmacy?</td>
</tr>
<tr>
<td>Does the pharmacy have goals?</td>
</tr>
<tr>
<td>• Are you involved in making decisions/plans?</td>
</tr>
<tr>
<td>• Are decisions/plans made about the future? Are you involved in this?</td>
</tr>
<tr>
<td>• How do you find out when decisions/plans are made?</td>
</tr>
<tr>
<td>• Do you know about them?</td>
</tr>
<tr>
<td>• How are they measured?</td>
</tr>
<tr>
<td>• Do they impact on your work?</td>
</tr>
<tr>
<td>• What kinds of decisions/plans?</td>
</tr>
<tr>
<td>• How are you involved?</td>
</tr>
<tr>
<td>• How do you find out about them?</td>
</tr>
<tr>
<td>• How?</td>
</tr>
<tr>
<td>Decision making Comms</td>
</tr>
<tr>
<td>Goal setting Planning Comms</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Success</th>
</tr>
</thead>
<tbody>
<tr>
<td>What do you think is success in the pharmacy?</td>
</tr>
<tr>
<td>Is your personal success assessed?</td>
</tr>
<tr>
<td>• Does this impact on your work? How?</td>
</tr>
<tr>
<td>• Is this measured? How?</td>
</tr>
<tr>
<td>• Do you do anything to improve this?</td>
</tr>
<tr>
<td>• Do you have performance reviews?</td>
</tr>
<tr>
<td>Impact of business viability on pharmacy and the individual</td>
</tr>
</tbody>
</table>
Appendix 4: Survey Instrument Validity and Reliability Testing

Face validity of the instrument was assessed by pretesting the survey with practicing pharmacists (n=9). A pilot survey was then administered to random sample of 392 community pharmacies across Australia. Construct validity of the pilot was examined using exploratory factor analysis of the 25 item scale, with principal axis factoring and oblique rotation of the pilot sample (n=75). The internal consistency and reliability of the constructed were measured using Cronbach’s alpha and the split half test method, and indicated good consistency and reliability.

This showed that there were three latent factors for the importance measure and two for the improvement measure. The importance factors were: (1) marketing and management, (2) infrastructure and (3) staff. The improvement factors were: (1) marketing, training and operational issues, and (2) staff and infrastructure.

Variations were then made for the main survey instrument to reflect these preliminary results, eliminating low and cross loading items, and include the issue of financial management, highlighted as relevant by responses to open survey questions. From these results it was surmised that there would potentially be four underlying constructs in the scale covering: (1) marketing and management, (2) infrastructure, (3) staff and (4) financial management. The validity and reliability were retested in the main survey.
Appendix 5: Exploratory Factor Analysis

An exploratory factor analysis was used and no expectations were held of how the theory would fit the scale. The items drawn from stage 1 and previous literature were components of the theoretical framework in the 4 underlying constructs. This analysis was not designed as theory testing as much as informing how theory could apply to community pharmacy. The factorability of R was examined to satisfy the correlation criteria of greater or equal to |0.30|, which all items met for both measures. Bartlett’s test of Sphericity was significant (importance measure: $\chi^2 = 1738.417; p < 0.001$; improvement measure: $\chi^2 = 2219.673; p < 0.001$). Kaiser’s measure of sampling adequacy was 0.88 in both cases, and all item correlations in the anti-correlation matrices were greater than 0.60, indicating good factorability.

Extraction methods, principal axis factoring and maximum likelihood, and the rotation methods of Direct Oblimin and Promax, were used to enable the comparison of results and verify the factors across different techniques of extraction. The most parsimonious solution for both measures was determined using the following criteria: (1) the maximum percentage of variance explained by the solution, (2) the value of Cronbach’s alpha, > 0.65 for each factor, and (3) the interpretability and theoretical implications of the solutions. The results of the exploratory for both measures are shown in tables A1 and A2.

Table A1: Pattern Matrix: Importance Measure

<table>
<thead>
<tr>
<th></th>
<th>Factor 1</th>
<th>Factor 2</th>
<th>Factor 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planning &amp; Performance</td>
<td>People &amp; Processes</td>
<td>Service Awareness &amp; Infrastructure</td>
</tr>
<tr>
<td>a business plan for integrating the service</td>
<td>.749</td>
<td>.137</td>
<td>.148</td>
</tr>
<tr>
<td>practical case studies for successful service implementation</td>
<td>.664</td>
<td>-.102</td>
<td>-.039</td>
</tr>
<tr>
<td>setting financial goals related to the performance of the service</td>
<td>.656</td>
<td>.117</td>
<td>.037</td>
</tr>
<tr>
<td>staff rewards and incentives</td>
<td>.518</td>
<td>-.080</td>
<td>-.057</td>
</tr>
<tr>
<td>support from external consultants or advisors</td>
<td>.492</td>
<td>-.155</td>
<td>-.072</td>
</tr>
<tr>
<td>specially trained support staff</td>
<td>.467</td>
<td>-.052</td>
<td>.144</td>
</tr>
<tr>
<td>financial resources to allocate to service implementation</td>
<td>.455</td>
<td>-.161</td>
<td>.101</td>
</tr>
<tr>
<td>a specialized training program for service provision</td>
<td>.095</td>
<td>-.829</td>
<td>.035</td>
</tr>
<tr>
<td>a specialized operational processes for service provision</td>
<td>.078</td>
<td>-.682</td>
<td>.226</td>
</tr>
<tr>
<td>more pharmacist staff</td>
<td>.089</td>
<td>-.392</td>
<td>.047</td>
</tr>
<tr>
<td>the image the pharmacy wants to convey</td>
<td>-.069</td>
<td>-.122</td>
<td>.723</td>
</tr>
<tr>
<td>visibility or knowledge of the service to the customers</td>
<td>.004</td>
<td>-.094</td>
<td>.679</td>
</tr>
<tr>
<td>an established core pharmacy staff group</td>
<td>-.002</td>
<td>-.028</td>
<td>.479</td>
</tr>
<tr>
<td>physical layout</td>
<td>.226</td>
<td>.199</td>
<td>.457</td>
</tr>
<tr>
<td>specially trained pharmacist staff</td>
<td>.159</td>
<td>-.210</td>
<td>.310</td>
</tr>
<tr>
<td><strong>Cronbach’s Alpha</strong></td>
<td><strong>0.806</strong></td>
<td><strong>0.713</strong></td>
<td><strong>0.705</strong></td>
</tr>
</tbody>
</table>
Table A2: Pattern Matrix: Improvement Measure

<table>
<thead>
<tr>
<th>Planning, Performance &amp; Service Awareness</th>
<th>Infrastructure</th>
<th>People &amp; Processes</th>
</tr>
</thead>
<tbody>
<tr>
<td>setting financial goals related to the performance of the service</td>
<td>0.827</td>
<td>-0.057</td>
</tr>
<tr>
<td>a business plan for integrating the service</td>
<td>0.740</td>
<td>-0.027</td>
</tr>
<tr>
<td>practical case studies for successful service implementation</td>
<td>0.702</td>
<td>-0.072</td>
</tr>
<tr>
<td>specially trained support staff</td>
<td>0.677</td>
<td>0.042</td>
</tr>
<tr>
<td>staff motivation</td>
<td>0.564</td>
<td>0.043</td>
</tr>
<tr>
<td>customer feedback</td>
<td>0.515</td>
<td>0.060</td>
</tr>
<tr>
<td>support from external consultants or advisors</td>
<td>0.485</td>
<td>-0.013</td>
</tr>
<tr>
<td>financial resources to allocate to service implementation</td>
<td>0.459</td>
<td>0.140</td>
</tr>
<tr>
<td>visibility or knowledge of the service to the customers</td>
<td>0.447</td>
<td>0.053</td>
</tr>
<tr>
<td>increased physical space</td>
<td>-0.021</td>
<td>0.900</td>
</tr>
<tr>
<td>physical layout</td>
<td>0.265</td>
<td>0.707</td>
</tr>
<tr>
<td>an area dedicated to service provision</td>
<td>-0.016</td>
<td>0.637</td>
</tr>
<tr>
<td>a specialized training program for service provision</td>
<td>0.031</td>
<td>-0.134</td>
</tr>
<tr>
<td>a specialized operational processes for service provision</td>
<td>0.173</td>
<td>-0.049</td>
</tr>
<tr>
<td>more non-pharmacist (support) staff</td>
<td>0.080</td>
<td>0.102</td>
</tr>
<tr>
<td>more pharmacist staff</td>
<td>-0.015</td>
<td>0.186</td>
</tr>
</tbody>
</table>

CRONBACH'S ALPHA

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.858</td>
<td>0.822</td>
<td>0.707</td>
</tr>
</tbody>
</table>
Appendix 6: Confirmatory Factor Analysis

Confirmatory factor analysis was used as the theory of organisational flexibility explicitly states the number of factors present.\textsuperscript{35} In this case the estimation method of maximum likelihood was used to test the single factor models for operational, structural and strategic flexibility in community pharmacy to fit the data. The nature of the fourth type, steady state, translated to negative (disagree) responses across all of the items because of their lack of change to improve their capacity.\textsuperscript{22} As a result of this the construct of steady state was not originally designed as part of the scale and has not been tested statistically.

The goodness of fit indicators, standardized residuals over |2.5| and modification indices greater than 4 were used to assess the validity of the models.\textsuperscript{30,34,35} The goodness-of-fit indices used were: the $\chi^2$ test, the root mean squared residual (RMR), adjusted goodness of fit index (AGFI) and root mean square error of approximation (RMSEA). In the $\chi^2$ test the probability value should be non-significant to indicate data fit, however, the test is sensitive to sample size and once $n > 200$ there is a higher likelihood that the probability will be significant.\textsuperscript{34} In addition to this test, indicators of RMR <0.08, AGFI >0.95 and RMSEA <0.10 also signify goodness of fit without the sensitivity of the $\chi^2$ test.\textsuperscript{30,34,35}

The models were re-specified to improve the goodness of fit between the data and model, and eliminating variables not statistically and conceptually measuring the underlying construct.\textsuperscript{35} The models were re-specified to ensure the goodness of fit between the data and model, but eliminating variables not measuring the underlying construct.\textsuperscript{35} The results of the model testing is shown in table A3.

<table>
<thead>
<tr>
<th>Table A3: Confirmatory Factor Analysis Model Re-specification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Flexibility</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Chi-Squared</td>
</tr>
<tr>
<td>p-value\textsuperscript{a}</td>
</tr>
<tr>
<td>Degrees of Freedom</td>
</tr>
<tr>
<td>Root Mean Square Residual\textsuperscript{b}</td>
</tr>
<tr>
<td>Adjusted Goodness-of Fit Index\textsuperscript{c}</td>
</tr>
<tr>
<td>Root mean square error of approximation\textsuperscript{d}</td>
</tr>
</tbody>
</table>

\textsuperscript{a} Good fit is indicated when p value is not significant
\textsuperscript{b} Good fit is indicated when the value is <0.08
\textsuperscript{c} Good fit is indicated when >0.95
\textsuperscript{d} Good fit is indicated when <0.10
Building Organisational Flexibility to Promote the Implementation of Primary Care Services in Community Pharmacy

This questionnaire is designed to find out how your pharmacy operates through understanding its flexibility. Your responses will then be analysed to see how primary care services can be more successfully implemented. Primary care services refer to health-focussed services offered by community pharmacies. These may relate to the management of medications (e.g. Home medicine reviews) or treatment of diseases such as diabetes, asthma or obesity.

Please answer the questions truthfully; there are no correct or incorrect answers. Your responses will not be reported individually.

**Section 1: Needs Assessment**

This is a list of factors that may be useful when providing services in THIS pharmacy. For the following factors listed, please indicate your opinion on;

A) How important these factors are in THIS pharmacy for service provision AND
B) How much improvement this needs in THIS pharmacy to continue a service or before a new service is implemented.

Please circle N/A if the factor is not applicable to this pharmacy.

<table>
<thead>
<tr>
<th>Q</th>
<th>A) In THIS pharmacy, how IMPORTANT is this factor to service provision?</th>
<th>B) In THIS pharmacy, how much IMPROVEMENT does this need to continue a service or before implementing a new service?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Extended opening hours</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>2. More pharmacist staff</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>3. A specialised training program for service provision</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>4. Specialised operational processes for service provision</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>5. More non-pharmacist (support) staff</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>6. Analysis of business performance in relation to service provision</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>7. The image the pharmacy wants to convey</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>8. An established core pharmacy staff group</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>9. Visibility or knowledge of the service to the customers</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>10. Financial resources to allocate to service implementation</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>11. Support from external consultants or advisors</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>12. Staff rewards and incentives</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>13. Payment for the service from individual customers</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>14. Support from other health care professionals</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>15. An area dedicated to service provision</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>16. Increased physical space</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>17. Specially trained pharmacist staff</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>18. Customer feedback</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>19. Staff motivation</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>20. Financial support provided by the government for service provision</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>21. Setting financial goals related to the performance of the service</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>22. Practical case studies for successful service implementation</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>23. Specially trained support staff</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>24. Physical layout</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
<tr>
<td>25. A business plan for integrating the service</td>
<td>1 2 3 4 5 N/A</td>
<td>1 2 3 4 5 N/A</td>
</tr>
</tbody>
</table>

This program is funded by the Australian Government Department of Health and Ageing as part of the Fourth Community Pharmacy Agreement through the Fourth Community Pharmacy Agreement Grants Program managed by the Pharmacy Guild of Australia.
## Section 2: Flexibility Scan

This section looks at the business model of THIS pharmacy by assessing its flexibility. Please indicate the degree to which you disagree or agree with each of the following statements in relation to:

**A) An IDEAL pharmacy AND**

**B) THIS pharmacy.**

<table>
<thead>
<tr>
<th>A) This statement describes an IDEAL pharmacy</th>
<th>B) This statement describes THIS pharmacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree</td>
<td>Disagree</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>Disagree</td>
</tr>
</tbody>
</table>

1. The pharmacy puts emphasis on immediate quality control instead of control afterwards (do things correctly the first time)  
2. The pharmacy undertakes a number of local area marketing campaigns in an average year to communicate with its customers  
3. The pharmacy predominantly uses 6 or more year plans for business development  
4. The pharmacy can redefine its current business strategies taking into consideration the financial impact  
5. The pharmacy’s capacity allows for changes to business activities with little disturbance to basic operations  
6. The pharmacy predominantly uses 2-5 year plans for business development  
7. To increase the speed of product and service provision, the pharmacy enters into business relationships with other pharmacies or companies  
8. The pharmacy predominantly uses 1 year plans for business development  
9. The pharmacy’s organisational structure can be easily modified  
10. To increase the capability for product and service provision, the pharmacy enters into business relationships with other pharmacies or companies  
11. The pharmacy has the capacity to integrate new products and/or services easily and quickly into the basic pharmacy operations  
12. The pharmacy uses consultant pharmacists instead of employed pharmacists to provide services  
13. The pharmacy has groups of employees with different skills that can be used across different activities  
14. To increase or change the products and/or services it provides, the pharmacy engages with organisations (e.g. local governments or other health care professionals)  
15. The pharmacy predominantly focuses on improving current activities rather than new ones  
16. The roles of the pharmacy employees are actively expanded by management to increase their range of duties and responsibilities  
17. More time in the pharmacy is spent on planning to improve daily activities rather than planning for the future  
18. The pharmacy creates groups of employees to work on new projects related to service implementation  
19. The pharmacy changes future plans easily when there are external changes which affect them  
20. The pharmacy can easily make changes to EXISTING products and/or services at a low cost to the business
Section 3: The External Environment & This Pharmacy

Please indicate your opinion on the following statements about the external environment and THIS pharmacy as you see it CURRENTLY.

<table>
<thead>
<tr>
<th>Q</th>
<th>1</th>
<th>For community pharmacy IN GENERAL regulatory requirements (e.g. Changes to PBS, legislation) change</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>For community pharmacy IN GENERAL the competitive environment changes</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3</th>
<th>In THIS pharmacy, changes in regulatory requirements (e.g. Changes to PBS, legislation) have an impact</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>In THIS pharmacy changes in the competitive environment have an impact</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>N/A</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5</th>
<th>For community pharmacy IN GENERAL, it is not easy at all to find personnel to fill available positions.</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>It is not easy at all to find personnel to fill available positions in THIS pharmacy</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>N/A</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>7</td>
<td>IN GENERAL, information related to the development and future evolution of pharmacy is readily available.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>N/A</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>8</td>
<td>I seek out information related to the development and future evolution of pharmacy</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>N/A</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>9</td>
<td>Information related to the development and future evolution of pharmacy has an impact on THIS pharmacy</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Section 4: General Pharmacy Information

1. Which of the following best describes the way in which this pharmacy is operated?
   - Sole-owner Operated
   - Managing Partner Operated
   - Manager Operated
   - Other (please specify) ________________________________

2. Which of the following best describes YOUR role in this pharmacy?
   - Sole proprietor
   - Managing Partner
   - Pharmacist in charge
   - Other (please specify) ________________________________

3. Please indicate in the following table the number of pharmacy staff in this pharmacy that are FULL TIME equivalents (ftes) in the following positions.

<table>
<thead>
<tr>
<th>Position</th>
<th>Number of ftes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner/s</td>
<td></td>
</tr>
<tr>
<td>Pharmacists</td>
<td></td>
</tr>
<tr>
<td>Pharmacy assistants (including casual &amp; full-time)</td>
<td></td>
</tr>
<tr>
<td>Other staff (please specify)</td>
<td>________________________________</td>
</tr>
</tbody>
</table>

4. Please write the TOTAL number of hours this pharmacy is open PER WEEK in the space below:

5. How many prescription items are dispensed in this pharmacy in a typical seven (7) day period (PBS and Private)?
   - Less than 300
   - 301 – 800
   - 801 – 1200
   - 1201 – 2000
   - 2001 – 3000
   - More than 3000

6. What is the size of this pharmacy in square metres?
   Approximately _____ m²

7. Which of the following BEST describes the location of this pharmacy?
   - Metropolitan – urban
   - Non-metropolitan – rural
   - Non-metropolitan – regional centre
8. Which of the following BEST describes the type of premises this pharmacy is located in?
- City, suburb or town centre strip
- Isolated (1-9 shops together)
- Neighbourhood Shopping Centre (under 30,000m²)
- Regional Shopping Centre (over 100 shops or over 30,000m²)
- Medical Centre
- Other (please specify) ___________________________________________________________________

9. Is this pharmacy part of a banner group?
- Yes
- No

10. Please tick the following categories of primary care services over and above routine practice that this pharmacy currently offers:

<table>
<thead>
<tr>
<th>Primary care services</th>
<th>Service offered by this pharmacy</th>
<th>Approximate number of patients using this service during an average month</th>
<th>Number of full time equivalent staff allocated to providing this service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dose Administration Aid Packing</td>
<td>☐ Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home Medicine Reviews</td>
<td>☐ Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential Medication Management Reviews (RMMR)</td>
<td>☐ Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialised Compounding</td>
<td>☐ Yes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pharmaco-therapy (e.g. Methadone)</td>
<td>☐ Yes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Financial Information: The following three questions asking about the financial operations of this pharmacy. We would like to remind you at this time that all survey responses will be de-identified and only group, not individual, data will be reported on.

11. What was the turnover ($ per annum) of this pharmacy in the past financial year (2007-8)?
- Less than $1,250,000
- $1,250,001 - $1,875,000
- $1,875,001 - $2,600,000
- $2,600,001 - $3,600,000
- $3,600,001 - $5,000,000
- $5,000,001 - $10,000,000
- More than $10,000,000

12. Please indicate the proportion of annual sales (per annum) which were made up of prescriptions.
- Less than 60%
- 60 – 68%
- 68.1 – 73%
- 73.1 – 79%
- More than 79.1%
- 79.1 – 80%
- More than 80%

13. Estimated gross margin (Gross Profit as % of sales in 2007/08) including rebates and discounts.
- Less than 29.5%
- 29.5 – 32.0%
- 32.1 - 33.6%
- 32.1 - 33.6%
- 33.7 – 35.7%
- More than 35.7%
- More than 35.7%

Open Question: Please list any other general comments you may have.
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

If it is possible to contact you directly to follow up your responses in this survey, please list your name and contact details below.

Name: ________________________________
Contact: ______________________________
Pharmacy Name: ________________________

If you have any questions or comments about this survey or the research, please do not hesitate to contact us on (02) 9036 9490
BUILDING ORGANISATIONAL FLEXIBILITY TO PROMOTE THE IMPLEMENTATION OF PRIMARY CARE SERVICES IN COMMUNITY PHARMACY

PRACTICAL SUPPORT WORKSHOP

By Eleonora Feletto, Laura K Wilson and S.I. (Charlie) Benrimoj
Pharmacy Practice, Faculty of Pharmacy, The University of Sydney

This program is funded by the Australian Government Department of Health and Ageing as part of the Fourth Community Pharmacy Agreement through the Fourth Community Pharmacy Agreement Grants Program managed by the Pharmacy Guild of Australia.
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ACRONYM GLOSSARY

<table>
<thead>
<tr>
<th>ACRONYM</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABS</td>
<td>Australian Bureau of Statistics</td>
</tr>
<tr>
<td>APP</td>
<td>Australian Pharmacy Professional Conference</td>
</tr>
<tr>
<td>CBD</td>
<td>Central Business District</td>
</tr>
<tr>
<td>CPA</td>
<td>Community Pharmacy Agreements</td>
</tr>
<tr>
<td>DAA</td>
<td>Dose Administration Aid</td>
</tr>
<tr>
<td>DMAS</td>
<td>Diabetes Medication Assistance Service</td>
</tr>
<tr>
<td>GP</td>
<td>General Practitioner</td>
</tr>
<tr>
<td>HMR</td>
<td>Home Medicine Review</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicator</td>
</tr>
<tr>
<td>NDSS</td>
<td>National Diabetes Service Scheme</td>
</tr>
<tr>
<td>PAMS</td>
<td>Pharmacy Asthma Management Service</td>
</tr>
<tr>
<td>PBS</td>
<td>Pharmaceutical Benefits Scheme</td>
</tr>
<tr>
<td>PGA</td>
<td>Pharmacy Guild of Australia</td>
</tr>
<tr>
<td>PMP</td>
<td>Patient Medication Profile</td>
</tr>
<tr>
<td>PSA</td>
<td>Pharmaceutical Society of Australia</td>
</tr>
<tr>
<td>QCPP</td>
<td>Quality Care Pharmacy Program</td>
</tr>
<tr>
<td>RMMR</td>
<td>Residential Medication Management Review</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities, Threats</td>
</tr>
<tr>
<td>SMART</td>
<td>Specific, Measureable, Achievable, Realistic, Time-bound</td>
</tr>
</tbody>
</table>
RESEARCH PROJECT

This research project is aimed at understanding how community pharmacies can optimise their business viability in a changing external environment through the provision of professional pharmacy services (hereafter referred to as “professional services”). The theoretical framework of organisational flexibility is being used. The research focuses on evaluating the ability of community pharmacies to adapt their businesses and build their capacity to integrate these professional services into their daily practice.

Thus far we have conducted two of the three stages of the research.

Stage 1: Interviews with pharmacy owners (n=30).
The aim of these interviews was to understand organisational flexibility in the context of community pharmacies in Australia. We looked specifically at the business models pharmacies were using, how this affected professional service implementation and their perception of their business viability.

Stage 2: Survey with pharmacy owners/manager (n = 395).
The survey aimed to assess the organisational flexibility type being employed in community pharmacies and the “needs” of pharmacists when implementing professional services. The “needs” assessment highlighted a number of factors that pharmacists consider important when implementing services and those that need improvement.

Stage 3: Practical support program for professional pharmacy service implementation.
The final stage of the project has built on the previous findings to create an evidence-based program for community pharmacists in areas that are important and need improvement when implementing professional services. The program involves an educational workshop with community pharmacists and a follow-up visit to their pharmacy.

This trial workshop is part of stage 3 of the project. We have found that providing workshop materials, expert presenters and local in-pharmacy support is an effective way of changing practice. The workshop materials have been provided to you as background information to support the presenters’ material. We would encourage you to make notes during the presentations in the notes pages provided.
SETTING THE SCENE

In recent times, there has been significant advancement in the development of new business models of pharmacy. The chosen position of a community pharmacy is critical in driving the business and is important to consider in the implementation and integration of professional services. The Change Management and Community Pharmacy Study (Dunphy et al. 2004) found four business models applicable to community pharmacy, their associated characteristics and provided case study example of pharmacies using the models (see pages 142-148 from Dunphy et al. 2004).

As a result of the qualitative work across Australia, our research found four broad yet distinct business models being used in community pharmacies. These models showed that pharmacies were choosing to position their business in one of four ways:

1. as a “classic community pharmacy” that relies on traditional products and services without making significant change to their current business model and is predominantly driven by viability of the dispensary,
2. as a “retail destination pharmacy” that has changed to expand on their front of shop offer and position themselves as a “one-stop shop” for customers and is predominately driven by their retail offering in the front of shop. Price focused pharmacies are part of this group,
3. as a “health care solutions pharmacy” that uses a professional image and services to differentiate their pharmacies. The business is driven by this position as a health care provider and the viability is linked to professional services, and
4. as a “networked pharmacy” that uses a small number of pharmacies in partnership to create a local group that can provide a broad range of products and professional services to customers. Viability comes from meeting all the needs of their local market through a broad offering. This model could be a combination of the individual pharmacies in the group pursuing any of the models above.

These emerging models reflect a rapid evolution of business models that are being used to position community pharmacy. The evolution is expected as it reflects the changing external environment. It is important for pharmacists to recognise this change and understand how it will affect their business. It was interesting to note that the interviewees highlighted the entrance of price focused pharmacies to their local market as a major push to change. This occurrence, although positive in terms of stimulating change, could be reflective of a reactive rather than a proactive approach taken in altering a business model. These emerging models adopt professional services to varying degrees. However, the health care solutions and networked pharmacy models use professional services to differentiate themselves and portray the image of a focused healthcare provider. Examples of these professional services include:

- Home Medicine Reviews (HMR)
- Dose Administration Aids (DAA)
- Diabetes Medication Assistance Service (DMAS)
- Residential Medication Management Review (RMMR)
- Patient Medication Profiling (PMP)
- Pharmacy Asthma Management Service (PAMS)
- Weight loss, smoking cessation and sleep apnoea services

Community Pharmacy Agreements (CPA) between the Commonwealth Government and the Pharmacy Guild of Australia (PGA) have promoted service provision through the allocation of remuneration for service implementation and supporting programs, such as the Quality Care Pharmacy Program (QCPP). Funding for professional services has increased with each CPA and is anticipated to increase in future agreements with the focus broadening to include more services dedicated to chronic disease states and preventative care. Some suggest the future for community pharmacy lies in the delivery of these professional services (Dunphy et al. 2004; Hepler & L M Strand 1990) and the implementation of sustainable business models to support them (Cipolle et al. 2004; Roberts et al. 2007).

Implementing these services means that changes need to be made to the way pharmacies operates and are managed. Changes can be either small or large but, regardless of size, they need to be managed effectively.

THE WORKSHOP

This workshop has been designed:

- to assist pharmacies wanting to differentiate their business by developing or improving in the area of professional service delivery,
- to incorporate and deliver professional services, and
- to improve the viability of the pharmacy incorporating the provision of professional services.

The workshop was developed after consultation with practicing pharmacists across Australia in face to face interviews (stage 1) and a national survey of pharmacy owners and managers (stage 2). The analysis of this data has provided evidence to show that three key areas of existing that are important or need improvement when implementing professional services.

Our preliminary research results1 have showed that when implementing professional services the following factors are IMPORTANT to pharmacists:

1 These are for use in the workshop and not for public use as they are preliminary results.
### How Can This Workshop Help You?

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>PLANNING AND PERFORMANCE</th>
<th>SPECIALISED FUNCTIONS &amp; STAFF</th>
<th>SERVICE IMAGE &amp; INFRASTRUCTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A business plan for integrating the service</td>
<td>.781</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Setting financial goals related to the performance of the service</td>
<td>.675</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Practical case studies for successful service implementation</td>
<td>.589</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specially trained support staff</td>
<td>.505</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff rewards and incentives</td>
<td>.470</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support from external consultants or advisors</td>
<td>.416</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial resources to allocate to service implementation</td>
<td>.416</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A specialised training program for service provision</td>
<td>-.819</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialised operational processes for service provision</td>
<td>-.771</td>
<td></td>
<td></td>
</tr>
<tr>
<td>More pharmacist staff</td>
<td>-.434</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specially trained pharmacist staff</td>
<td>-.304</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The image the pharmacy wants to convey</td>
<td></td>
<td>-.848</td>
<td></td>
</tr>
<tr>
<td>Visibility or knowledge of the service to the customers</td>
<td></td>
<td>-.642</td>
<td></td>
</tr>
<tr>
<td>Staff motivation</td>
<td></td>
<td>-.481</td>
<td></td>
</tr>
<tr>
<td>An established core pharmacy staff group</td>
<td></td>
<td>-.460</td>
<td></td>
</tr>
<tr>
<td>Physical layout</td>
<td></td>
<td>-.368</td>
<td></td>
</tr>
<tr>
<td><strong>ALPHA</strong></td>
<td><strong>0.806</strong></td>
<td><strong>0.727</strong></td>
<td><strong>0.730</strong></td>
</tr>
</tbody>
</table>

They have also showed that when implementing professional services the following factors need IMPROVEMENT:

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>PLANNING &amp; IMAGE</th>
<th>PHYSICAL LAYOUT</th>
<th>SPECIALISED FUNCTIONS &amp; STAFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setting financial goals related to the performance of the service</td>
<td>.831</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A business plan for integrating the service</td>
<td>.727</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Practical case studies for successful service implementation</td>
<td>.690</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specially trained support staff</td>
<td>.665</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff motivation</td>
<td>.581</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer feedback</td>
<td>.516</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support from external consultants or advisors</td>
<td>.485</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial resources to allocate to service implementation</td>
<td>.438</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Visibility or knowledge of the service to the customers</td>
<td>.436</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increased physical space</td>
<td></td>
<td>.907</td>
<td></td>
</tr>
<tr>
<td>Physical layout</td>
<td></td>
<td>.660</td>
<td></td>
</tr>
<tr>
<td>An area dedicated to service provision</td>
<td></td>
<td>.655</td>
<td></td>
</tr>
<tr>
<td>A specialised training program for service provision</td>
<td></td>
<td></td>
<td>-.909</td>
</tr>
<tr>
<td>Specialised operational processes for service provision</td>
<td></td>
<td></td>
<td>-.730</td>
</tr>
<tr>
<td>More non-pharmacist (support) staff</td>
<td></td>
<td></td>
<td>-.341</td>
</tr>
<tr>
<td>More pharmacist staff</td>
<td></td>
<td></td>
<td>-.305</td>
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<tr>
<td><strong>ALPHA</strong></td>
<td><strong>0.858</strong></td>
<td><strong>0.819</strong></td>
<td><strong>0.711</strong></td>
</tr>
</tbody>
</table>
These results have been used in the development of this workshop and manual. The topics for this workshop have been divided into the following sections:

1. Building organisational flexibility
2. Creating a strategic direction: strategic, business and financial planning for service delivery
3. Creating a “health-services” image and
4. Staff management
5. Creating an awareness of external support and resources

They are divided into five sections in the manual. These sections have been designed using a combination of results from our research and material from experts in each area. They aim to guide you in understanding how to integrate professional services into your business, and management related areas you can focus on improving. Each of these sections includes:

- An explanation of the concepts and how they relate to service provision
- Questions for you to answer: these questions are designed to stimulate your thinking in each topic area.
  The workshop tasks will guide you through specific activities to identify areas that need improvement
- Points you might need to consider for the future, and
- Practical, real-life examples from pharmacies we have interviewed to highlight how these issues relate to practice

Six pharmacy case studies have been written detailing pharmacies that are operating and delivering professional services. Hearing about someone else’s experience in service provision can often help shed light on the different facets of the implementation process and prepare for service delivery.

Finally, a series of workshop tasks have been developed to guide you through each section and identify specific areas that may require attention and improvement in YOUR pharmacy.
## WORKSHOP SCHEDULE

### FRIDAY 22<sup>nd</sup> MAY 2009

<table>
<thead>
<tr>
<th>TIME</th>
<th>TOPIC</th>
<th>PRESENTER(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.30pm – 2.35pm</td>
<td>Welcome</td>
<td>Charlie Benrimoj</td>
</tr>
<tr>
<td>2.35pm – 2.50pm</td>
<td><strong>SECTION 1: BUILDING ORGANISATIONAL FLEXIBILITY</strong></td>
<td>Elle Feletto</td>
</tr>
<tr>
<td></td>
<td>project overview</td>
<td></td>
</tr>
<tr>
<td>2.50pm – 4.30pm</td>
<td><strong>SECTION 2: CREATING A STRATEGIC DIRECTION: STRATEGIC, BUSINESS AND FINANCIAL PLANNING</strong></td>
<td>Humphrey Armstrong &amp; Bruce Annabel</td>
</tr>
<tr>
<td></td>
<td>topic presentation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>workshop tasks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>group discussion</td>
<td></td>
</tr>
<tr>
<td>4.30pm – 4.50pm</td>
<td>Break</td>
<td></td>
</tr>
<tr>
<td>4.50pm – 6.30pm</td>
<td><strong>SECTION 3: CREATING “HEALTH SERVICES” IMAGE</strong></td>
<td>Julie Allan &amp; Nick Logan</td>
</tr>
<tr>
<td></td>
<td>topic presentation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>workshop tasks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>group discussion</td>
<td></td>
</tr>
<tr>
<td>6.30pm – 6.45pm</td>
<td>Break</td>
<td>Wendy Poyser</td>
</tr>
<tr>
<td>6.45pm – 8.10pm</td>
<td><strong>SECTION 4: STAFF MANAGEMENT</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>topic presentation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>workshop tasks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>group discussion</td>
<td></td>
</tr>
<tr>
<td>8.10pm – 8.20pm</td>
<td><strong>SECTION 5: OVERVIEW OF SERVICES &amp; EXTERNAL SUPPORT AVAILABLE</strong></td>
<td>Alison Roberts</td>
</tr>
<tr>
<td>8.20pm – 8.30pm</td>
<td>Workshop wrap-up</td>
<td>Charlie Benrimoj</td>
</tr>
</tbody>
</table>

### SUNDAY 24<sup>th</sup> MAY 2009

<table>
<thead>
<tr>
<th>TIME</th>
<th>TOPIC</th>
<th>PRESENTER(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.30am – 9.35am</td>
<td>Welcome</td>
<td>Charlie Benrimoj</td>
</tr>
<tr>
<td>9.35am – 9.50am</td>
<td><strong>SECTION 1: BUILDING ORGANISATIONAL FLEXIBILITY</strong></td>
<td>Elle Feletto</td>
</tr>
<tr>
<td></td>
<td>project overview</td>
<td></td>
</tr>
<tr>
<td>9.50am – 10am</td>
<td><strong>SECTION 5: OVERVIEW OF SERVICES &amp; EXTERNAL SUPPORT AVAILABLE</strong></td>
<td>Alison Roberts</td>
</tr>
<tr>
<td>10am – 11.40am</td>
<td><strong>SECTION 2: CREATING A STRATEGIC DIRECTION: STRATEGIC, BUSINESS AND FINANCIAL PLANNING</strong></td>
<td>Humphrey Armstrong &amp; Bruce Annabel</td>
</tr>
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<td></td>
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<td>12.05pm – 1.45pm</td>
<td><strong>SECTION 3: CREATING “HEALTH SERVICES” IMAGE</strong></td>
<td>Julie Allan &amp; Nick Logan</td>
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<td>1.45pm – 2.25pm</td>
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<td>2.25pm – 3.50pm</td>
<td><strong>SECTION 4: STAFF MANAGEMENT</strong></td>
<td>Elle Feletto</td>
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<td>3.50pm – 4.00pm</td>
<td>Workshop wrap-up</td>
<td>Charlie Benrimoj</td>
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</table>
**NEXT STEPS**

You are part of a trial workshop and we would greatly appreciate your comments. For this reason we would ask you to fill out a feedback form that will be provided to you.

After this workshop we will be coming to visit you in your pharmacy to help you with any specific issues highlighted in the workshop. You will be contacted to arrange an appropriate date and time for this on-site visit. If you require assistance or have any questions please feel free to contact us at any time, in the first instance please call Elle Feletto. Our contact details are as follows:

**Elle Feletto**  
Tel 02 9036 9490  
ell@pharm.usyd.edu.au

**Laura Wilson**  
Tel 02 9036 9490  
l.wilson@pharm.usyd.edu.au

**Charlie Benrimoj**  
Tel 02 9036 6181  
benrimojc@usyd.edu.au
SECTION 1

BUILDING ORGANISATIONAL FLEXIBILITY
This workshop is based on using the framework of organisational flexibility to build capabilities and capacity in a pharmacy when implementing professional services. This section provides an introduction to organisational flexibility and what it means in the context of community pharmacy.

WHAT IS ORGANISATIONAL FLEXIBILITY?

The concept of organisational flexibility refers to the ability to adapt and change in response to what is happening internally and externally to your pharmacy. As you are aware there are increasing pressures on the pharmacy profession and on your pharmacy individually to respond to market changes. Organisational flexibility can help build your capability to change and, importantly, manage the integration of professional services into your business model.

WHAT DOES ORGANISATIONAL FLEXIBILITY MEAN TO YOUR PHARMACY?

There are four different types of organisational flexibility: steady-state, structural, operational and strategic flexibility (Volberda 1998).

STEADY STATE

Pharmacies existing in “steady state” have not changed their practices significantly to incorporate professional services or altered their existing business model in any other way. Their existing product/service offering is limited to conventional medication and standard counselling services. Their internal structure does not focus on increasing their responsiveness to change but instead to “doing what they always do.” The capabilities of their staff are not always completely recognised and used effectively. This type of pharmacy is characterised by its complacency to the external environment and uncertainty on how it wishes to move forward professionally and financially.

OPERATIONAL FLEXIBILITY

Pharmacies with operational flexibility can be characterised by an emphasis on providing products and services to customers quickly and efficiently. They often form part of an informal network of pharmacies in a close geographical area - catering to various target markets. The owners of pharmacies in these groups come together to plan for the future of their pharmacies. When deciding on implementing a new professional service, however, they consider the structural and staffing issues specific to each service over other more strategic issues such as matching the service to the demographics of the area. These pharmacies try to optimise the match between the facilities and the time available in the pharmacies to enable the service to be provided with operational efficiency. One of the foci in these groups is to create synergies based on the operational management, rather than the strategic management, of the pharmacies. (see Case Study 4)

STRUCTURAL FLEXIBILITY

Pharmacies exhibiting structural flexibility have extended the conventional pharmacy product/service offering by developing professional services in a few key areas and making the necessary structural changes to implement these services. This includes introducing new facilities, accommodating professional service areas or developing new procedures to facilitate service delivery. Reorganising of the staff is also common and these pharmacies tend to focus on finding the right people to suit any new positions created as well as dedicating pharmacists to service provision. This type of pharmacy is characterised by strong support for structural changes but this is often in the absence of any link to their overall business strategy. (see Case Studies 3,5 and 6)

STRATEGIC FLEXIBILITY

The owners of pharmacies exhibiting strategic flexibility take a proactive approach to managing their business. They use the support services provided by their corporate banner, a centralised back office system and/or external contractors. One of their aims is normally to free pharmacist time for the provision of professional services, but they maintain a high level of involvement in all facets of the pharmacy’s operations. These pharmacies have an established and explicit strategic direction for their business. Structurally the pharmacy owners continuously looked at improving their practice through new processes as well as considering the potential use of new technologies to improve the operational aspects of their pharmacies. This type of pharmacy is characterised by its focus on integrating its product/service offering with the overall image of the pharmacy and supporting this through effective internal practices. (see Case Studies 1 and 2)
Our preliminary research results\(^2\) have showed that the pharmacies responding to the mail survey were classified into the types of flexibility in Table 3.

<table>
<thead>
<tr>
<th>TYPE OF ORGANISATIONAL FLEXIBILITY</th>
<th>NUMBER OF RESPONDENTS</th>
<th>PERCENTAGE</th>
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</thead>
<tbody>
<tr>
<td>Steady-State</td>
<td>55</td>
<td>15.5%</td>
</tr>
<tr>
<td>Operational Flexibility</td>
<td>75</td>
<td>21.1%</td>
</tr>
<tr>
<td>Structural Flexibility</td>
<td>110</td>
<td>31%</td>
</tr>
<tr>
<td>Strategic Flexibility</td>
<td>115</td>
<td>32.4%</td>
</tr>
<tr>
<td>Total</td>
<td>355</td>
<td>100%</td>
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</table>

These results may not be representative of the total population and may be reflective of the pharmacist that responded to the survey. The general perception is that many pharmacies are in the steady state type of flexibility.

We also asked pharmacists to rate (from 1 to 5) their pharmacy in comparison to an “ideal” pharmacy for a number of items which measured organisational flexibility. The difference in this score is calculated to be a gap score. This gap score is therefore the difference in perception of their pharmacy to an “ideal” pharmacy. The score would be indicative of the quantum change which is perceived to be required for them to achieve an “ideal” status. These results are currently being analysed.

\(^2\) These are for use in the workshop and not for public use as they are preliminary results.
SECTION 2

CREATING A STRATEGIC DIRECTION:
STRATEGIC, BUSINESS AND FINANCIAL PLANNING
FOR SERVICE DELIVERY
Before introducing any significant change into your pharmacy, it is important that you establish a clear direction. Developing a vision and mission – or strategic direction – for the pharmacy will set the tone for planning, determining the future of your business and the selection of the business model you wish to implement (Schumock & Wong 2005). At a practical level, it will assist you to make decisions about the products and services that make sense to integrate into your business. In order to set and then follow your pharmacy’s direction, planning is required. Anecdotally, we have found that most planning in pharmacy is ad-hoc and not formalised, that is, lacking a systematic approach. Yet when done effectively, planning can positively impact the performance of the pharmacy (see Case Study 1 for an example).

In this section we discuss three types of planning
Strategic Planning, Business Planning and Financial Planning – as they relate to the implementation of professional services.

STRATEGIC PLANNING
Strategic planning focuses on matching a business’ strengths to the opportunities identified in their market (Chambers 2002). If done effectively strategic planning can have a positive effect on pharmacy turnover (Harrison & Ortmeier 1996). Strategic planning requires a clear understanding of the specific characteristics of your pharmacy (strengths and weaknesses) as well as opportunities and threats in the external environment. This is commonly known as a SWOT analysis. Specific issues to consider for community pharmacies are (Desselle & Zgarrick 2004):

- **Internal Strengths and Weaknesses**: e.g. profitability of professional services, quality of professional services, competence and ability of pharmacy staff and the efficiency of the pharmacy systems and processes.
- **External Opportunities and Threats**: e.g. the extent of competition from other pharmacies, the availability of technology, regulations that may help or hinder the business, availability of remuneration for professional services, costs incurred in providing professional services, political issues and changes in the market and types of customers being served by the pharmacy.

**QUESTIONS FOR YOUR PHARMACY**

Have we set our strategic direction?

Have we conducted a SWOT analysis?

Have we identified our market opportunities and are they viable?

**POINTS TO CONSIDER**

Standard T6B of the Quality Care Pharmacy Program (QCPP) 2nd Edition provides detailed business planning tools, including a SWOT analysis. You can use these as they are, or adapt them for your own purposes. There are also resources available from business.gov.au and some banner groups. The website provides links to business plans, financial plans and external support such as business consultants and business seminars. Many banner groups also offer business and financial planning support for ‘first-line’ customers.
BUSINESS PLANNING

Business planning is the key to integrating your strategy and any new initiatives into the pharmacy. When implementing professional services it is important to create a set of plans focused on service provision. Creating a business plan involves preparing a concise document outlining the specific components of any change that may be implemented, such as professional services (Chambers 2002). It should outline objectives or goals, the activities required to meet these objectives and details on the allocation of resources. It also provides the means to assess progress towards the achievement of the objectives (SCOEA 2001). A business plan can be started by creating a list of what you need to do, and to change, to achieve your strategic direction. Planning of any kind should incorporate goal setting which will allow you to be focused and measure your progress (Hodgetts & Kuratko 2007). This means your goals must be SMART:

SPECIFIC
MEASURABLE
ACHIEVABLE
REALISTIC
TIME-BOUND

QUESTIONS FOR YOUR PHARMACY

Do we have a formalised business plan for integrating professional services?
Have we set goals to support them?
Do the staff know about these strategies, plans and goals?

POINTS TO CONSIDER

The PGA and PSA also offer resources for professional services and these can be found at http://www.guild.org.au/pps/ and http://www.psa.org.au/site.php?id=57. These websites include checklists, guidelines and standards for implementing services as well as practical tools such as case studies. These resources can be used to aid planning.

FINANCIAL PLANNING

It is important to establish a financial plan before making any changes. This is particularly important when implementing new services that are unfamiliar to you. Setting financial plans will help identify:

• **Break-even point** of the service: Determining break-even point shows you the relationship between different business costs and their effect on your financial performance. This will highlight targets you need to reach in order to break-even and can help identify how financial growth can be achieved.

• **Cost-benefit analysis** of implementing the service: It is critical to establish the profit margin (costs to sales ratio for any new endeavours). This may involve forecasts/projections of the growth of a service you may implement. You must always remember that any forecast could change if costs unexpectedly change (e.g. increase in overhead expenses).

• **Financial resources** that need to be committed to implementing the service: Financial resources refer to the funds available to support service delivery. For any new initiative to succeed it needs sufficient investment, including appropriate funding. As any new product line would require an outlay of funds to be initiated, so too does a new service. Financial resources could be through reallocation of existing resources, reimbursement received from the Government or by payment from customers.

• **Key performance indicators (or KPIs)** that you would use to measure the success of the service: Financial indicators can be specific to the service being provided but the most commonly used measures of financial performance can include: gross profit, net profit, gross profit margin, rent to sales ratios, salary to sales ratios, average units per customer, average sale (dollar value), margins, customer numbers, script numbers, generic substitution rates, turnover, individual department performance indicators, gross margin return on investment and sales per square metre.

Further information on financial viability can be found in the Change Management and Community Pharmacy Report (Dunphy et al. 2004). Financial planning will help prepare the pharmacy for professional services, as well as identifying if the financial returns will be seen in the short, medium or long term. Some pharmacy owners commented on the benefit of being transparent in this area. Full disclosure of the financial situation of the pharmacy has resulted in greater commitment from the staff and collaboration in working to achieve financial goals.

QUESTIONS FOR YOUR PHARMACY

Do we have a formalised financial plan for the business as a whole?
Do we have a formalised financial plan for professional services?
What KPIs do we need to use to measure the performance of professional services?
Do we have enough financial capital to be able to make necessary changes?
Have your financial plans taken into account the physical and intellectual capacity of your pharmacy?
POINTS TO CONSIDER

Standard T6B of the QCPP 2nd Edition also includes financial planning tools, such as a worksheet for assessing key performance indicators. Accountants also provided financial planning support to many of the pharmacy owners we interviewed and there are a number of organisations who specialise in financial planning for pharmacies.

EXAMPLES IN PRACTICE

Case Study 1 highlights the benefits of strategic planning. The pharmacy has established a clear strategic mission and value statement in conjunction with staff and they base their business planning on these guiding principles. For example, each time they are deciding whether to offer a new product or service the staff review their strategic mission and decide if the product or service fits.

This pharmacy also undertakes planning in the following areas:

- **Business and finances** - in consultation with their banner group who provide detailed business reports on a 6 monthly basis. These are based on data from the pharmacy’s point of sale system and compare the pharmacy’s financial indicators with 200 pharmacies in the same banner. Financial indicators are provided for the business as a whole and each section in the pharmacy.

- **Marketing** - local area marketing planned to tie in with health ‘weeks’. For example diabetes clinics during Diabetes Week.

- **Continual improvement** – this is done in two main ways: (1) by attending conferences to learn about cutting-edge practices in pharmacy and (2) by continuously updating and improving procedures and processes. For example, the owners are considering automating their packing service to increase the efficiencies in-store and use of manpower.

- **Conducting research** before implementing a new product or service through a demographic analysis or market research.
SECTION 3

CREATING A “HEALTH SERVICES” IMAGE
The general impression of pharmacies is that they convey mixed messages about their image. The perception of community pharmacy is that they are the providers of a series of “traditional” products and services, such as conventional medications and standard counselling (Dunphy et al. 2004). If a pharmacy decides to introduce professional services they must consider how this fits with the “image” their customers and other stakeholders have of their pharmacy and the pharmacy profession in general (Roberts et al. 2007). The image you currently have will be a reflection of people’s perception of your business (Marconi 1997).

To establish a new image you must first decide what the image is that you wish to portray, identify your target market and then let them know “who you are and what you do and why they should care” (Marconi 1997, p.12). Deciding on your image will be made easier by the planning you have done, as it should reflect the strategic direction you have determined for your pharmacy (see Section 2 and Case Studies 1 & 2). It has been found that pharmacists are best at reinforcing the value of their profession within their own industry, rather than reinforcing this value to external stakeholders (Indritz & Artz 1999). Pharmacists surveyed highlighted the following issues as important as they relate to service provision:

- developing the image you want to convey
- communicating the image to key stakeholders: including:
  - customer awareness, and
  - other health care professionals
- designing physical layout that supports this image

However, it is critical that once the image has been developed behavioural changes to deliver the professional services are made which are representative of this image. The customer has to perceive and experience the image that you are aiming to project. The term image can also be considered the “branding” of a pharmacy.

THE IMAGE YOU WANT TO CONVEY

The image that the pharmacy conveys needs to reflect the strategic direction or position of the business (see Section 2). Bringing the image inside the pharmacy is also important. This is referred to as organisational identity (Lerpold et al. 2007). Identity is more effective when shared by all employees in the organisation and is as important as creating an image to communicate the pharmacy’s position to the outside world. A study of organisational identity in community pharmacy found that the more pharmacists felt they were valuable to the public, the stronger they identified with their pharmacy (O’Neill & Gaither 2007). Organisational identity was positively related to staff retention, suggesting that increased organisational identity could reduce staff turnover (O’Neill & Gaither 2007).

There are many elements that can communicate the pharmacy’s image to both the staff and customers. All these elements need to convey the same message. Some pharmacists have focused on communicating their professional service provision image by:

- removing products that are not related health
- hiring employees that are supportive of their strategic position
- using employees “success” stories for professional services gained through personal experiences of using the services
- sponsoring local health initiatives
- remodelling their pharmacies

If professional services are to become the cornerstone of your pharmacy and your point of difference, all aspects of the pharmacy need to support this position. When transitioning to a new image, it is important to clearly explain the reason for the change and the benefits to staff and customers in the pharmacy.
QUESTIONS FOR YOUR PHARMACY

Do we have a clear image that we want to portray to customers?
Do our product range and the services we provide reflect the image we want to portray?
What do you think the current image of your pharmacy is? Think of yourself as a customer outside the pharmacy and looking in.

COMMUNICATING THE IMAGE TO KEY STAKEHOLDERS: INCLUDING CUSTOMERS AND OTHER HEALTH CARE PROFESSIONALS

Considering all stakeholders in the provision of services is critical. Many large organisations invest heavily in managing stakeholder expectations because of the impact on the perception of the organisation (Nankervis 2005) and for the implications for the business.

Customer Awareness: Portraying the image of a health-service provider involves increasing customer awareness of what is being provided. Customer awareness can be created through advertising or public relations (Marconi 1997). This can be as simple as informing customers of new services but it is important that your staff members are all communicating the same message to the customers. Other techniques can vary depending on the services being provided. Pharmacists we interviewed and surveyed were already trialling a number of different methods. Commonly, customer awareness in these pharmacies has been created through:

- local area marketing campaigns
- writing health messages/articles in local papers
- actively approaching eligible customers to inform them of the new service
- having trial/clinic days to promote professional services through the pharmacy
- giving health related talks to the local community
- sponsorship e.g. supporting local sporting teams
- word of mouth
- use of interactive websites

It is important to establish the effectiveness of these methods. Anecdotally, pharmacists have reported that different methods yield better responses for particular services e.g. word of mouth is reportedly useful for compounding services. It is also important to set goals for the different techniques of communicating the image (Chambers 2002), to help establish if they are effective or not.

The Australian Centre for Retail Studies suggests the following options for communicating with customers (Ogden-Barnes 2002):

- Store environment
- Promotions
- Website
- Catalogues
- SMS
- Digital Media
- Local Area Marketing
- Competitions

Other Health Care Professionals: Many professional services include contact with other health care professionals. Research has shown that close professional ties between community pharmacists and other health care professionals is needed to successfully implement and manage these services (Chen et al. 1999; Roberts et al. 2008). It is important to inform other health care professionals of services being provided and gain their support. Be aware that the perceptions of some other health care professionals’ in regards to pharmacy can be negatively influenced by the fact that retailing is part of the pharmacy business (Roberts et al. 2007).

QUESTIONS FOR YOUR PHARMACY

Do we undertake local area marketing campaigns that communicate and support our image?
Do we have a plan for local area marketing to support our image?
What are some ways we could market professional services to our local community?
Are the health care professionals in our area aware of the professional services we provide?
Do we use the relationship we have with other health care professionals to improve provision of services?
PHYSICAL LAYOUT
The layout of pharmacies is generally geared towards product placement and sales in the front of shop. When implementing professional services, the available physical resources should be maximised to promote the services and the professional image of the pharmacy. Pharmacists have indicated that it is important to have private counselling areas as (1) they are a requirement to maintain privacy for certain services and (2) to demonstrate that the professional service is being provided. Physical layout can be altered to foster the health services image. These can include:
- shop design including layout of product sections and areas dedicated to professional service provision
- removing price-focused specials, and
- using “forward pharmacy” principles to alter the flow of customers through the pharmacy (Smith 2007).

QUESTIONS FOR YOUR PHARMACY
Does the current layout of the pharmacy need to be re-designed to support service provision?
Have you created space for the service?
Do we have dedicated areas for service provision?
Are there other changes we should make to the physical layout to support the health service image?

POINTS TO CONSIDER
Tools and support for local area marketing can be found in various sites such as QCPP and from banner groups. Local media can be useful for informing your customers of the services you have available. Banner groups, pharmaceutical companies and organisations such as Diabetes Australia or The Australian Bone Density Testing Centre can also help you to organise clinic days.

EXAMPLES IN PRACTICE
Case Study 2 illustrates how a pharmacy can effectively communicate their image as a healthcare provider to their customers. Strategies used include:
- Window displays and product choices which reflect their strategic health position
- Implementing forward pharmacy by bringing dispensing computers to the front of store and creating private tables for consultation
- Giving health talks to local community groups
- Employing staff with varying cultural backgrounds. The owner finds this draws loyal customers from a wider geographical area because they feel more confident receiving health care advice in their own languages.
- Optimising the space available to them to support their service focus. The physical layout of the pharmacy has been changed and updated according to the needs and focus of the pharmacy. This has been achieved through both total and partial re-fits. The layout of the pharmacy currently supports both professional service provision and their health-focused image. One example of this is the creation of a room dedicated to DAA packing.
SECTION 4

STAFF MANAGEMENT
Staff management, or human resource management, covers a range of issues related to managing employees in any organisation (Jones 2009). The human resource functions are vitally important to pharmacies when implementing professional services since services in health care are provided by people to people. There are some critical problems highlighted by pharmacies in areas relating to staff management. These include role ambiguity, lack of understanding of purpose and job overload (Nankervis 2005). In this section we do not attempt to cover human resources in its entirety, instead we have chosen to focus on the topics pharmacies indicated were more relevant to their pharmacies and were deemed crucial to implementing professional services. These include:

- overall staff management
- staff motivation, and
- specialised training plans

**OVERALL STAFF MANAGEMENT**

Any effective organisation needs more than just a strategic direction, associated plans and an image. It needs employees to work towards achieving the set objectives and goals. In pharmacies, this means having the right number of pharmacists and non-pharmacist staff to support any new service and creating or adjusting job descriptions to reflect their role in the service provision. In the case of moving to a model of professional service provision, it was found that ‘for [pharmacists] to provide more professional services, they must be willing to relinquish the dispensing function to pharmacy technicians and automated dispensing systems.’ (Szeinbach et al. 1994)

Once you have decided which services you would like to implement or improve in the pharmacy, it is then important to establish the staff you will need to perform these services. Firstly, it is important to do an analysis of the current staff in the pharmacy, their current level of training and their current responsibilities. This is a way of highlighting if any of your staff are suited to providing services or how you might be able to restructure any roles to allow of professional service provision. In the workshop, you will have the opportunity to work through a job analysis to identify any issues relevant to your pharmacy. The information used in these analyses can then be used to create job descriptions for your staff members. These will outline critical competencies for each staff member and can help to guide recruitment for new staff members if this is required (Jones 2009).

**QUESTIONS FOR YOUR PHARMACY**

- Do we have enough staff to be able to provide the service?
- Are the staff assigned roles and responsibilities in relation to professional services?
- Could staff be better organised to provide support in other areas of the business and allow time for services?

**POINTS TO CONSIDER**

Templates for managing staff including job descriptions and performance reviews can be found in section T12 of the 2nd Edition of QCPP.
MOTIVATING STAFF: REWARDS AND OTHER TECHNIQUES

Your employees are the frontline connection between your business and your customers. It is important to maintain the motivation of your staff members, especially in relation to service provision. It has been said that “without staff who can and want to make the change [to a service model], all the best equipment, computerisation, private consultation areas and marketing plans in the world will mean nothing” (Hagel & Rovers 2002, p.63). If the staff understand the need for change they are more likely to be accepting of it (Greenhalgh et al. 2005).

Explaining the relevance of professional services to the pharmacy, how they fit in with the other activities and the potential benefits to the customers are important elements in motivating staff. Staff should be informed of any new initiatives as they happen and how their roles will be affected. It is important to foster an environment of open communication and seek input from staff into the planning process and especially the setting of goals and targets. Depending on the particular service, staff may also be able to provide certain elements and should be encouraged to do so. Therefore, staff motivation can be promoted by encouraging staff involvement in the services, planning and goal setting, creating an environment of open communication in your pharmacy and offering rewards and incentives related to service provision.

Rewards for staff are not only financial – or direct – rewards; they can also be indirect rewards for example, services provided to employees or time in lieu (Jones 2009). It is important to establish the criteria by which these rewards will be allocated and ensure the system is objective and fair for all staff. For service provision, the criteria should be related to their role in the service itself. These criteria are often referred to as KPIs. The employee should also be informed of how the objective will be measured. Some examples of KPIs will be discussed in the workshop, where you will also have the opportunity to develop some specific to your pharmacy.

QUESTIONS FOR YOUR PHARMACY

Do we foster a team environment in our pharmacy?
Do we need rewards and incentives related to professional services?

POINTS TO CONSIDER

External consultants can be used to help develop reward and incentive programs for staff. For example, many banner groups offer this service as well as consultants who assist pharmacies in business management. Reward and incentive programs can also be developed internally and be based on areas most relevant to your pharmacy.

SPECIALISED TRAINING PLANS

The Change Management and Community Pharmacy Study highlighted the fact that “because services demand higher level skills and different skills, there is usually a need to…place a stronger emphasis on training and professional development” (Roberts et al. 2007). The appropriate training of staff can impact positively on the profitability of a small business in the long term (Chambers 2002). Investing in the development of staff help retain valuable employees.

Training, however, needs to be adapted to the needs of the staff and to meet the needs of individual employees. For the provision of services, specialised training may need to be organised as well as regular revisions in specific areas (e.g. HMR accreditation updates). This requires an understanding of the areas in which training is necessary and where the training is available. An analysis of training needs for your pharmacy is covered as a workshop activity.

It is important to set objectives for training as well to ensure that the staff members understand what they are expected to learn at each training session/course. Interview and survey participants utilised both internal (staff members training other staff members) and external training (pharmacy organisations, product companies, banner groups) and highlighted the importance of incorporating both types of training in any plan.

QUESTIONS FOR YOUR PHARMACY

Are the staff sufficiently trained in order to be able to provide the service?
Is training a formal requirement in job descriptions?
Do we have a formalised training plan for the pharmacy?
Do we have a formalised training plan for service provision?
What has been your financial investment in training staff in the last year?
POINTS TO CONSIDER

Having enough trained staff is vital to success in providing services. When you have enough staff their roles and responsibilities can then either directly support service provision or indirectly support service provision by freeing up time for you to devote to professional services yourself. You can use calendars to plan and schedule training, developing a method for ensuring that all training areas are included. The QCPP 2nd Edition also includes templates for a training plan (T15A) and for recording completed training (T15B).

EXAMPLES IN PRACTICE

In Case Study 5, a variety of different approaches are taken to managing staff, examples of this include:

- Increasing numbers of professional staff, including other health care professionals, to support professional service provision
- Employing human resource consultants. These consultants provide personality profiling of staff to identify strengths and weaknesses, and leadership reviews for managers.
- Staff meetings once a fortnight. These meetings incorporate staff training in the health areas being promoted in the pharmacy that month.
- Management meetings between the dispensary manager, retail manager and business manager.
- A cadet program for graduate pharmacists to create career progression through the group. This involves graduates staying on as pharmacists and then being offered partnerships. This has, as the owner describes, ‘created a supply chain of pharmacists, which was a real issue for us a couple of years ago’.
- Delegation of responsibilities – e.g. dispensary technicians, bookkeepers and stock managers are used so that pharmacists can focus on professional services and advice
SECTION 5

EXTERNAL SUPPORT AND RESOURCES
Research by Roberts et al (2007) has shown that pharmacies which have undergone change have required external support and resources to facilitate this change. Support from inside your pharmacy is equally important and is generally dependent on your employees and their level of motivation.

External support for professional services is available from a number of key groups:

- Professional pharmacy organisations e.g. PSA and the PGA
- Pharmacy “banner” groups
- External Consultants and Advisors
- Other pharmacies
- Australian Government

PROFESSIONAL PHARMACY ORGANISATIONS

Many resources are provided by professional pharmacy associations such as the PSA and the PGA. This support can be used internally through services such as:

- training for pharmacists and pharmacy staff
- resources/readiness kits for professional services including business cases
- self care fact cards for use in counselling
- guidelines for service provision adapted from QCPP material
- professional standards, usually developed by PSA and translated to procedures and processes, and
- funding for service provision

Externally, the PGA has a number of campaigns and initiatives assisting in the provision of professional services. Many of these initiatives by professional associations can be adapted specifically to your pharmacy and can help build a “health-service” focus.

PHARMACY “BANNER” GROUPS

The view on pharmacy “banner” groups is mixed across pharmacies. Some interviewed pharmacists believed that there was little support for professional services through banner groups while others saw the support from banner groups as providing the opportunity for the pharmacist to be more focused on the professional aspects of the business rather than the retail side.

CONSULTANTS AND ADVISORS

Consultants and advisors can be helpful in managing other areas of your business so that you have more time to focus on providing professional services. They may be useful to help facets of the business such as:

- establishing marketing plans
- initiating customer service improvements
- helping with product layout/placement
- providing business coaching/advising
- providing accounting/finance services
- performing the bookkeeping

Pharmacies may undertake these functions internally as this can be beneficial in increasing the self-sufficient nature of the business. The advantage of external consultants and advisors, if used effectively is their ability to inject new ideas and motivation into the pharmacy. An appropriate balance between bringing functions in-house and outsourcing should be found – this will be different in each individual pharmacy.
For example, a pharmacist is not always available to initiate professional services or does not have the necessary accreditation. The most common type of consultant employed in this circumstance is a consultant pharmacist to perform HMRs. Outsourcing services in this way can be a potential model for your pharmacy. In the long term, however, your business viability may rest in your ability to provide the service using internal resources.

OTHER PHARMACIES

In the interviews conducted for this research, it was found that pharmacies are creating more alliances with other pharmacies through partnerships or informal network groups, the networked pharmacy. This phenomenon has also been used in other health care organisations when disseminating innovations (Greenhalgh et al. 2005). These groupings of pharmacies have emerged to either provide a broad range of services in a localised geographic area or to ward off competitors. The pharmacies have centralised back office functions or other operational tasks to increase the focus in the pharmacy on the customers and service provision. Similarly, other pharmacies have used corporate banner groups to provide this support.

AUSTRALIAN GOVERNMENT

CPAs between the Australian Government and the PGA have supported service provision through the allocation of financial remuneration for service implementation and supporting programs, such as QCPP. This funding for services may increase in future agreements with the focus broadening to include more services dedicated to chronic disease states.

QUESTIONS FOR YOUR PHARMACY

Are there other pharmacies you know of that are delivering the service?
Are you able to get information from them about the service delivery?
Are we maximising the amount of remuneration available from the Government?
Do we need support from consultants and advisors for the professional services we are/wanting to provide?
How can we use consultants and advisors to improve service provision?
How can we use consultants and advisors to free up time to dedicate to service provision?

POINTS TO CONSIDER

Information about the types of remuneration that are available to pharmacy owners from the Government can be found here: http://www.health.gov.au/internet/main/publishing.nsf/Content/pharmacy-4cpa2

Think of ways to use external consultants and advisors to optimise professional service provision in your pharmacy. Consultants and advisors can also be used for non-professional business activities to free up time to provide services.

The 2nd Edition of QCPP contains templates for procedures and processes for a range of professional services including pharmacotherapy, dose administration aids and compounding. These can be found in standards T3.

There are also a number of resources available from http://www.guild.org.au/pps/

EXAMPLES IN PRACTICE

Case Study 4 uses an informal alliance of pharmacies in the local area to facilitate the provision of professional services. Each pharmacy in the group provides a distinct variety of products and services in order to be able to cater to various target markets in the local area. The owners feel this strategy provides the group with some measure of protection from competition, and maximises efficiencies in the provision of products and professional services. For example, weight loss was chosen for the shopping centre pharmacy because it has higher customer numbers and enough space to incorporate a private consulting booth to provide the service. Similarly, a higher proportion of professional staff are employed in this pharmacy which facilitates the provision of professional services, first aid and pharmacy medicines.
REFERENCES


Ogden-Barnes, S., 2002. Maximise your marketing efforts The Australian Centre for Retail Studies, Monash University


PHARMACY CASE STUDIES

OUR ‘EXAMPLES IN PRACTICE’
As previously discussed, case studies can provide useful insight into how other pharmacies are dealing with issues that you may also be facing. The following case studies are designed to give you practical examples of how pharmacies are managing the change to a health service focus and implement professional services. These case studies have been drawn from a wide range of pharmacies across Australia. Taking this into account, each section starts with a summary diagram. This diagram highlights the pharmacy’s characteristics:

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This will allow for easy comparison between the characteristics of each case study and your own pharmacies.

The case studies cover the following topic areas:

- Pharmacy Background: this includes staff numbers, local demographics, opening hours and particular challenges and opportunities.
- Product and Service Implementation and Management: this outlines the pharmacy’s approach to implementing and sustaining products and services
- Creating a Strategic Direction: specifically looking at strategic, business and financial planning for service delivery
- Creating a “Health-Service” Image; and
- Staff management
- Organisational flexibility: Not all of the pharmacies featured in the case studies are doing everything “perfectly”. For this reason we end each case study with an organisational flexibility diagnosis – to understand in what way organisational flexibility has helped the pharmacy – and a set of action points for each pharmacy.
CASE STUDY 1
A SERVICE-FOCUSED STRATEGY: HEALTHCARE PROVIDERS IN THE COMMUNITY

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PHARMACY BACKGROUND

This pharmacy is located in a regional centre. According to the owner, this centre has a local population of approximately 30,000. Due to the large number of doctors in the local area, the owner believes the pharmacy draws on a population closer to 60,000. The pharmacy actively targets 2 groups of the population: the elderly, particularly in nursing homes, and 30-40 year old females with children. There are 11 other pharmacies in the town, but none operate under a "discount" model at present. However, the owner is conscious that one may open in their local area.

The pharmacy is owned by 2 partners and operated under a corporate banner. Its opening hours are 8:30am-7:30pm Monday to Friday, 8:30am-6pm Saturday and 10am-6pm on Sunday. The pharmacy’s physical size is 180m² which includes a counselling room for professional pharmacy services. These professional services include:

- **RMMRs**: conducted for 700 beds in 7 nursing homes. One owner completes RMMRs for 1 of the nursing homes and a consultant pharmacist is used for the other 6.
- **DAAs**: they are packed for the 7 nursing homes and for 100 community-based patients. ‘Packers’ are used and overseen by a pharmacist.
- **Methadone**: dispensing is capped at 10 patients as this has proven to be an acceptable number to manage.
- **Weight loss and sleep apnoea services**: they are provided on an as needed basis and are managed by qualified pharmacy assistants.

The 2 proprietors divide their management responsibilities across the different areas of the business. One owner leads QCPP and manages internal resources such as staff. The other concentrates on business and financial management and drives new initiatives in the pharmacy. Both owners are involved in professional services. The pharmacy employs 14 staff members including; a third pharmacist, 2 dispensary technicians, ‘packers’ for dose administration aids, 2 pharmacy assistant trainees, a qualified pharmacy assistant, a bookkeeper and a person to update protocols and processes. The pharmacy owners believe that employing enough staff is vital for their business success. On an average shift there will be a pharmacist working in the dispensary and the front of shop, a pharmacist managing professional services, 2 dispensary technicians, several ‘packers’, 1 pharmacy assistant trainee and 2 other pharmacy assistants.

This pharmacy utilises a number of external support services available to them from their banner group including services such as business assessments, training for staff and stock management guides. These resources are used to free up pharmacists’ time for professional services, to maximise the information available to them to help improve the business and to assist in local area marketing.
The pharmacy has developed an increased health-service focus in recent years driven by competition pressures and external and internal pressures as outlined below:

- The need to differentiate the pharmacy from its competitors
- Analyses of the local demographics and catering to their needs through professional services. For example, in the case of sleep apnoea, there were requests for this service from customers, other health care professionals and suppliers in the local area
- Wanting to make the business professionally rewarding for the owners who ‘love’ the professional aspects of their work
- The owners believing that this is ‘the way the profession needs to go’ in order to capitalise on the skills of pharmacists and improve health outcomes, thereby protecting the industry
- Recognising that professional services take the focus away from price for their customers and enables the selling of related products. The pharmacy owners believe that if you ‘are just selling products and trying to compete on price, you are never going to expand your business. By having services you sell products anyway and people don’t query the price.’
- Owners and staff have also found that professional services have contributed to an increase in loyal customers from a wider geographical area

A structured approach is also taken to stock selection and management by:

- Analysing the local demographics when deciding on product mix
- Assessing other local pharmacies and determining which products will differentiate them from their competitors
- Using planograms provided by their banner group. The owners find these useful as they are based on market research and reduce the time spent by the owner making decisions in these areas. This means that pharmacy assistants have clear diagrams to follow for store design and the pharmacists can focus on professional aspects of the business.
- Expanding product areas which reflect their health focus and not diversifying into product lines not in line with their mission, for example newspapers and gifts.
- Monitoring the performance of every section using six-monthly business reports provided by their banner. These are based on data from the pharmacy’s point of sale system and compare the pharmacy’s financial indicators with 200 pharmacies in the same banner. Financial indicators are provided for the business as a whole and each section in the pharmacy. The owners regularly use gross profit and net profit to measure financial performance.

**CREATING A STRATEGIC DIRECTION:**
**STRATEGIC, BUSINESS AND FINANCIAL PLANNING FOR SERVICE DELIVERY**

This pharmacy is characterised by their strategic position. This was established through the pharmacy’s vision and mission and is used to guide decision making, planning and culture within the pharmacy. The owners believe in their roles as healthcare providers and leaders in the profession. As a result, their mission covers these areas: ‘To be the most innovative, successful and respected pharmacy in Australia by improving the health and wellbeing of citizens in the local community.’ This was developed in consultation with staff members to encourage ownership of the pharmacy’s mission, their direction and overall goals.

To support this position, strategic planning is undertaken in a variety of areas including:

- Business and finances - in consultation with their banner group who provide detailed business reports on a 6 monthly basis, as outlined above.
- Marketing - local area marketing planned to tie in with health ‘weeks’. For example diabetes clinics during Diabetes Week.
- Continual improvement – this is done in two main ways: (1) by attending conferences to learn about cutting-edge practices in pharmacy and (2) by continuously updating and improving procedures and processes. For example, the owners are considering automating their packing service to increase the efficiencies in-store and use of manpower.
- Conducting research before implementing a new product or service through a demographic analysis or market research.

**CREATING A ‘HEALTH-SERVICE’ IMAGE**

To communicate their image as a healthcare provider to their customers, a variety of strategies are used, such as:

- Window displays, specials and product choices which reflect their strategic health position
- Utilising a private counselling room to provide professional services focused on improving health outcomes for customers
- A customer loyalty/reward program developed by the banner group
- Regular health talks to local community groups and health clinics
- Launches and events for any new products and services
- Local events to promote the pharmacy’s presence in the community
- Customer surveys to guide decisions about what products and services are needed in the pharmacy
The owners also engage other health care professionals for external support to improve efficiencies and outcomes of their professional services. For example, one of the proprietors is responsible for conducting 28 medication advisory committee meetings a year across the 7 nursing homes. These meetings involve a doctor, the reviewing pharmacist, the supply pharmacist and the head nurses, and are used to identify and solve any problems relating to medication. Regional education meetings are also undertaken with nurses on various health topics such as pain management.

This pharmacy has also altered its layout to better accommodate professional services in a number of ways. Four years ago a pharmacy refit created a physical layout which better supported service provision by:

- Increasing the size of the pharmacy from 50m² to 180m²
- Including a private counselling room used for a number of professional services
- Designing a booth with a separate entrance for methadone patients to maintain privacy for them and safety for staff and other customers

**STAFF MANAGEMENT**

**OVERALL STAFF MANAGEMENT**

A variety of different approaches are taken to manage staff and support their professional focus. Examples of this include:

- Individual strategic mission statements for staff members covering honesty, integrity, service to the customer, using initiative, improving the health and wellbeing of customers and contributing to the community.
- A comprehensive hiring strategy involving ability tests and a number of interviewers to ensure people are hired who are enthusiastic about the strategic position of the pharmacy
- Monthly staff meetings for longer-term planning and decision making
- Weekly, half-hour, stand-up staff meetings where staff follow the owners around the shop writing down lists of things to do for the week
- Job descriptions broken down by hour so staff always know what they should be doing
- Delegation of responsibilities – e.g. dispensary technicians, bookkeepers and stock managers are used so that pharmacists can focus on professional services and advice
- Training in all roles during the staff orientation process and through recorded procedures and processes, so that staff are transferable
- Performance reviews conducted by the owners and independent assessors. Using independent assessors has enabled the staff to express their concerns more openly and it also ensures objectivity in the reviews.

**MOTIVATING STAFF: REWARDS AND OTHER TECHNIQUES**

To establish their image as a healthcare provider, staff are given ownership and encouraged to support this ‘health service’ image by:

- Developing and communicating the pharmacy’s strategic direction in consultation with staff members during weekly and monthly staff meetings
- Being involved in planning and decision making during staff meetings
- Being involved in the design of the physical layout of the pharmacy
- Working towards winning industry awards

**SPECIALISED TRAINING PLANS**

A continual education program is used in this pharmacy. This program is made up of internal and external training in all areas. Internal training involves pharmacists doing role plays with staff in various sections of the pharmacy, while external training comes from the banner and companies who provide product and condition knowledge as well as training for staff in motivation and leadership skills.
ORGANISATIONAL FLEXIBILITY

The concept of organisational flexibility refers to the ability to adapt and change in response to what is happening inside and outside the pharmacy. Due to the increasing pressures on the pharmacy profession to respond quickly to market changes, organisational flexibility can help build their capability to deliver professional services.

ORGANISATIONAL FLEXIBILITY DIAGNOSIS

This pharmacy has been classified as having strategic flexibility and this is largely due to the proactive nature of the 2 proprietors and the team of pharmacy support staff. The key elements of this pharmacy’s model are:

- The clear strategic direction providing the basis for their business decisions.
- The use of support services provided by their corporate banner to allow the pharmacists to focus on professional services.
- The proprietors’ attitudes that foster continual improvement in the pharmacy through new processes as well as considering the potential use of new technologies.

ACTION POINTS FOR THE FUTURE

To sustain their position, this pharmacy could take a number of steps. The following action points could be considered:

- Maintaining the focus on health solutions.
- Increasing the number of pharmacists moving into the front of shop – this is “good for business”.
- Creating formalised financial and business plans.
- Restructuring the dispensary – bringing in more streamlined systems through automation.
- Extending on their current service provision e.g. further expanding their new sleep apnoea service.
CASE STUDY 2
PROFESSIONALLY-DRIVEN STRATEGY: HEALTHCARE, ADVICE, AND MEDICATION

PHARMACY CHARACTERISTICS

1. ORGANISATIONAL FLEXIBILITY TYPE
- Strategic ✓
- Operational
- Structural

2. BANNER AFFILIATION
- Banner
- Independent ✓

3. LOCATION
- Urban ✓
- Regional
- Rural

PRODUCT AND SERVICE FOCUS
- Product
- Service
- Product + Service ✓
- Service + Product

PHARMACY BACKGROUND

This pharmacy is located in an inner-city suburb with a local population of approximately 10,000 according to the Australian Bureau of Statistics. The pharmacy owner has analysed their customer numbers and found that approximately 4800 of these people are customers of the pharmacy. The target groups of this pharmacy are double income families with no children and concession card holders. The pharmacy has been owned by the current owner for 30 years and over this time the local demographic profile has changed significantly. Originally, the area had a low socio-economic area level and at that time the pharmacy was highly prescription driven with ‘little ability to sell anything’. When the local government housing estate was redeveloped, customer numbers fell by approximately 1000 but a new population moved in with higher disposable incomes.

The pharmacy is operated by a sole owner and not associated with any corporate banner groups. The pharmacy is open 9:00am-6:00pm Monday to Friday, 9:00am-1pm Saturday and 10am-12pm on Sunday. The pharmacy is approximately 150m². It employs 9 staff members including; 3 part-time pharmacists, 1 graduate pharmacist, a pharmacy manager, 1 dispensary technician, 2 qualified pharmacy assistants, 2 part-time pharmacy assistants and a bookkeeper. On an average shift there will be 1 to 2 pharmacists and 1 graduate pharmacist working in the front of shop, 1 dispensary technician, and 2 pharmacy assistants.

There are no other pharmacies in the same suburb, with the closest pharmacy 1km away. However there are 25 other pharmacies within 5km due to the suburb’s proximity to the CBD. These include pharmacies operating under a “discount” model. The owner differentiates this pharmacy from competitors by promoting a strong healthcare focus. The pharmacy has a specialised service focus in pharmacotherapy, involving methadone and buprenorphine dosing to over 70 patients. The pharmacy also supplies the medication Clozapine to a small number of patients. The pharmacy incorporates technology in managing professional services by using a computerised dosing program for pharmacotherapy. HMRs are also provided, but with the absence of an accredited pharmacist on staff, only the in-home interview component is conducted by one of the employed pharmacists. DAAs are packed for 30 community-based patients. The owner previously provided DAAs to patients in a local aged care facility but discontinued it when the hospital was no longer willing to pay for the service and prescription remuneration was insufficient to cover labour costs, thus making it unprofitable. The pharmacy also concentrates on product areas which reflect its health-care image, particularly scheduled pharmacy medicines.
PRODUCT AND SERVICE IMPLEMENTATION AND MANAGEMENT

The focus on professional services has been driven by the owner's own interest in pharmacotherapy because of:

- Altruistic motives: ‘because a lot of people out there need it’
- Experience with running a methadone program with a partner in a previous pharmacy. Initially they started with few patients but found the program very successful and continued to expand.
- Wanting to make the business professionally rewarding. The owner believes pharmacotherapy is a chance for pharmacists to practice ‘true’ pharmaceutical care as opposed to dispensing technician roles.
- The owner believing pharmacotherapy to be ‘the classic pharmacy business model for the future.’ The owner believes in fee-for-service and therefore its contribution directly to gross profit.

As well as internal and external pressures:

- The need to differentiate the pharmacy from their competitors.
- Using services to increase sales of products. The owner is aware that Clozapine patients are likely to have a range of other health issues which results in increased prescription numbers. The owner believes that if the health issues of these patients are looked after well by staff, then the patient’s relatives may also start using the pharmacy.

Professional services are now managed through a combination of specialised procedures and processes and the use of technology:

- The owner believes that the success of his pharmacotherapy program depends on specialised procedures and processes, ensuring that patients are managed effectively and the service is efficient.
- For example, when a new patient comes to the pharmacy the owner outlines (1) what the pharmacy will do for them and (2) what is expected of the patient.
- A computerised dispensing program is used for dosing and record keeping.

Stock selection and management is approached through:

- Expanding product areas which perform better financially and reflect their health focus. The owner considers the image the pharmacy wants to portray when deciding on which products to stock. For example, the pharmacy owner and staff recently decided to remove their large, financially underperforming, cosmetic range and expanded their vitamin and natural medicine section.
- Analysing the demographics in their local area and stocking product lines accordingly. For example, the staff had noticed an increase in requests for ‘green’ products from the “new” local population. As a result they changed their product mix to reflect what their customers’ value more.
- Monitoring the performance of every section using owner-developed spreadsheets comparing the performance of each section and the pharmacy as a whole from month to month and year to year. The financial indicators used are return on investment, gross and net profits, wage costs and dollar-cost margin. Decisions about what products to stock and what products to delete are based on these financial indicators, as well as the image the pharmacy wishes to portray.
- Having a strategy for selling pharmacy medicines, as outlined in the following section.

CREATING A STRATEGIC DIRECTION:
STRATEGIC, BUSINESS AND FINANCIAL PLANNING FOR SERVICE DELIVERY

This pharmacy closely monitors and considers its external environment, including changes in demographics and competitors, and has developed a strong strategic direction in response. While the owner and staff have not formalised their strategic direction into a written statement, the following quote outlines their healthcare focused strategy:

‘I think there are three sorts of pharmacies – large [price and product focused] pharmacies, a whole lot in the middle who don’t know what they are, and people like me at the other end. I’m not interested in massive turnover. I want to have a profitable business and when we turnover money I want to make some of it. So what we do is promote ourselves as very focused about healthcare, advice and medication.’

The owner has used 3 key strategies to promote the pharmacy’s image as being ‘focused on healthcare, advice and medication’:

- Implementing a ‘forward pharmacy’ model of operation
- Adopting a specific strategy for selling pharmacy-only and pharmacists only medications
- Adopting a specialised service focus

The pharmacy owner believes using pharmacists for sales of pharmacy only medicines is vital for their business success and their specific strategy was developed in the following way:

- The owner introduced ‘forward pharmacy’ into the pharmacy layout, ensuring that pharmacists stay in the front of store near the pharmacy only medicines.
- The owner believes that if he could have pharmacists fully occupied selling pharmacy only medications he would ‘have the most profitable pharmacy in Australia’. His views are that pharmacists are able to provide the customer with more complete health solutions and increase average sales for the pharmacy.
As a result these products make up a significant proportion of the pharmacy’s total business. The owner believes forward pharmacy is a ‘fantastic marketing tool’ in helping to reinforce their image as a professional healthcare provider.

Strategic planning is undertaken in a variety of ways including:

- Business and finance analysis using owner-developed spreadsheets. The owner works closely with an accountant to monitor key performance indicators of the business.
- Periodic analyses of the changing local demographics and local competition
- Planning for changes in conjunction with staff during staff meetings. For example, when implementing the forward pharmacy model staff spent a lot of time discussing what would work and what wouldn’t work with ideas recorded on a poster paper attached to the wall. Staff were shown several designs from the shop designer so they could discuss the pros and cons of each design.
- Using QCPP for updating and improving procedures and processes. These are updated during staff meetings. The owner and staff have found this program useful for ensuring they had formalised procedures and processes in place for everything. They feel this has achieved consistency among staff so that everybody knows what they are doing, when they are doing it and how.
- Developing specialised procedures and processes for service provision, as outlined above.

CREATING A ‘HEALTH-SERVICE’ IMAGE

The owner of this pharmacy is well aware of the need to effectively communicate their image as a healthcare provider to their customers. A variety of strategies are used:

- Window displays and product choices which reflect their strategic health position – ‘it’s about image for us. The window has to be indicative of what’s happening inside.’
- Implementing forward pharmacy by bringing dispensing computers to the front of store and creating private tables for consultation
- Giving health talks to local community groups
- Employing staff with varying cultural backgrounds. The owner finds this draws loyal customers from a wider geographical area because they feel more confident receiving health care advice in their own languages.

This pharmacy also optimises the space available to them to support their product and professional service focus. The physical layout of the pharmacy has been changed and updated according to the needs and focus of the pharmacy. This has been achieved through both total and partial re-fits over the past 30 years. The current layout of the pharmacy was designed by a shop designer who had never designed a pharmacy before. The owner believes that having this person created objectivity when designing the layout because ‘he came with fresh ideas about how the pharmacy might look and function.’ The layout of the pharmacy currently supports both professional service provision and their health-focused image. One example of this is the creation of a room dedicated to DAA packing.

STAFF MANAGEMENT

OVERALL STAFF MANAGEMENT

A highly inclusive approach is taken to staff management. This ownership is encouraged through:

- Being transparent with performance indicators including turnover, wages, profit and expenses with the pharmacy staff.
- Creating a work environment which values the quality of life of the pharmacy staff. For example, making operating hours convenient for all
- Using 2 managers – one for the dispensary, and one for the front of store. One pharmacist manages the roster of other pharmacists and dispensary technicians, dispensary buying and staff management including wages and holidays. One pharmacy assistant manages the roster of other pharmacy assistant staff, front of store buying and conducts pharmacy assistant training.
- Involving staff in planning and decision making during weekly and monthly staff meetings.
- Involving staff in the design of the physical layout of the pharmacy
- Recorded procedures and processes, so that staff are transferable
- Delegation of responsibilities – e.g. a dispensary technician, bookkeeper and stock manager are used so that pharmacists can focus on professional services and advice
- Monthly staff meetings for longer term planning and decision making

MOTIVATING STAFF: REWARDS AND OTHER TECHNIQUES

According to one pharmacy staff member, the highly inclusive approach motivates them and fosters open communication between staff and management. A variety of different approaches is also taken to managing staff and using them to support their professional focus. One example of this is having pharmacy assistants complete recognised community pharmacy certificate qualifications.
**SPECIALISED TRAINING PLANS**

Internal training is conducted during staff meetings. The owner has experience in teaching and often feels more confident in providing information to staff rather than sending them to training externally. If staff are sent to external training, the owner will conduct follow-up training in the pharmacy by outlining what areas are relevant to each staff member. This is primarily because of the pharmacy’s strategy for selling pharmacy medicines, which means that much of the product/condition training available is taught with a different approach to what is relevant to their non-professional staff.

**ORGANISATIONAL FLEXIBILITY**

The concept of organisational flexibility refers to the ability to adapt and change in response to what is happening inside and outside the pharmacy. Due to the increasing pressures on the pharmacy profession to respond quickly to market changes, organisational flexibility can help build their capability to deliver professional services.

**ORGANISATIONAL FLEXIBILITY DIAGNOSIS**

The strategic flexibility of this pharmacy is largely due to the focus on their healthcare image through product and service provision, by the pharmacy owner. The key elements of this pharmacy’s model are:

- Understanding the external environment, especially the changes in demographics, and reflecting these changes in the pharmacy’s product and service mix
- Continuously looking to improve their practice through new processes as well as considering the potential use of new technologies.

**ACTION POINTS FOR THE FUTURE**

To sustain their position, this pharmacy could take a number of steps. The following action points could be considered:

- Developing a solution for the limited space available on the current premises if more professional services are to be introduced or the volume of the current services is to be increased
- Creating formalised financial and business plans
CASE STUDY 3
STRUCTURED TO CAPITALISE ON PROFESSIONAL PHARMACY SERVICES

PHARMACY CHARACTERISTICS

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PRODUCT AND SERVICE FOCUS

| Product + Service | ✔    |
| Service + Product |      |

PHARMACY BACKGROUND

This pharmacy is located in an outer suburb of a major city with a local population of over 65,000 according to the ABS. The pharmacy serves people from a broad range of socio-economic groups. The target markets for this pharmacy are elderly people and concession card holders. There are 14 other pharmacies in a 10km radius with the nearest pharmacy 1km away.

The pharmacy was purchased by the current owners 14 years ago and is operating under a corporate banner. The pharmacy trades extended hours, from 8:30am to 9:00pm seven days a week. Four years ago the pharmacy underwent a significant re-fit. This doubled the size of the pharmacy and allowed for the establishment of a compounding laboratory. Since this time, the pharmacy has experienced considerable growth and turnover has doubled. The pharmacy offers several professional services including:

- **Specialised compounding:** This service is managed by a dedicated pharmacist present each day and contributes a considerable amount to the turnover.

- **DAAs:** packs are prepared for 500 patients across a nursing home and a home care facility and 150 community patients. Packing for the nursing home facility is outsourced to increase the efficiency of the service. The owners are considering introducing an automated system to incorporate the packing service into the pharmacy.

- **RMMRs:** these are conducted for 200 beds in the nursing home and for 300 beds in the home care facility. This service is provided by 2 employed accredited pharmacists who share the role.

- **HMRs:** fewer HMRs are conducted through the pharmacy but there is an interest in increasing this number.

The pharmacy has 3 partners who focus on different areas of the business. One owner has responsibility of overall business and financial management of the pharmacy. The daily operation of the pharmacy is the role of the second owner, in conjunction with the front of store manager. The third owner has a particular interest in professional services and is involved in compounding and medication reviews. Both owners are also involved in professional associations and they see this as keeping them up to date with changes in the industry.

The pharmacy employs approximately 40 staff members, both casual and full time. These staff members include: 2 compounding lab pharmacists, 2 pharmacists in the front of store, a compounding lab technician, 2 dispensary technicians, a pharmacy student, a bookkeeper and several pharmacy assistants who manage the front of shop, point of sale and assist in dose administration aid packing. On an average shift there will be 15 staff, including up to 3 pharmacists.
The banner, under which this pharmacy operates, provides support services in the following areas:

- Stock management in the form of planograms
- Business reports with average financial indicators of other pharmacies, to use for comparison
- Local area marketing through catalogues
- Customer loyalty program
- Staff training in customer service
- Organising professional committee meetings between pharmacist and front of shop managers in other pharmacies. In these meetings managers discuss what experiences they are having in their pharmacies and learn about banner initiatives such as those above.

**PRODUCT AND SERVICE IMPLEMENTATION AND MANAGEMENT**

This pharmacy has been primarily focused on increasing the retail offering to their customers and has recently increased the focus on professional services. Stock selection and management is approached in the following way:

- Monitoring the performance of every section using business reports and spreadsheets developed by their pharmacist manager. This is done every 4 to 6 weeks and also yearly, for each component of the business. With these reports the managers and owners compare sales to analyse areas that are growing and declining. They pay particular attention to examining their gross profit and wage percentages. These figures are compared to market averages, provided by their banner group and the Pharmacy Guild of Australia.
- Using retail experts and ideas from others, offered through their corporate banner group
- Using planograms provided by their banner group to guide product layout. However, the owners are concerned that these planograms reflect research that is too generalised and they are currently working towards basing product choices and layout on their own point of sale data.
- Stocking ‘non-traditional’ pharmacy products as the owners believe these draw customers from a wider geographical area. The pharmacy stocks a large range of gifts and has continued being a lottery and newsagent sub-agency.
- Providing a weight loss service for a varying amount of customers. This service is managed by trained pharmacy assistants. The owners are looking to expand this service by installing a private consultation room.
- Housing a beautician in a private room. The owners are looking to develop their own therapeutic skin care line.

**CREATING A STRATEGIC DIRECTION: STRATEGIC, BUSINESS AND FINANCIAL PLANNING FOR SERVICE DELIVERY**

This pharmacy is currently operated with independent foci on the front of shop/dispensary and professional services. The pharmacy itself is characterised by its retail focus with the professional services somewhat independent. This could be due to the focus of the 3 owners divided between the professional and business sides of the pharmacy. This has also led to an ad-hoc approach to introducing new products and services. While 2 owners would like to ‘increase gross profit through professional services’, the other owner is responsible for decision making and concentrates their efforts on business management and growing the front of store product sales.

Strategic planning is undertaken in a variety of areas including:

- Business and finances in consultation with all the owners, the managing partner provides and analyses detailed business reports, as outlined in the previous section.
- Meetings between the owners and front of store manager every 4 to 6 weeks. These are used to analyse business reports and informally plan for the future based on this data. Staff meetings occur every 4 to 6 weeks and are used to keep everyone up to date with changes to procedures and processes. Staff are asked to formally acknowledge that they have read and understood new procedures.
- A continual quality control system for updating and improving procedures and processes. This is achieved by staff reporting which procedures and processes are not working to the managing partner. The managing partner will undertake process analysis, through the identification of areas that need improvement, restructure the procedure, document and communicate these changes during staff meetings.
- Owners and managers attending conferences to ‘get a whole lot of information in an easy space of time’. If owners or managers want to implement an idea from a conference they would start by discussing it with the people involved in the relevant section. An audio tape or video of the conference lecture will be obtained to show these staff.
- Owners visiting other pharmacies both locally and internationally for practical examples. For example, before undergoing a shop re-fit 4 years ago, the owners visited pharmacies which had recently been re-fitted for insights into new designs for their own premises.
CREATING A ‘HEALTH-SERVICE’ IMAGE

This pharmacy has created a health-service image in relation to the professional services they offer. This has been supported by a number of strategies:

- A shop refit 4 years ago allowed the owners to change the physical layout of the pharmacy to better support service provision through the creation of a compounding lab. The owners believe this lab will give them an advantage over compounding competitors if the service is regulated.
- A monthly newsletter sent to their customers. This is used to provide health information and to advertise health clinics or their professional services.
- Holding educational seminars for the carers and nurses employed in the homes they service
- Regular health clinics. Nurses are brought in to the pharmacy to conduct blood pressure checks, glucose checks, iron tests and osteoporosis checks. The pharmacy is interested in expanding this activity.

However, the ‘health-service’ image can be considered somewhat diluted by the presence of non-health focused elements, such as the lottery and newsagent sub-agencies and large range of giftware.

STAFF MANAGEMENT

OVERALL STAFF MANAGEMENT

This pharmacy structure staff so that professional time is maximised for pharmacists and pharmacy owners. Examples of this include:

- Delegation of responsibilities – e.g. dispensary technicians, bookkeepers and stock managers are used so that pharmacists can focus on professional services and advice
- Recorded procedures and processes, so that staff are transferable when there is illness or holidays
- Constant development and improvement of procedures and processes
- Staff meetings where staff are informed of changes to procedures and processes
- Manager and owner meetings for longer-term planning and decision making
- Using managers for different sections in the store so staff are clear who they need to speak to if there are any problems or issues.

MOTIVATING STAFF: REWARDS AND OTHER TECHNIQUES

Staff motivation is developed in the following ways:

- Staff being given defined roles and having tasks delegated to them so the work is ‘multi-faceted’ and therefore more rewarding.
- Utilising staff incentives. Generally this involves staff reaching certain sale targets for specific areas of the pharmacy or achieving good average sales, then being rewarded with gift vouchers and movie tickets.

SPECIALISED TRAINING PLANS

This pharmacy utilises both internal and external training. Internal training is conducted by one of the partner owners during staff meetings and covers a different health topic each meeting, such as wound care. External training is conducted by training consultants employed by the pharmacy’s banner group in areas such as retailing and customer service. One of the partner owners would like to increase the amount of training staff receive through a formalised training program.

ORGANISATIONAL FLEXIBILITY

The concept of organisational flexibility refers to the ability to adapt and change in response to what is happening inside and outside the pharmacy. Due to the increasing pressures on the pharmacy profession to respond quickly to market changes, organisational flexibility can help build their capability to deliver professional services.

ORGANISATIONAL FLEXIBILITY DIAGNOSIS

This pharmacy is an example of structural organisational flexibility and is characterised by its focus on professional services that complement each other. They have extended the conventional pharmacy product/service offering by developing professional services in 2 key areas in-house. They have made the necessary structural changes to implement these services including:

- Introducing new facilities to accommodate services
- Developing new procedures to facilitate the service
- Reorganising of the staff and dedicating pharmacists to service provision.
- In this way they have gained a depth of understanding in the management and provision of these services. This pharmacy’s model, however, does not integrate the retail and professional services sides of the business with the same level of depth.
ACTION POINTS FOR THE FUTURE
To maintain their business in the future, this pharmacy could take a number of steps. The following action points could be considered:

- Developing a strategic direction to improve cohesiveness between owners, managers and staff
- Integrating the retail and professional sides of the pharmacy
- Developing professional service provision, particularly in the area of HMRs
- Developing front of shop services – such as the existing weight loss service – to promote a more professional image. This could be achieved through the use of a private consultation room
- Increasing the efficiency of the dispensary through automation
- Developing a formalised training program that incorporates training for professional services.
CASE STUDY 4
GROUP OPERATIONS ALLOW FOCUS ON PROFESSIONAL PHARMACY SERVICES

PHARMACY CHARACTERISTICS

1. ORGANISATIONAL FLEXIBILITY TYPE

- Strategic
- Operational √
- Structural

2. BANNER AFFILIATION

- Banner
- Independent √

3. LOCATION

- Urban √
- Regional
- Rural

PRODUCT AND SERVICE FOCUS

- Product
- Service
- Product + Service √
- Service + Product

PHARMACY BACKGROUND

This pharmacy is located in a suburb just outside a major capital city. According to the ABS, the local area includes a population of over 65,000 people. The pharmacy targets the elderly and young people with families in their local area. This independent pharmacy is part of an alliance group of three pharmacies located in a 2km area. Each pharmacy in the group provides a distinct variety of products and services in order to be able to cater to various target markets in the local area. The nearest competing pharmacy is 5km away and operates under a price-focused model. The managing partner of this pharmacy has become aware of a “discount” pharmacy is also considering opening in the local area. However, the owners have recently seen another pharmacy compete successfully by changing to a health-service model.

The pharmacy operates from 8am to 10pm 7 days a week and is located adjacent to a medical centre. This allows the pharmacy to draw on a wider customer base because of its convenient hours and location. The managing partner is responsible for the daily operation of the pharmacy but the group of partners come together for ‘planning days’ to write business plans for the future of the pharmacy group, and decide which products and services would be most suitable for each pharmacy, based on structure and staffing availability. This pharmacy is 147m² and has had two re-fits in 15 years. The owners would like to do another re-fit to dedicate more space to service provision by including a larger private consultation area.

This pharmacy is differentiated from one of the other partnership alliance pharmacies, located in a shopping centre 500m away. This pharmacy focuses on a service orientation, focusing on diabetes management (through National Diabetes Service Scheme - NDSS supply and management plans). The other pharmacy has more of a retail focus with a weight loss clinic service available. This pharmacy has also implemented a number of new professional services remunerated by the 4th CPA and is interested in service delivery. The services now provided include:

- **HMRs**: 3 are conducted per week by 2 of the accredited employee pharmacists.
- **DAAs** are also packed for community-based patients.
- **DMAS** was provided as part of the recent pilot program

The pharmacy employs 20 staff members including; 5 pharmacists not including the owner, 3 dispensary technicians, 4 pharmacy assistants, a dedicated stock controller and an administrator/business manager. The business manager handles bookkeeping and human resource issues such as rosters and wages. The business manager works 2 days on site in the pharmacy and 2 days off site. On an average shift there will be 2 pharmacists, 1 dispensary technician and 4 pharmacy assistants. The pharmacy owners like to have more than one pharmacist on duty so that one can be ‘talking to [customers].’
As mentioned, the pharmacy’s professional service focus has been driven by the need to offer a number of models of pharmacy to customers in the local area. The managing partner also recognises that professional services can contribute to business viability by attracting customers with a range of health needs so that ‘if they are spending three thousand [dollars] per year in a pharmacy then we are going to get that.’

In addition, the pharmacy’s proportion of prescriptions to front of store sales is 65/35, indicating a relatively high level of product sales for a medical centre pharmacy. The managing partner believes this is because the pharmacy has established itself as a provider of ‘primary care needs’, driven by the following key elements:

- Long waiting times to see medical professionals has meant many customers come to the pharmacy with ailments they may have otherwise seen the doctor for. For example, they have established a first-aid product and service for customers unable to get in to see local doctors for cuts, bruises and rashes. Customers are also more likely to come to the pharmacy for advice on common illnesses such as coughs and colds and this explains the high level of pharmacy only medicine sales.
- Extending the opening hours of the pharmacy. Now customers from a wider catchment will travel distances of 25km for medications as the pharmacy is known for their extended hours. Extended opening hours also drive specific product sales, for example formula and nappies.

Stock selection and management is approached by the business manager formalising plans and tasks for the stock controller, as outlined in the section titled ‘Staff Management’.

**CREATING A STRATEGIC DIRECTION: STRATEGIC, BUSINESS AND FINANCIAL PLANNING FOR SERVICE DELIVERY**

Currently this pharmacy has no formalised strategic direction. However, as mentioned, the partners are working towards a group based strategic direction by planning for the future of all their pharmacies. This is based on the provision of services and differentiating their offering between the 3 pharmacies to enable specialisation. The owners feel this strategy provides the group with some measure of protection from competition, and maximises efficiencies in the provision of products and professional services. Decisions and plans to date have been based on internal factors, rather than a strategic response to their external environment. For example, weight loss was chosen for the shopping centre pharmacy because it has higher customer numbers and enough space to incorporate a private consulting booth to provide the service. Similarly, a higher proportion of professional staff are employed in this pharmacy which facilitates the provision of professional services, first aid and pharmacy medicines.

Strategic planning is undertaken as a group in the following ways:

- Meeting once a year to have a ‘planning day’. The owners will consider where they want the group to be in 1 year, 3 years and 5 years.
- Formalised business plans. For example for their weight loss service they planned to have a targeted number of members by year 1, year 3 and year 5 in order to able to justify the space dedicated to the service.
- Formalised financial plans. These are based on budgets for the pharmacy including wages. These plans are developed by the partner’s accountants.
- Measuring the performance of the pharmacy. The owners primarily look at turnover, customer numbers, script numbers and gross profit to measure business performance. These are recorded in spreadsheets and tracked.

**CREATING A ‘HEALTH-SERVICE’ IMAGE**

The managing partner utilises a number of different methods to communicate the pharmacy’s health-service image. The owner believes this communication increases customer numbers by creating loyalty and repeat business and positive word of mouth. A variety of strategies are used:

- Customer surveys conducted every 3 – 6 months. These involve ratings of store presentation, each product range, customer service and the customers overall rating of their visit. The business manager will then take on any negative feedback or suggestions and make the relevant changes.
- Utilising a private counselling area to promote their professional service image
- Educational health clinics. One of these clinics involves sending invitations to 200 diabetic customers for a ‘movie day’ at the local cinema, funded by a pharmaceutical company. The managing partner takes the opportunity to give a short presentation on diabetes management.
- A self-developed customer loyalty/reward program based on a $10 voucher for every $200 spent on front of store items. This program has been running for 13 years and now has over 9000 members across the 3 pharmacies in the group.
- Relationships with other health care professionals including the local diabetes educator, physiotherapist, dentist and doctors. The working relationship they have developed with the local doctors has helped them to grow their HMR business.
STAFF MANAGEMENT

OVERALL STAFF MANAGEMENT
The managing partner believes in the delegation of responsibilities among staff so that each staff member feels they have a role to play in how the pharmacy is managed. This delegation is enabled in the following ways:

- Charts are created to outline the tasks to be completed and highlight the required timing for these tasks by staff member. These charts are developed by the business manager and are actioned by the staff members. For example the stock controller’s tasks detail when, what and from whom they should purchase stock. These charts are created from a master list of jobs, with each staff members jobs highlighted, and a running sheet of the jobs to do each day.
- Delegation of responsibilities – e.g. dispensary technicians, a business manager and a stock controller are used so that pharmacists can focus on professional services and advice

MOTIVATING STAFF: REWARDS AND OTHER TECHNIQUES
Staff are motivated in the following ways:

- Fortnightly staff newsletters written by the managing partner. These discuss changes such as new staff members and the impact of legislation such as new schedules for medications. They also cover product and condition knowledge and include motivational quotes.
- Comprehensive performance reviews conducted by the managing partner. These grade particular areas of each role including knowledge, attitude and attention to detail. Goals are also set for staff during performance reviews. For example, the managing partner may ask if there is any training the staff member would like to help them improve in a particular area.

SPECIALISED TRAINING PLANS
In this pharmacy, a continual education program has been organised on a calendar, of internal and external training in all areas of the pharmacy. Internal training involves the managing partner conducting one-on-one training with staff members. One topic a month is covered for all staff members and is tailored according to the staff member’s experience. These cover topics including customer service, store presentation and health topics such as cold and flu. External training is centralised in the group and organised by another partner. Company representatives will educate all staff during training nights.

ORGANISATIONAL FLEXIBILITY
The concept of organisational flexibility refers to the ability to adapt and change in response to what is happening inside and outside the pharmacy. Due to the increasing pressures on the pharmacy profession to respond quickly to market changes, organisational flexibility can help build their capability to deliver professional services.

ORGANISATIONAL FLEXIBILITY DIAGNOSIS
The operational flexibility of this pharmacy is largely due to the network created between the 3 local pharmacies in the group, and the efficiencies created between the pharmacies. The key elements of this pharmacy’s model are:

- Implementing services in the most suitable pharmacy in the group – this decision is generally based on structural and staff requirements and operating hours of the pharmacy.
- The synergies between the pharmacies are focused on the operational level of the pharmacy and are heading towards strategic integration in the group.

ACTION POINTS FOR THE FUTURE
To sustain their position, this pharmacy could take a number of steps. The following action points could be considered for the future:

- Developing a strategic direction for the group and individual pharmacies to drive change in a more formalised way
- Creating group strategies in addition to individual business plans
- Creating a physical environment that could physically support more services i.e. larger counselling area
CASE STUDY 5
TAKING ON THE COMPETITION: RESTRUCTURED WITH A FOCUS ON HEALTH

PHARMACY CHARACTERISTICS

1. ORGANISATIONAL FLEXIBILITY TYPE
   - Strategic
   - Operational
   - Structural √

2. BANNER AFFILIATION
   - Banner
   - Independent √

3. LOCATION
   - Urban
   - Regional √
   - Rural

PRODUCT AND SERVICE FOCUS

- Product
- Service
- Product + Service
- Service + Product √

PHARMACY BACKGROUND

This pharmacy is located in a regional centre which, according to the local council, has a local population of approximately 40,000 but services a population of over 120,000. This independent pharmacy is located in a shopping centre with a medical centre located behind it. There are 9 other pharmacies within a 10km radius. It is the only pharmacy located in the shopping centre. The pharmacy was purchased 8 years ago and has since been changed from a 5 ½ day a week pharmacy to a 7 day pharmacy, open until 7pm every evening. The introduction of the medical centre 2 years after its purchase saw significant growth in the pharmacy and an increase in scripts to 450 per day.

The pharmacy has 2 partner owners with management responsibilities in different areas of the business. One owner is the business manager and the other owner is the dispensary manager. A retail non-pharmacist manager is also used for front of store and staff in respective areas report to their direct manager. Both of the dispensary and retail managers report to the business manager. The dispensary manager/owner was recently brought into the business in order to increase the pharmacy’s provision of professional services as this was not possible under a sole owner structure. Currently the dispensary manager/owner is pursuing the PMP pilot program and co-ordinating QCPP while the other owner is focused on analysis of the business and financial management. The pharmacy was bought with a vision of developing a ‘professional profile’ for the business. The pharmacy was refitted five years ago and a professional consultation room was incorporated into the refit. Since then a number of professional services have been implemented. The professional services include:

- **DAAs:** packed for 50 private patients and 30 nursing home patients.
- **HMRs:** approximately 100 HMRs have been conducted in the last 3 years. The pharmacy does not have an HMR accredited pharmacist on staff. Interviews are conducted by the dispensary manager/owner and the information from these interviews is then sent to an accredited pharmacist. The dispensary manager/owner is soon to complete the HMR course to become accredited, so that this service can be provided in full by the pharmacy.
- **Sleep apnoea, blood pressure and baby consultation services:** these are provided and managed by the 2 part-time registered nurses on staff on an appointment only basis.
- **Weight loss:** The pharmacy’s weight loss service is driven by trained pharmacy assistants.
- **Smoking cessation:** This involves weekly consultations with pharmacists and costs $5 per week over twelve weeks.
The pharmacy employs 35 staff members including; a dedicated stock controller, 2 nurses, 4 pharmacists, 2 graduates, 2 dispensary technicians, and several other full time and casual pharmacy assistants. In the past 12 months the pharmacy has increased the number of professional staff working per shift as it was felt that the quality of service was suffering because ‘[pharmacists] only have limited time for every customer.’ Currently there are 2 pharmacists and 2 graduates, 1 dispensary technician, a retail manager and 7 pharmacy assistants on average shift.

The pharmacy is part of an informal group of pharmacies in other nearby regional centres. The group uses a central buyer for products and pools financial resources to undertake local area marketing in the form of television advertising. The group also ‘pilots’ new products and services in different pharmacies and if they are successful they are implemented in the other pharmacies. For example, DMAS is currently being trialled in one of the other pharmacies in the group. If it proves to be successful it could potentially be implemented in this pharmacy.

**PRODUCT AND SERVICE IMPLEMENTATION AND MANAGEMENT**

Professional service implementation is driven by decisions across the pharmacy group and external pressures from competition and customers. The dedicated staff allocated to these services have allowed for more focus to be given to building add-on or additional professional services in the pharmacy. This pharmacy has also learnt from its mistakes in the area of service provision. For example, a weight loss service was implemented with little focus on its integration in the business and the resources needed to successfully implement it. The service was not successful. The pharmacy has since re-launched the weight loss service with more “passion” behind the service, as well as dedicated staff and this has been well received.

Stock selection and management has been driven by the owners belief that ‘we need to be better retailers and we need to retail our professional [products]. It is not about discounting, it is giving [these products] more prominence in your business.’ This is being achieved by:

- Reducing product areas not related to a healthcare focus and allocating the space to service provision. For example, the additional consultation room was added by reducing the pharmacy’s cosmetics and beauty section.
- Using retail consultants. The retail consultants the pharmacy employs offer analysis and advice in areas such as store appearance, traffic flow and direction, promotional execution and displays, staff appearance and customer service. They also offer an analysis of the pharmacy’s retail performance with a mystery shopper program. These consultants developed the pharmacy’s customer loyalty program.
- Using a retail manager and a central buyer for the group. This has improved the pharmacy’s value offer through more efficient buying. The central buyer consults with the local retail manager in each pharmacy to determine the best possible mix of products for each pharmacy. The buyer accesses centralised point of sale data from all pharmacies. The buyer analyses this information and provides the pharmacy owners with reports on dispensary and front of store sales, gross profit and wages proportions. This creates efficiencies, and gives the group a stronger position when negotiating with pharmaceutical companies. So now ‘we buy a bit better, price it better and display it better.’
- Using a dedicated stock controller. This staff member ensures all point of sale data is accurate.

**CREATING A STRATEGIC DIRECTION:**

**STRATEGIC, BUSINESS AND FINANCIAL PLANNING FOR SERVICE DELIVERY**

The professional focus of this pharmacy has been enhanced by increasing the professional services provided in the pharmacy. This position has been chosen because of the pressures of the global financial crisis and changes in competition faced by the pharmacy. For example, 2 years ago a “discount” model of pharmacy opened nearby and the owner noted ‘they knocked us around in the first year.’ Vitamin sales in the pharmacy fell by 20% and prescription numbers flattened. This forced the owners to consider how they could differentiate their business. The decision was to strengthen their professional focus by building a second consultation room and implementing weight loss and sleep apnoea services to be run from these rooms in addition to the baby clinic.

The owners and staff do not have a formalised strategic direction, but the following quote emphasises their position:

‘When things tighten you’ve got to be very good at what you are well-known for - core pharmacy stuff like professional services and products. At a time like this you don’t want to be heavy into beauty and gifts… [We want to] build a pharmacy that is viewed like a medical centre – a professional based business that offers [health] services and products.”

Strategic planning is undertaken in a variety of ways including:

- Finances, in consultation with the group. For example, automated dispensing systems have recently been considered for this pharmacy and other pharmacies in the group. The group are considering the viability of outlaying the large capital expense for this technology by analysing script numbers, possible increased revenue from efficiencies, human resource costs, the value of the pharmacist’s time being spent elsewhere in the business and improved stock control. They have also considered the impact on the viability of services – ‘because of our savings [from automating the dispensary] we can do something like run our [smoking cessation program] because the pharmacists are readily available.’
- Using QCPP to develop specialised procedures and processes for service provision. For instance, the pharmacy used QCPP to systematise DAAs to make the process more accountable for staff by using forms to record what DAAs have been packed, when and by whom.
 Owners and staff attending conferences and tours of pharmacies for new ideas. For example, the owners recently attended a conference to gain information on automated dispensing systems. In addition, after attending tours of pharmacies the owners considered their weight loss and sleep apnoea services in relation to what they had seen. The owners also sent staff to another pharmacy in the group who had implemented weight loss successfully to ‘talk to their consultants, see their enthusiasm first hand, their layout, see how it flows by standing there during the day and seeing customers going in.’

Employing business coaches. A business coach was employed by the owners to identify opportunities for the pharmacy. The business coach suggested implementing a specialised approach to palliative care, and this is something the owners are considering.

The owner also uses a mentor for advice when making decisions. The partner benefits from the mentor’s experience in managing and owning pharmacies.

Assessment of competition in the local area. One owner ‘likes to gather information from various sources just to feel informed.’ This owner has analysed the customer numbers for competitor pharmacies and compared them to this pharmacy.

**CREATING A ‘HEALTH-SERVICE’ IMAGE**

This pharmacy is developing an image based on their professional services and healthcare focus. To communicate their image a variety of strategies are used:

- Television advertising promoting health services offered by the pharmacy. e.g. sleep apnoea service. There are future plans are to repeat this for their smoking cessation program.
- Utilising 2 private counselling rooms for professional services and using trained and well-respected nurses from the local area to provide some of these services
- Health focused promotions. Each month a different health topic is promoted in the pharmacy. For example ‘arthritis and pain relief’ and included the promotion of products such as glucosamine.
- Adjusting the physical layout of the pharmacy to reflect the professional focus of the pharmacy through the incorporation of counselling rooms and adjusting product areas to support their health image.

**STAFF MANAGEMENT**

**OVERALL STAFF MANAGEMENT**

A variety of different approaches are taken to managing staff, examples of this include:

- Increasing numbers of professional staff, including other health care professionals, to support professional service provision
- Employing human resource consultants. These consultants provide personality profiling of staff to identify strengths and weaknesses, and leadership reviews for managers.
- Staff meetings once a fortnight. These meetings incorporate staff training in the health areas being promoted in the pharmacy that month.
- Management meetings between the dispensary manager, retail manager and business manager.
- A cadet program for graduate pharmacists to create career progression through the group. This involves graduates staying on as pharmacists and then being offered partnerships. This has, as the owner describes, ‘created a supply chain of pharmacists, which was a real issue for us a couple of years ago’.
- Delegation of responsibilities – e.g. dispensary technicians, bookkeepers and stock managers are used so that pharmacists can focus on professional services and advice.

**MOTIVATING STAFF: REWARDS AND OTHER TECHNIQUES**

Ways in which staff are motivated and rewarded in this pharmacy include:

- Staff appraisals to determine staff satisfaction in areas such hours worked, pay, flexibility in the work place and identifying challenges.
- Making it easy for staff to communicate with the owners by having clear reporting systems.
- Working towards winning business awards. The pharmacy has won a number of local awards recent years. This helps to drive a high standard of care in the pharmacy and motivate staff through public recognition.
- Performance reviews which incorporate KPIs for the staff with bonuses attached. The pharmacy’s ‘bonus sheet’ looks at the staff member’s performance in areas such as mystery shops, loyalty card usage and team training attendance.
SPECIALISED TRAINING PLANS

This pharmacy utilises the following forms of internal training:

- Training is organised in fortnightly staff meetings to reflect the ‘health solution’ being promoted for the month. This is conducted by the retail manager who gives basic information about the topic (e.g. cold and flu) as well as training on complementary sales in this area.

- Training nights are also organised on a regular basis. These training nights run for 1 hour after work and staff are expected to attend at least 5 hours a year. Staff who attend more often than this can use these extra hours for time-in-lieu. These training nights may involve 1 on 1 training in health topics or training from company representatives.

- Online training. 10 on-line training modules have been developed by the pharmacy group. These modules cover basic knowledge in areas such as cold and flu, smoking cessation or allergies. As part of the staff orientation process, new staff members are required to have completed at least 4 modules before starting work and the other 6 within 2-3 weeks. Staff members have found that having an on-line training option has been useful because it gives them flexibility in completing the modules.

External training is also utilised. As mentioned, external training is supplied by company representatives attending training nights. Staff are also permitted to attend training provided by these companies in venues outside of the pharmacy. In this case, the staff are expected to pay the costs of attending the course, but the pharmacy owners pay wages for the time the staff member is out of the pharmacy.

ORGANISATIONAL FLEXIBILITY

The concept of organisational flexibility refers to the ability to adapt and change in response to what is happening inside and outside the pharmacy. Due to the increasing pressures on the pharmacy profession to respond quickly to market changes, organisational flexibility can help build their capability to deliver professional services.

ORGANISATIONAL FLEXIBILITY DIAGNOSIS

The structural flexibility of this pharmacy is due to the variety of skills being built up in the pharmacy in both the product and service provision areas. The key elements of this pharmacy’s model are:

- Allocating ownership of different services to a variety of employees within the pharmacy

- Utilising the availability of other pharmacy sites to trial new professional services before implementation

- Continuously look to improve their practice through new processes as well as considering the potential use of new technologies

ACTION POINTS FOR THE FUTURE

To sustain their position, this pharmacy could take a number of steps. The following action points could be considered for the future:

- The nursing staff are responsible for a large proportion of services which will not be available if they left the pharmacy. Pharmacy staff could potential be trained in some of these areas (e.g. sleep apnoea)

- Creating a formalised strategic direction in consultation with staff

- Implementing a strategy to allow the pharmacists to spend more time with each customer – the pharmacy owners are considering a forward pharmacy type model that could potentially be supported by an automated dispensing system

- Include training for professional services in the pharmacy’s training program
CASE STUDY 6
STRUCTURED FOR SUSTAINABILITY: HMRS KEY TO BUSINESS VIABILITY

PHARMACY CHARACTERISTICS

1. ORGANISATIONAL FLEXIBILITY TYPE
   - Strategic
   - Operational
   - Structural

2. BANNER AFFILIATION
   - Banner
   - Independent

3. LOCATION
   - Urban
   - Regional
   - Rural

PRODUCT AND SERVICE FOCUS
   - Product
   - Service
   - Product + Service
   - Service + Product

PHARMACY BACKGROUND

This pharmacy is located in a rural town which, according to the owner, has a population of approximately 3,000. However, being a tourist destination, the owner noted that the population grows to 10,000 in the peak season. The owner has analysed the population demographics using data from the ABS and found it to be a low socio economic area with a high unemployment rate. The pharmacy’s main customer base is elderly people. One full time general practitioner services the population. This pharmacy has limited competition, with the closest pharmacy 70 km away and the closest “discount” pharmacy 110km away. The pharmacy owners noticed little impact on the pharmacy business as a result of these price-focused pharmacies.

This independent pharmacy is an equal partnership with 2 pharmacy owners. The pharmacy was bought by the current owners 4 years ago. One owner has a specific interest in professional services and saw the pharmacy as an opportunity to build a health service orientated pharmacy. The pharmacy has developed a specialised service focus in HMRS and also provides DAAs and RMMRs:

- Both partners have been accredited to provide HMRS. One day per week is now dedicated to providing HMRS in the pharmacy. The pharmacy owners have an active process of generating referrals, developed in consultation with the local doctor. The pharmacy provided 120 HMRS over an 8 month period. Both pharmacists are always involved in the review process. One conducts the interview drafts the review, with the other pharmacist providing input into the review and both pharmacists “signing off” on the review. The pharmacy owners believe this ‘is a good quality assurance process...and the feedback we get from GPs is excellent because we give good quality, succinct, tailored reports.’ As a result of their rural location, this pharmacy is eligible for travel reimbursement which is used for HMR-associated travel. One owner explained ‘from financial point of view [HMRS] are very good for us because we are able to make them profitable to the pharmacy.’

- DAAs are packed for 18 community patients. This number has increased since conducting HMRS and identifying patients that would benefit from this service.

- RMMRs are provided for a local nursing home with 24 beds. The pharmacy manages the supply of medications to nursing home, but does not pack for the patients because of the limited remuneration for this service. In addition to RMMRs, the pharmacy owners provide clinical advice to the nursing home through regular visits.

- The owners are also in the process of implementing DMAS as part of the pilot program. The trained pharmacist/owner was responsible for administrative tasks associated with implementation.
The pharmacy employs 6 staff members including both partners as full-time pharmacists, 3 part-time pharmacy assistants, and a bookkeeper. On an average shift there will be 1 to 2 pharmacists and pharmacy assistants. The owners promote “overstaffing” the pharmacy given the low number of prescriptions dispensed – an average of 75 per day – to support the provision of professional services. These pharmacy assistants provide non-professional support for managing professional services by packing DAAs and recording details such as when they were packed, by whom, changes that have been made and owing prescriptions. One of these staff members manages the QCP program.

Both owners are highly focussed on professional service provision. One owner looks after business management such as analysis of financial data, the implications of PBS reforms and makes the final decisions about the direction of the pharmacy. The other owner looks after day-to-day tasks in the pharmacy such as the PBS claim. Both owners make decisions in consultation with each other and the pharmacy assistants.

PRODUCT AND SERVICE IMPLEMENTATION AND MANAGEMENT

The focus on professional services, particularly HMRs, is driven by the owners own interest from past experience with professional services and a desire to provide professional services to the area. These services are now managed by all staff through a specialised procedures and processes, outlined in the following section. The front of shop is less of a focus for the pharmacy and the owner did not describe a formal approach to stock selection and management.

CREATING A STRATEGIC DIRECTION:
STRATEGIC, BUSINESS AND FINANCIAL PLANNING FOR SERVICE DELIVERY

This pharmacy does not have a formalised strategic direction. As mentioned, the focus on professional services has been driven by the owner’s interest in HMRs from past experience and desire to create a service orientated pharmacy.

One owner has clearly considered the implications of competing models of pharmacy and the following quote illustrates where the owner believes the pharmacy is positioned in the customer’s minds:

‘There will still be ‘discount’ pharmacies because they have a good business model – great buying power, high volume, low cost. However what we’re going to see is a shift towards more professionally focused pharmacies that don’t compete on price. People go there because of price, they go to [this pharmacy] because of service. I think that’s what we are asking people to differentiate and this is the position the consumer needs to consider.’

This focus is exemplified by the proportion of dispensary sales to front of store sales - 85/15. Pharmacy only medicines are the best performing areas, attributed to the level of professional staff. The pharmacy’s specialised service focus in HMRs underpins the viability of the business, and in this way protects the owners from the risks associated with a high dependence on prescription sales. The retail offer is not given as much importance as the service position.

Despite the local primary school in close proximity to the pharmacy, the pharmacy’s customer base does not include families with young children. One owner noted ‘we have often asked ourselves, why aren’t [mothers with children] coming to see us for products and advice?’ At present, there are no plans to change the services or products the pharmacy provides to specifically address these population attributes.

The owner also did not describe any formalised business or financial plans, but planning is undertaken in a variety of non-formal ways including:

- Specialised procedures and processes developed for both HMRs and DAAs. One example is the pharmacy’s approach to initiating HMRs by establishing contact with eligible patients and informing the local doctor of the service, as outlined in the following section. Specialised procedures were also recently developed for DAAs as part of the QCPIP reaccreditation process. The pharmacy assistant used the QCPIP template as a base and adapted the policy to reflect operating practice in the pharmacy. Each DAA has a file where changes to medications and records of packing are kept.

- Business and finance analysis using owner-developed spreadsheets. One of the owners monitors key performance indicators of the business on a weekly and monthly basis.

CREATING A ‘HEALTH-SERVICE’ IMAGE

This pharmacy’s health-service image has been created through the provision of professional services. For example, by providing high quality HMRs that have the potential for visible health outcomes for patients, this has enhanced the support of two key groups for the pharmacy – the patients and the local doctor. It has also helped to build a collaborative relationship with the local doctor. The collaborative relationship has seen the active support of their professional services. For example, the pharmacy has created a consent form which is given to the patient to pass on to their doctor to fill in and begin the HMR process. The quality assurance process used for an HMR means that the doctors receive useful and practical reports. This has created goodwill among doctors so that they are confident in the pharmacy’s recommendation and provision of this service.

The owners are planning to improve the physical layout of the pharmacy to support the provision of professional services. A number of options are being considered including renovating the current premises, relocating the pharmacy or rebuilding the pharmacy on its current site. A key part of any development will be incorporating a private consultation room for professional service provision.
STAFF MANAGEMENT

OVERALL STAFF MANAGEMENT
A variety of different approaches are taken to managing staff and using them to support their professional focus. Examples of this include:

- Having pharmacy assistants’ complete Guild or PSA qualifications. 2 of the 3 pharmacy assistants have completed Certificate III in Community Pharmacy from the Pharmacy Guild of Australia.
- Specialised procedures and processes for professional services, so that staff are transferable when there is illness or holidays. For example, the development of QCPP procedures for dose administration aids.
- Delegation of responsibilities – e.g. using qualified pharmacy assistants to manage non-professional aspects of professional services.

MOTIVATING STAFF: REWARDS AND OTHER TECHNIQUES

- Involving staff in planning and decision making during work hours. As one pharmacy assistant noted ‘the previous owners they took care of the dispensary, you did over the counter and there a definite line between the two. Whereas with [these owners] they run the business as a whole...and take our ideas on board.’
- Pharmacy assistants are encouraged and financially supported to attend conferences. This enables them to meet with others and share experiences, an important motivational tool considering the isolated location of the pharmacy.
- Being open about key performance indicators including turnover, wages and profits. Staff behaviour is shaped through the pharmacy’s bonus system which consists of pharmacy assistants receiving a percentage of profits if sales reach a particular target each month. The owners will give ‘progress reports’ to staff during the month by updating them on financial indicators so they can monitor their progress in reaching targets.

SPECIALISED TRAINING PLANS

- Internal training during work hours. This is done through informal conversations between pharmacists and pharmacy assistants who believe this is ‘the best way to learn.’
- External training. Access to external training is difficult because of the pharmacy’s location. However, staff attend training nights in the nearest city and complete online training provided by pharmaceutical companies, Pharmacy Self-Care training and the Pharmacy Guild of Australia.

ORGANISATIONAL FLEXIBILITY

The concept of organisational flexibility refers to the ability to adapt and change in response to what is happening inside and outside the pharmacy. Due to the increasing pressures on the pharmacy profession to respond quickly to market changes, organisational flexibility can help build their capability to deliver professional services.

ORGANISATIONAL FLEXIBILITY DIAGNOSIS

The structural flexibility of this pharmacy is due to the focus on professional services. The key elements of this pharmacy’s model are:

- Focusing on a key area in which staff capabilities are already well developed and differentiating the pharmacy based on this area
- Developing additional services that add to the key area (HMRs) by providing increased benefit to patients (e.g. DAA)
- Utilising additional staff members to develop quality assurance process that reinforce the professional image

ACTION POINTS FOR THE FUTURE

To sustain their position, this pharmacy could take a number of steps. The following action points could be considered for the future:

- Creating a formalised strategic direction in consultation with staff
- Creating formalised financial and business plans
- Incorporating a private consultation room
- Increasing the staff number to support any additional professional services that they wish to provide
- Forming a retail offer which reflects the pharmacy’s health focus and targets specific segments of the population to further strengthen the pharmacy’s financial position by increasing front of store sales (i.e. targeting families with young children)
SECTION 2
CREATING A STRATEGIC DIRECTION: STRATEGIC, BUSINESS AND FINANCIAL PLANNING
FOR SERVICE DELIVERY

Step 1: Consider the current strategic direction you have for your pharmacy. How would you describe it?

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

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_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

Step 2: Do you feel that your strategic direction needs changing?

☐ Yes       ☐ No

If YES, how can this be done?

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If NO, how do you ensure everyone in the pharmacy knows and understands this direction? Do the staff have any input into this?

_____________________________________________________________________________________________________

_____________________________________________________________________________________________________

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_____________________________________________________________________________________________________

When complete answer NO Question.

Please complete Step 3

Step 3: List any areas you need to work on to achieve this strategic direction

1. __________________________________________________________________________

2. __________________________________________________________________________

3. __________________________________________________________________________

4. __________________________________________________________________________

5. __________________________________________________________________________
### Step 4: Conduct a SWOT analysis for your pharmacy

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
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<tbody>
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<td></td>
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</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

### Step 5: Which specific professional services do you want to improve or begin providing?

1. 

2. 

3. 
**Step 6:** For each professional service answer the following questions:

<table>
<thead>
<tr>
<th>SERVICE 1</th>
<th>SERVICE 2</th>
<th>SERVICE 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Do you have space for it in the pharmacy?</strong></td>
<td>☐ No ☐ Yes</td>
<td>☐ No ☐ Yes</td>
</tr>
<tr>
<td><strong>Do you require any additional equipment/physical resources?</strong></td>
<td>☐ No ☐ Yes</td>
<td>☐ No ☐ Yes</td>
</tr>
<tr>
<td><strong>Who will provide the service?</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Is additional training required?</strong></td>
<td>☐ No ☐ Yes (See Section 4)</td>
<td>☐ No ☐ Yes (See Section 4)</td>
</tr>
<tr>
<td><strong>Do any other tasks need to be reallocated/delegated to other staff members so this service can be provided?</strong></td>
<td>☐ No ☐ Yes (See Section 4)</td>
<td>☐ No ☐ Yes (See Section 4)</td>
</tr>
<tr>
<td><strong>How will the service be coordinated? Appointments? Walk-ins?</strong></td>
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<td></td>
</tr>
</tbody>
</table>

**Step 7:** What is the financial resources/impact of this service?

An income projection (or profit and loss) statement is useful as a financial planning tool. It can show if you are making a profit from the service and allow you to project the amount of income from professional services. This will help you to create specific goals and targets and to compare figures from month to month in order to identify any problems (Chambers 2002).

*Complete the following profit and loss statement monthly for each service:*

<table>
<thead>
<tr>
<th>REVENUE (SALES)</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of sales</td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td></td>
</tr>
<tr>
<td>TOTAL NET SALES</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td></td>
</tr>
<tr>
<td>Wages (number of hours x staff members hourly rate)</td>
<td></td>
</tr>
<tr>
<td>Resources &amp; Supplies (associated with providing the service e.g. stationary, compounding ingredients)</td>
<td></td>
</tr>
<tr>
<td>Advertising (any costs associated with advertising the service)</td>
<td></td>
</tr>
<tr>
<td>Repairs and maintenance (associated with the service)</td>
<td></td>
</tr>
<tr>
<td>Travel costs</td>
<td></td>
</tr>
<tr>
<td>Subcontracting Fees</td>
<td></td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
</tr>
<tr>
<td>Rent (proportion of rent for dedicated service areas)</td>
<td></td>
</tr>
<tr>
<td>Depreciation (of capital assets bought to provide the service)</td>
<td></td>
</tr>
<tr>
<td>Insurances (associated with providing the service)</td>
<td></td>
</tr>
<tr>
<td>Utilities used to provide the service (water, electricity etc)</td>
<td></td>
</tr>
<tr>
<td>Training costs (associated with the service)</td>
<td></td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td></td>
</tr>
<tr>
<td>NET PROFIT (LOSS)</td>
<td></td>
</tr>
</tbody>
</table>
Step 8: List the goals you would like to achieve in relation to services. NB: Make sure these are SMART goals

For example:
I want to do more HMRs this year SHOULD BE
I want to do 10 HMRs between May 2009 and July 2009

1. 

2. 

3. 

Step 9: REFLECTION

Does all of this support your strategic direction?
☐ Yes   ☐ No

What to do when you get back to your pharmacy...

ACTION PLAN

<table>
<thead>
<tr>
<th>TASK</th>
<th>RESPONSIBILITY – WHO?</th>
<th>BY WHEN?</th>
<th>WHAT EXTERNAL ASSISTANCE IS REQUIRED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conduct SWOT analysis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formalise strategic direction by writing one sentence to describe it</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communicate strategic direction to staff members:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- elicit feedback</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- incorporate changes</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

BACK AT THE PHARMACY

Display the action plan in the pharmacy. This can be done by using a whiteboard, coloured poster displays etc.
SECTION 3
CREATING A “HEALTH SERVICES” IMAGE

Step 1: Based on the strategic direction you developed – what image do you want to create for your pharmacy?

__________________________________________________

__________________________________________________

__________________________________________________

__________________________________________________

__________________________________________________

Step 2: What elements of your pharmacy at the moment support/do not support this image?

<table>
<thead>
<tr>
<th>SUPPORT</th>
<th>DO NOT SUPPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g. Private counseling areas</td>
<td>e.g. Selling giftware</td>
</tr>
</tbody>
</table>

Step 3: What changes could you make to better support your image?

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__________________________________________________
**Step 4:** How do you think people perceive the image of your pharmacy? How have they developed this perception? How can you verify your understanding of their perception?

<table>
<thead>
<tr>
<th>How do you think people perceive the image of your pharmacy?</th>
<th>How have they developed this perception?</th>
<th>How can you verify your understanding of their perception?</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSTOMERS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OTHER HEALTH CARE PROFESSIONALS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OTHERS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Step 5:** Do you currently market your image/individual services to customers?

- [ ] Yes
- [ ] No

*If YES, what do you do, how can it be improved and what objectives do you hope to achieve by using these methods?*

__________________________

__________________________

__________________________

*If NO, in what ways could you begin to market your image/individual services and what objectives do you hope to achieve by doing this?*

__________________________

__________________________

__________________________
Do your marketing efforts reflect your image appropriately?

☐ Yes  ☐ No

If NO, what changes could you make to your current marketing strategies to support your image?

If YES, in what ways could you further promote this and differentiate your pharmacy based on this image?

When complete answer **YES** Question.

Please complete **Step 6**

**Step 6:** What are your current marketing costs and associated returns for professional services?

<table>
<thead>
<tr>
<th>COSTS</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td></td>
</tr>
<tr>
<td>Sponsorship</td>
<td></td>
</tr>
<tr>
<td>Staff Time e.g. writing articles</td>
<td></td>
</tr>
<tr>
<td>Events</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RETURNS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of customers using the service</td>
<td></td>
</tr>
<tr>
<td>Average sales per customer using the service</td>
<td></td>
</tr>
</tbody>
</table>

**Step 7:** Do you currently collect feedback from customers?

☐ Yes  ☐ No

Develop 3 questions for customer feedback about the services you provide/will provide.

1. 

2. 

3. 

---

78  WORKSHOP TASKS
Step 8: Does your pharmacy layout support your image?
☐ Yes ☐ No

If YES, how can this be improved?

If NO, what changes do you need to make?

STEP 9: REFLECTION

Do your marketing campaigns support your image?
☐ Yes ☐ No

Does the physical layout of your pharmacy support your image?
☐ Yes ☐ No

What to do when you get back to your pharmacy...

ACTION PLAN

<table>
<thead>
<tr>
<th>TASK</th>
<th>RESPONSIBILITY – WHO?</th>
<th>BY WHEN?</th>
<th>WHAT EXTERNAL ASSISTANCE IS REQUIRED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicate the desired image of the pharmacy to staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remove products which dilute the image you want to portray</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ensure window and in-store reflect the image you want to portray</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

BACK AT THE PHARMACY

Display the action plan in the pharmacy. This can be done by using a whiteboard, coloured poster displays etc.
### SECTION 4
### STAFF MANAGEMENT

**Step 1:** Job analysis of current staff members and roles: Assess the current staff you have and their existing capabilities

<table>
<thead>
<tr>
<th>STAFF MEMBER</th>
<th>LEVEL OF TRAINING CURRENTLY ACHIEVED</th>
<th>RESPONSIBILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g. Dispensary Technician</td>
<td>Pharmacy Guild Certificate 3</td>
<td>Daily management of the dispensary and preparation of DAAs</td>
</tr>
</tbody>
</table>

Are you using these staff members to their full capacity in the implementation and management of services?

- [ ] Yes  
- [ ] No

**If NO,** what additional tasks could these staff members be doing to assist in the provision of services?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

**If YES,** do you need to introduce new staff members or up-skill staff to provide services?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

When complete answer **YES** Question.

Please complete **Step 2**
Step 2:  *Job analysis for the individual services: describe the roles that will need to filled to provide services you are interested in implementing/improving.*

**SERVICE 1:**

<table>
<thead>
<tr>
<th>ROLE 1</th>
<th>ROLE 2</th>
<th>ROLE 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ROLE DESCRIPTION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SPECIFIC TASKS/DUTIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TRAINING REQUIRED</strong></td>
<td>☐ No</td>
<td>☐ No</td>
</tr>
<tr>
<td></td>
<td>☐ Yes</td>
<td>☐ Yes</td>
</tr>
<tr>
<td>(see step 3 for more details)</td>
<td>(see step 3 for more details)</td>
<td>(see step 3 for more details)</td>
</tr>
<tr>
<td><strong>OUTCOMES OR GOALS FOR THE ROLE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>KEY PERFORMANCE INDICATORS (KPIS)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>HOW WILL THE KPIS BE MEASURED</strong></td>
<td></td>
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</tbody>
</table>
## ROLE DESCRIPTION

<table>
<thead>
<tr>
<th>ROLE 1</th>
<th>ROLE 2</th>
<th>ROLE 3</th>
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<tbody>
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## SPECIFIC TASKS/DUTIES

<table>
<thead>
<tr>
<th>ROLE 1</th>
<th>ROLE 2</th>
<th>ROLE 3</th>
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## TRAINING REQUIRED

<table>
<thead>
<tr>
<th>ROLE 1</th>
<th>ROLE 2</th>
<th>ROLE 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ No</td>
<td>☐ No</td>
<td>☐ No</td>
</tr>
<tr>
<td>☐ Yes</td>
<td>☐ Yes</td>
<td>☐ Yes</td>
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</tbody>
</table>

(see step 3 for more details)

## OUTCOMES OR GOALS FOR THE ROLE

<table>
<thead>
<tr>
<th>ROLE 1</th>
<th>ROLE 2</th>
<th>ROLE 3</th>
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</table>

## KEY PERFORMANCE INDICATORS (KPIs)

<table>
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<tr>
<th>ROLE 1</th>
<th>ROLE 2</th>
<th>ROLE 3</th>
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</table>

## HOW WILL THE KPIs BE MEASURED

<table>
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<tr>
<th>ROLE 1</th>
<th>ROLE 2</th>
<th>ROLE 3</th>
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(see step 3 for more details)
<table>
<thead>
<tr>
<th>ROLE DESCRIPTION</th>
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<th>ROLE 2</th>
<th>ROLE 3</th>
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<tr>
<th>SPECIFIC TASKS/DUTIES</th>
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<th>ROLE 3</th>
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<table>
<thead>
<tr>
<th>TRAINING REQUIRED</th>
<th>ROLE 1</th>
<th>ROLE 2</th>
<th>ROLE 3</th>
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</thead>
<tbody>
<tr>
<td>□ No</td>
<td>□ No</td>
<td>□ No</td>
<td></td>
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<tr>
<td>□ Yes (see step 3 for more details)</td>
<td>□ Yes (see step 3 for more details)</td>
<td>□ Yes (see step 3 for more details)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OUTCOMES OR GOALS FOR THE ROLE</th>
<th>ROLE 1</th>
<th>ROLE 2</th>
<th>ROLE 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KEY PERFORMANCE INDICATORS (KPIS)</th>
<th>ROLE 1</th>
<th>ROLE 2</th>
<th>ROLE 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>HOW WILL THE KPIS BE MEASURED</th>
<th>ROLE 1</th>
<th>ROLE 2</th>
<th>ROLE 3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>
**Step 3:** Detail the training required for each service

<table>
<thead>
<tr>
<th></th>
<th>SERVICE 1</th>
<th>SERVICE 2</th>
<th>SERVICE 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training required</td>
<td>From Step 2</td>
<td>From Step 2</td>
<td>From Step 2</td>
</tr>
<tr>
<td></td>
<td>□ No</td>
<td>□ No</td>
<td>□ No</td>
</tr>
<tr>
<td></td>
<td>□ Yes</td>
<td>□ Yes</td>
<td>□ Yes</td>
</tr>
<tr>
<td>Where can the training be done?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Who will be trained?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of the training</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When will the training be?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Objectives of the training</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Step 4:  Are staff currently rewarded for their involvement in the successful provision of services?

☐ Yes  ☐ No

If NO, consider the key elements of the service to be provided, how can the staff be rewarded for this?

If YES, what alternative ways are there of rewarding staff for this?

________________________________________________________

________________________________________________________

________________________________________________________

________________________________________________________

When complete answer YES Question.

Please complete Step 5

STEP 5:  REFLECTION

What to do when you get back to your pharmacy...

ACTION PLAN

<table>
<thead>
<tr>
<th>TASK</th>
<th>RESPONSIBILITY – WHO?</th>
<th>BY WHEN?</th>
<th>WHAT EXTERNAL ASSISTANCE IS REQUIRED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicating new roles to the staff:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- staff meetings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- performance review</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discuss new roles with staff members</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organize training times to fit into rosters/other pharmacy commitments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

BACK AT THE PHARMACY

Display the action plan in the pharmacy. This can be done by using a whiteboard, coloured poster displays etc.
BUILDING ORGANISATIONAL FLEXIBILITY TO PROMOTE THE IMPLEMENTATION OF PRIMARY CARE SERVICES IN COMMUNITY PHARMACY

Practical Support Workshop
Charlie Benrimoj

This program is funded by the Australian Government Department of Health and Ageing as part of the Fourth Community Pharmacy Agreement through the Fourth Community Pharmacy Agreement Grants Program managed by the Pharmacy Guild of Australia.

---

Organisational Flexibility
Elle Feletto

---

<table>
<thead>
<tr>
<th>Time</th>
<th>Topic</th>
<th>Presenter(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.30am – 9.35am</td>
<td>Welcome</td>
<td>Charlie Benrimoj</td>
</tr>
<tr>
<td>9.35am – 9.50am</td>
<td>Section 1: Building Organisational Flexibility project overview</td>
<td>Elle Feletto</td>
</tr>
<tr>
<td>9.50am – 10am</td>
<td>Section 5: Overview of Services &amp; External Support Available</td>
<td>Alison Roberts</td>
</tr>
<tr>
<td>10am – 11.40am</td>
<td>Section 2: Creating a Strategic Direction: Strategic, Business and Financial Planning</td>
<td>Humphrey Armstrong &amp; Bruce Annabel</td>
</tr>
<tr>
<td>11.40am – 12.05pm</td>
<td>BREAK</td>
<td></td>
</tr>
<tr>
<td>12.05pm – 1.45pm</td>
<td>Section 3: Creating &quot;Health Services&quot; Image</td>
<td>Julie Allan &amp; Nick Logan</td>
</tr>
<tr>
<td>1.45pm – 2.25pm</td>
<td>BREAK</td>
<td></td>
</tr>
<tr>
<td>2.25pm – 3.50pm</td>
<td>Section 4: Staff Management</td>
<td>Elle Feletto</td>
</tr>
<tr>
<td>3.50pm – 4.00pm</td>
<td>Workshop wrap-up</td>
<td>Charlie Benrimoj</td>
</tr>
</tbody>
</table>

Quantitative Stage: Mail survey with community pharmacies (n = 395)  
Intervention Stage: Trialling a workshop and follow-up program that created from the previous two stages of research  
Qualitative Stage: Semi-structure interviews with pharmacy owners and other pharmacy staff (n=30)
**Change vs. Flexibility**

Change is...
the making of changes in a planned and managed or systematic fashion OR the response to changes over which the organization exercises little or no control

Flexibility is...
the ability to adapt and change in response to what is happening internally and externally to your pharmacy

**Types of Flexibility**

<table>
<thead>
<tr>
<th>VARIETY of managerial capabilities</th>
<th>SPEED at which the capabilities can be activated</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOW</td>
<td>HIGH</td>
</tr>
<tr>
<td>HIGH</td>
<td>LOW</td>
</tr>
</tbody>
</table>

- **STRUCTURAL**
- **STRATEGIC**
- **STEADY-STATE**
- **OPERATIONAL**

**Types of Flexibility**

<table>
<thead>
<tr>
<th>VARIETY of managerial capabilities</th>
<th>SPEED at which the capabilities can be activated</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOW</td>
<td>HIGH</td>
</tr>
<tr>
<td>HIGH</td>
<td>LOW</td>
</tr>
</tbody>
</table>

- **There is strong support for structural changes but this is often in the absence of any link to their overall business strategy.**
  - Current state of pharmacy in many countries: regulated system, pharmacies doing what they always do

- **There is a focus on integrating its product/service offering with the overall image of the pharmacy and supporting this through effective internal practices.**
  - Existing business model in pharmacy: convenience model - hiring more staff, taking a "profit-focused" approach or mail order pharmacy

External support and assistance

Dr Alison Roberts

Better Community Health Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Care Pharmacy Program (QCPP)</td>
<td>Quarterly maintenance allowance payments commenced in September 2007.</td>
</tr>
<tr>
<td>Dose Administration Aids Program (DAA)</td>
<td>Registrations commenced on 10 September 2007, first payments made to pharmacies in October 2007. As of September 2008, approximately 4,197 (82%) community pharmacies had registered to participate in the DAA Program.</td>
</tr>
<tr>
<td>Patient Medication Profiles (PMP)</td>
<td>Program commenced in May 2008. As of September 2008, approximately 2295 (45%) community pharmacies had registered to participate in the PMP Program.</td>
</tr>
<tr>
<td>Practice Change Program (New)</td>
<td>Stage 1 of the Program expected to start in mid 2009.</td>
</tr>
<tr>
<td>Diabetes Pilot Program (New) DPMAS</td>
<td>Stage 1 of the Program commenced in December 2007 (86 pharmacies and 549 patients). A call for registrations for Stage 2 was launched in August 2008. Up to 600 pharmacies may participate in this stage. More than 800 registrations received.</td>
</tr>
<tr>
<td>Asthma Pilot Program (New) PAMS</td>
<td>Program approved by Minister May 2008. Recruitment of the 100 pharmacies for Stage 1 commenced on 21 November 2008 and training runs from Jan – March 2009.</td>
</tr>
<tr>
<td>Hepatitis C Public Health Promotion Program (New)</td>
<td>Stakeholders consultation being undertaken to develop a proposal for PPSAC for a program including education and awareness activities through community pharmacy.</td>
</tr>
<tr>
<td>Research and Development Program (Continuing)</td>
<td>10 Commissioned Grants/Tenders have been contracted. 14 Investigator Initiated Grants have been contracted.</td>
</tr>
</tbody>
</table>

Medication reviews ($100.3 million)
- Residential Medication Management Reviews Program
- Medication Management Reviews Facilitators Program
- Medication Management Reviews Accreditation Incentives Program

Rural programs ($110.7 million)
- Rural Pharmacy Workforce Program
- Rural Pre-Registration Allowance Program
- Rural Pharmacy Maintenance Allowance/Start up and Succession Allowances

Aboriginal and Torres Strait Islander programs ($27 million)
- Quality Use of Medicines Maximised for Aboriginal and Torres Strait Islander Peoples Program
- Section 100 Support Allowances
- Aboriginal and Torres Strait Islander Pharmacy Assistant Program

e-health ($20 million)
- Broadband for Health Pharmacy Program
- Pharmacy Connectivity Incentive Program

Payments available to community pharmacies through 4CPA

<table>
<thead>
<tr>
<th>Program (examples)</th>
<th>Possible payments (excl. GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td>QCPP</td>
<td>Annual quality maintenance allowance of $3000-5000 depending on prescription volume.</td>
</tr>
<tr>
<td>DAA</td>
<td>$10,525 over 5 quarters. Made up of: registration payment ($1000), baseline data ($1000), ongoing data 12 months ($6000), patient contributions 5wk (est $1625).</td>
</tr>
<tr>
<td>PMP</td>
<td>$4,225 over 5 quarters. Made up of: registration and baseline data payment ($1200), ongoing data 3 reports ($3000), patient contributions 5 x $5 ($25).</td>
</tr>
<tr>
<td>DMAS</td>
<td>Diabetes $6,275. Made up of: readiness payment ($500), training subsidy (up to $1120), service claims per patient (up to $320 x 14 patients, $4480), patient contributions (14 x 5 x $2.50 (min), $175).</td>
</tr>
<tr>
<td>PAMS</td>
<td>Asthma $5,620. Made up of: readiness payment ($500), training subsidy (up to $1120), service claims per patient (up to $400 x 10 patients, $4000).</td>
</tr>
<tr>
<td>HMR</td>
<td>$187.09 per review (so 1 HMR/week = $9729.25). Accreditation incentives of $1,500 plus $50 every 12 months upon renewal of accreditation</td>
</tr>
<tr>
<td>CMI</td>
<td>The dispensing fee paid for all claimable prescriptions incorporates a 10 cent payment for CMI. (So a pharmacy dispensing 300 Rx/day would earn $11,000 p.a.)</td>
</tr>
</tbody>
</table>
Payments available to community pharmacies through 4CPA

<table>
<thead>
<tr>
<th>Programs (examples)</th>
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<tr>
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</tr>
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<td>PMP</td>
<td>$4,225 over 5 quarters. Made up of: registration payment ($1200), baseline data ($1900), ongoing data 3 reports ($3000).</td>
</tr>
<tr>
<td>DMAS Diabetes</td>
<td>$6,275. Made up of: readiness payment ($500), training subsidy (up to $500), service claims per patient (up to $320 x 10 patients, $3200), patient contributions (10 x $2.50 = $25).</td>
</tr>
<tr>
<td>PAMS Asthma</td>
<td>$5,620. Made up of: readiness payment ($500), training subsidy (up to $1120), service claims per patient (up to $400 x 10 patients, $4000).</td>
</tr>
<tr>
<td>HMR</td>
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</tr>
<tr>
<td>CMI</td>
<td>The dispensing fee paid for all claimable prescriptions incorporates a 10 cent payment for CMI. (So a pharmacy dispensing 300 Rx/day would earn = $11,000 p.a.).</td>
</tr>
</tbody>
</table>

Potential total per pharmacy in 1 year: ≈ $50,000

Participation in 4CPA programs - opportunities

- Opportunity for differentiation
  - From other health care providers
  - Accessibility
  - Increasing role in disease prevention and health promotion
- From other retailers
  - Place of health (the “look and feel”)
  - Application of QUM principles

Participation in 4CPA programs - opportunities (cont)

- Opportunity for product-service leverage
  - Has not been fully explored
  - Will only occur when the services are delivered as part of day-to-day operations
- Similar approach to planning for services as for new product lines
- Business case
- Investment is required to ensure that changes are sustainable
  - More than just direct financial investment
  - Service focus – delivery of multiple services creates savings on infrastructure, resources etc.

Facilitators of change in community pharmacy

- building relationships with GPs locally
- planning and goal setting
- engaging the whole pharmacy team
- suitable pharmacy layout
- attracting and training staff
- generating consumer demand
- establishment of support networks
- financial viability and sustainability of the service/s

Three Key Roles

- **Leading** (Pathfinding) %
- **Managing** (Pathminding) %
- **Technical** (Doing) %

Strategic Planning Framework

- Environmental Forces (P.E.S.T.)
- Strategy (S.W.O.T.)
  - Vision
  - Mission & Values
  - Strategic Plans
- Structure
- Culture
- Processes
- Systems
- Resources & Capabilities

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Building Business Flexibility

- Steady state
- Structural flexibility
- Operational flexibility
- Strategic flexibility

SWOT Analysis

Opportunities
- Proximity to medical practitioners
- Proximity to Allied health practitioners

Client Demographics
- Retirement villages
- Hospitals
- Schools

Major businesses
- Local councils
- Supermarkets

Threats
- Competition - Other pharmacies
- New shopping centre being planned
- Recession – economic situation

Recession – economic situation
Possible Health Focused Pharmacy Services

- Home medicine reviews (HMRs)
- Dose administration aids (DAAs)
- Diabetes Medication Assistance (DMAs)
- Patient Medication Profile (PMP)
- Residential Medication Management Review (RMMRs)
- Enhanced pharmacy services
  - Weight loss advice
  - Smoking cessation
  - Sleep apnoea programs
Health services image

Workshop Sydney University
May 22

Objectives for today

- To assess the health services image you currently portray in your pharmacy
- To identify the type of image you would like to portray
- To identify ways of aligning the image you want to portray with reality
- To consider the people aspects in making this happen

Outline

- Providing a health services image
  - Marketing
  - Pharmacy layout
- Implications for own pharmacy
- Making it happen

Nick Logan Pharmacist Advice

Observations

- Has identified the “touch points” relevant to his business
  - His customers
  - His local community – fairs, playgroups, schools etc
  - Those who send business to him (doctors)
- The importance of:
  - Including staff in making it happen Eg. attending fairs, presentations
  - Understanding customer needs Eg privacy, providing specific products, responsive, talking to them
  - Streamlining internal processes
- Achieving alignment between external projections and internal operations: “We’ll sit with you so you’ll understand”
- Acting as a “trusted advisor” — knowledgeable, credible, trusted, helpful, caring
Worksheet

1. What image do you want to create for your pharmacy?
2. What elements of your pharmacy support or do not support this image?
3. What changes could you make to better support your image?
4. How do you think people perceive the image of your pharmacy? How have they developed this perception? How can you verify your understanding of their perception?
5. How are you marketing your services?
How do I make it happen?

- Planning
  - Short term – longer term – prioritise – quick wins
  - Involve others - your staff, health care professionals, customers, others in pharmacy grp
  - Get outside help where needed
  - Be clear on the outcome you are aiming for
- Understanding WIFM – from the point of view of staff, customers, stakeholders
  - Contributing – “My ideas count”
  - Teamwork – “This is a fun place to work”
  - Learning – “I’m learning new things”
  - Making a difference – “I am helping others”; “This has made a difference to my health”
  - Partnership – “you’re helping to make my job easier”
- Keep the end in mind
  - Understand what’s needed to make it work for YOUR pharmacy: people, processes, technology
  - Regular tracking and reporting
- Communicate!
  - Tailored to the audience - “different strokes for different folks”
  - Develop relevant learning support tools – checklists, flowcharts – keep it simple - get input from the people who will use them
  - Celebrate the successes

Worksheet

6. What are your current marketing costs and associated returns for professional services?
7. Do you get feedback from customers?
8. Does your layout support your image?
9. Reflection and action planning

Rhetoric needs to match reality

Core Proposition
Core proposition: distinctive focal point, rallying call, ‘big idea’
Brand values: fundamental guiding principles and beliefs
Brand personality: personal and cultural characteristics, tone, feel and style
ENDURING AND CONSISTENT THROUGHOUT

Specific Customer and Employer Brand Propositions
Target profile: definition of target audience
Proposition: compelling statement of value
Benefits: reasons for choosing and advocating the brand
(Highlighting differentiators and detailing tangible reasons to believe)
TAILORED TO EACH TARGET AUDIENCE
CONSTANTLY REFRESHED & UPDATED

Source: The employer brand, p.114
Professional Services – Marketing

Building Organisational Flexibility to Promote the Implementation of Primary Care

Communications

- Presentation/Stationery.
- One page.
- Easy to read.
- Include all staff.
- Power Point Presentations.
- Reinforce your message from another angle. HMR facilitator.

Local Doctors

- Target appropriate doctors.
- Organise (e)mailing/fax list.
- Invite queries.
- Be prepared with required documents.
- Confirm stance of assistance.
Local Area Marketing

- Schools
- Childcare Centres
- Playgroups
- Progress Association
- Newspapers

Professional Services – Layout

Building Organisational Flexibility to Promote the Implementation of Primary Care

Workflow

- Avoid backlogs
- Channel traffic from professional area.
**Privacy**

- Designate areas for tasks.
- Ascertain patient’s comfort.
- Signs can identify private areas.

**Image**

- Clean
- Lighting
- Seven Eleven
- Audit Presentation.

**Forward Dispensing**

**Presentation**
Appendix 9: Selection Criteria for Stage 3

Pharmacy is located in NSW

Pharmacy is providing 2 or more services

PHONE CALL

Pharmacist is interested in either improving the current services provided in the pharmacy or implementing new services in the near future.

Confirmation of the pharmacy’s existing staff capacity to incorporate services.

VERBAL INVITATION TO PARTICPATE

SEND INVITATION LETTER, PARTICIPANT INFORMATION SHEET AND CONSENT FORM

PHARMACIST ACCEPTS INVITATION

PHARMACIST DOES NOT ACCEPT INVITATION

NOT ELIGIBLE

NOT ELIGIBLE

YES

NO

YES

NO

YES

NO

NO
Appendix 10: Evaluation Form for Stage 3 Participants

We would appreciate any comments you might have on the educational workshop you have just attended. This information will be anonymous and kept confidential and is designed to improve the program for the future.

1. Did you find the educational workshop…
   - Not useful at all □
   - Somewhat useful □
   - Neutral □
   - Useful □
   - Very Useful □

   Comments:

   _________________________________________________________________
   _________________________________________________________________

2. Did you find the manual…
   - Not useful at all □
   - Somewhat useful □
   - Neutral □
   - Useful □
   - Very Useful □

   Comments:

   _________________________________________________________________
   _________________________________________________________________

3. How would you rate the workshop overall?
   - Excellent □
   - Above Average □
   - Average □
   - Below Average □
   - Poor □

   Comments:

   _________________________________________________________________
   _________________________________________________________________

4. What part of the workshop did you like the most?
   Comments:

   _________________________________________________________________
   _________________________________________________________________

5. What part of the workshop did you like the least?
   Comments:

   _________________________________________________________________
   _________________________________________________________________

6. Was there anything missing from the workshop?
   - Yes □
   - No □

   Comments:

   _________________________________________________________________
   _________________________________________________________________

7. Please detail any other comments you may have:

   _________________________________________________________________
   _________________________________________________________________
   _________________________________________________________________
   _________________________________________________________________
Appendix 11: Participant Feedback Interview
Topic Guide

The objective of this interview is to understand what the pharmacists learned from the workshop, that is:

- What did they learn? (Knowledge)
- What have they done? (Behaviour)
- What do they think they will do in the future? (Attitude/Intention)
- To understand how they will integrate what they have learned into their businesses (Integration)
- To highlight areas of the workshop that can be improved for the future (Program)

Interview introduction:
This interview is to gain your feedback and comments on the program you have just taken part in. We appreciate your honest feedback so we are able to improve the program for the future.

KNOWLEDGE

- What did you think of the workshop and manual overall?
  - How did you find the workshop?
  - What was the key learning for you?
  - How did you find the manual?
  - How did you find the workshop tasks?

PROGRAM

- What was the most useful part of the program for you?
- Was there anything missing from the program that you would have liked to include?
- Do you have any other comments about the workshop or manual?
- What key messages would you like to give the Government/Guild about service implementation?

BEHAVIOUR

- Can you please describe what happened when you came back to the pharmacy after the workshop?
  - In what way do you think it affected or will affect your business (the thinking behind the business)?
  - Did you start making changes straight away? Why or why not?
  - Did the information you learnt from the workshop have relevance in your pharmacy? Why or why not?

INTEGRATION

- What effect do you think this process has had on your ability to implement new services/or maintain the services you currently provide?
  - Would you need any other external assistance to continue to provide these?

ATTITUDE

- Can you describe what you intend to do in the future?
  - Do you have a formalized plan for this?
  - Will you continue to implement professional services?
    - What would you need to do this? Do you need external assistance?
  - How do you see the future of your pharmacy?
### Appendix 12: Summary of findings from Stage 3

#### Actions taken by participants post-intervention

(see Final Report page 15)

<table>
<thead>
<tr>
<th>Pharm #</th>
<th>Flex Type</th>
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<th>1b</th>
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#### LEGEND

1a  Considering or planning for the implementation of more professional services
1b  Visiting other pharmacies to gather ideas or taking ideas from case studies
1c  Financial analysis and management – incorporating professional services into point-of-sale data
1d  Category analysis and management – decreasing underperforming product areas
1e  Reinforcing or considering the pharmacy’s strategic direction.
2a  Changing pharmacy layout – to incorporate professional service areas (such as counselling rooms) or decreasing non-pharmacy specific product areas in order to be able to increase health-focused product or service areas
2b  Implementation of ‘forward pharmacy’
2c  Improved or increased communication with local GPs
2d  Communicating a health focused image through: health talks to local schools and organisations, dedicated health information sections in the
3a  Discussing changes with staff and involving staff in workshop tasks
3b  Restructuring staff in order for professional staff to focus on professional aspects
3c  Considering employing more professional staff
3d  Encouraged staff appraisals to clarify roles and incorporate services
3e  Incorporating professional services into staff performance measures and rewards
3f  Incorporating staff training in professional services
A10_1 Did you find the educational workshop…1 = not useful at all to 5 = very useful
A10_2 Did you find the manual…1 = not useful at all to 5 = very useful
A10_3 How would you rate the workshop overall? 1 = Excellent to 5 = Poor
A10_4 What part of the workshop did you like the most?
A10_5 What part of the workshop did you like the least?
A10_6 Was there anything missing from the workshop?
Appendix 13: Business Cases from Stage 3

Business Case – Steady State Organisational Flexibility
“unmotivated and unsure”

N = 8

Characteristics

The existing product/service offering in these pharmacies is limited to conventional medication and standard counselling services. These pharmacies do not focus on increasing their responsiveness to change but instead to “doing what they always do”. They are characterised by complacency to their external environment and uncertainty in how to move forward. Many owners in this group expressed their lack of expertise in business management. The owners and managers of these pharmacies understand the need for providing services but are not always convinced or motivated to provide services and find that they communicate this uncertainty to customers. Their philosophical standpoint on services divides them into three groups: those that are genuinely interested in being a service provider, those that think they should be providing services to support the profession and those that do not consider services essential to their business.

These pharmacies tend to have small staff numbers and owners of these pharmacies regularly cite time as the biggest hindrance to service implementation or any other changes. Services such as HMRs are often outsources to consultant pharmacists. The capabilities of their staff in areas that could be developed to assist service implementation are generally not used effectively. The limited changes that are currently being considered focus on improving the retail side of the business. These pharmacies often use non-pharmacy products to draw customers into the pharmacy.

Workshop

Participants from these pharmacies attended for new ideas, networking and assistance in managing the business. The workshop motivated some participants to begin thinking about changing their pharmacy. However, this motivation was not always sustained and participants cited commonly found barriers to service implementation as reasons for the lack of service provision. These participants came to the workshop looking for specific answers. They expressed the most difficulty with service implementation. They felt that not all parts of the workshop were relevant to their pharmacies considering their smaller size a major barrier to service implementation.

Impact of workshop

These participants have not changed their practices significantly to incorporate professional services or alter their existing business model in any other way. However the workshop motivated some pharmacy owners in this group to think about increasing professional service provision and/or start to formulate a strategy for the pharmacy to incorporate services in the future. They were often still unsure that services were worthwhile in the long term and still did not understand how to integrate products and services. The key actions taken by this group was to:

- visit other pharmacies to see service-based models of pharmacy in practice
- discuss possible changes with staff
• undertake category analysis of product areas to identify under-performing sections
• consider changing the pharmacy layout to incorporate 'forward pharmacy'
• consider employing more professional staff
• consider approaching doctors to discuss professional services

Key learnings for this group
Although initially unmotivated, this group showed some interest in introducing services. For this to result in action, the importance of service provision needs to be reinforced. There was also some work to be done in individual pharmacies in developing their strategic position, finding their "niche". These pharmacies needed:
• Detailed implementation guidelines for each service that show them the step by step process they should go through in each area
• “Real life” case studies for successful service implementation
• Guidance from external advisors specific to their pharmacy to highlight the relevance and applicability of services to their pharmacy.

These elements could all be built into a holistic support for service implementation which would also include financial analysis of their business, advise on shop redesign to support services and other elements.

Business Case – Operational Organisational Flexibility
“prove it to me”

N = 4

Characteristics
Pharmacies in this group are characterised by an emphasis on providing products and services to customers quickly and efficiently. These pharmacies try to optimise the match between the facilities and the time available in the pharmacies to optimise their operational efficiency. They were generally large pharmacies (based on physical size, turnover and prescription volume) and lower proportions of prescription to front of store sales in these pharmacies indicate a retail or product focus. As a result the majority of staff attend to the front of shop to promote retailing. The role of the majority of support staff is not geared towards the provision of professional pharmacy services. There is often a clearer hierarchical structure in place in these pharmacies – owner (leader) and manager (technical running of the pharmacy).

Their focus is on product supply and this is reflected in elements such as layout and staff training. Although they are generally larger in size, these pharmacies have less space dedicated to service provision. Any space dedicated to services is often confused by product supply. Services are not disregarded but many focus on service in terms of customer service rather than professional pharmacy services. Their interest in service provision is stalled by their product focus and the emphasis placed on measuring the financial impact of the service, through return on investment and other measures. Although in the past they have not see the benefit or the outcome in dollars of services, some pharmacies have begun to set up systems to provide services and are looking to improve these.

Workshop
The workshop served as a reminder to these participants of what they could be doing and motivated or re-motivated them to increase service provision in the pharmacy. However these participants had either not considered or were in the early stages of incorporating service provision into their strategic direction. Their focus during the workshop was on cultural change aspects as well as getting new, practical ideas for changing the pharmacy workflow. These
participants also felt that certain elements of the workshop were not always relevant to the pharmacy.

**Impact of workshop**

The workshop reinforced the importance of trying to implement services. Many have taken active steps to communicate with staff members or put actions into place to inform staff of the possibility of introducing services. All of these participants were considering restructuring staff to give people more specific roles to potentially encourage the uptake of services. The dollar value of the potential return from services resonated with this group. They have made changes, or have planned to make changes, to infrastructure to improve the pharmacy and facilitate service provision which was stimulated by the workshop. The decision maker was not always the one that attend the workshop and in these cases the workshop had limited impact.

**Key learnings for this group**

It was clear that in this group it was important to have whole of pharmacy approach to the intervention. It was important to send the message that service provision was worthwhile to the key decision maker in the pharmacy, as well as motivating the employees involved in the service provision. The message to these pharmacies needed to focus on the dollar return of services and the return on investment services would result in and the potentially gain for the implementation of remunerated services. Specifically, these pharmacies needed:

- Better systems for managing staff and operational processes for services provision
- Integrated IT programs (with dispensing software and point of sale systems) for recording and monitoring services
- Evidence of the return on investment of service provision

**Business Case – Structural Organisational Flexibility**

“looking to be inspired”

**N = 5**

**Characteristics**

Pharmacies in this group had extended the conventional pharmacy product/service offering by integrating one or two professional services and making some structural changes to implement these services. They are characterised by strong support for structural changes but this is often in the absence of integration to their overall business strategy. Despite the recognition of the need to change, exact details of how to implement changes are not clear to them. Hearing others talk about their pharmacies inspires them to change and implement new initiatives. Some of these pharmacies had difficulty in managing their human resources efficiently to enable the provision of services. They generally had fewer employees which limited their ability to free up the pharmacists time to provide professional services. Specialised facilities or processes focused on providing one or two services were the structural elements, but still separate from the rest of the pharmacy.

**Workshop**

Participants from these types of pharmacies enjoyed the workshop experience as an opportunity to interact with other pharmacists to gain new ideas. They responded best to the logical arguments, practical ideas for changes to the workflow of the pharmacy and reorganising employee roles. These participants wanted figures and KPIs for services in order to monitor their performance and to be able to benchmark themselves against others.
**Impact of workshop**

The workshop stimulated rethinking as to how services fit into the pharmacy overall - some pharmacies were attempting to integrate services more effectively and all of these participants wanted to increase the provision of professional services as a result of attending the workshop. However they were unlikely to have considered an overall strategic direction for the pharmacy and how services could fit into this strategy. They acknowledged that change was generally owner led/dependent and this could be changed by moving towards a leading role rather than a managing role. This led to the idea that staff could be reorganised, or more professional staff employed, to better cater for service provision. They also saw the benefit of integrating operational efficiencies, for example, through using IT to improve their business. They still sought clear guides for implementing and marketing the service. After the workshop, these participants took actions such as:

- Visit other pharmacies or read case studies to understand service models in practice
- Have plans to increase communication with local GPs
- Have plans to communicate a health-focused image through community talks, provision of health information or window displays
- Consider staff appraisals
- Consider incorporating staff performance measures and rewards for services

**Key learnings for this group**

They were inspired by their peers through the practical examples they provided and could see how they may translate to their own pharmacies. Case studies illustrating service implementation also served this purpose. They were encouraged by and sought higher level learning opportunities. Specific tools this group needed to develop and maintain service delivery were:

- Integrated IT programs (with dispensing software and point of sale systems) for recording and monitoring services
- Assistance in developing a strategy for the business incorporating services with the rest of the pharmacy
- Personalised help and guidance in the sections that are relevant to their pharmacy, including on-site support
- Financial tools such as spreadsheets specifically for services which include KPIs

**Business Case – Strategic Organisational Flexibility**

“getting better”

**N = 2**

**Characteristics**

These pharmacies take a proactive approach to managing their business and have an established strategic direction integrating product and service delivery. They differentiate their pharmacy using a key position based on the provision of both health care products and services. They continuously look at improving their practice through new processes as well as considering the potential use of new technologies to improve the operational aspects of their pharmacy. They are focused on integrating their product/service offering with the overall image of the pharmacy and supporting this through effective staff management, shop design and marketing efforts.

**Workshop**

This group took elements of the various workshops topics that were relevant to them into account but highly appreciated discussions around the theoretical framework of organisational flexibility used to guide the workshop. They were looking for more, higher level ideas and frameworks to
lead their pharmacies into the future. The workshop also served as a way of comparing their pharmacies to others in terms of strategic direction, this reinforced their positioning.

**Impact of workshop**
Participants had more changes planned than most other participants as a result of attending the workshop. For example, the workshop motivated the owners of one pharmacy to increase the emphasis on the health aspects of their strategy and to communicate this more effectively to customers and GPs in the local area. On return to the pharmacies, the workshop had stimulated strategy discussions with partners and other staff members. They are also considering employing more professional staff, restructuring staff so professional staff can focus on professional aspects as well as incorporating specialised staff training for services.

**Key learnings for this group**
This group are already quite sophisticated in their approach to services but need new ideas to keep their pharmacies moving forward. To communicate with this group, higher level ideas could be presented in a MBA style format. To keep this group improving and moving forward they needed tools to help in the practical application of services, such as:
- Financial tools, such as spreadsheets specifically for services which include KPIs
- Integrated IT programs (with dispensing software and point of sale systems) for recording and monitoring services