

In The Family

Thomas McDonald of JPA Brenson Lawlor Chartered Accountants looks at six steps to securing the survival of family pharmacies

If there's a positive legacy from the recession we have endured for some years (and are hopefully overcoming) it's that our society has recaptured and recognised the real importance of community in our lives.

During the mad years of the boom the planning process did more than its fair share to rip the heart out of communities, by allowing bigger and bigger shopping centres to open in out of town locations. Belatedly, town planners are trying to repair some of the damage done by endeavouring to entice us back to shop in our towns and villages and to rebuild and re-energise our shopping streets. As well as attracting the pubs, the bakers and the undertakers back on to Main Street we believe that the family pharmacy, a key part of any community, should be part of that rebirth.

However, as advisers to many within the sector, we know that, in a lot of cases, the family pharmacy is just about holding on for dear life, and can't afford any more financial knocks. Anyone who knows anything about the sector knows how it has been severely impacted by a succession of adverse changes, price cuts and FEMPI measures. Consequently, there are real survival issues for many pharmacies in the country, particularly those with relatively low prescription item numbers - and these predominantly tend to be family pharmacies.

So we know that any more cuts of (any) kind could lead directly to the closure of pharmacies and particularly family pharmacies. Their survival will mean they'll have to become leaner and meaner and they should focus on six specific areas such as:

An ageing population

With a forecasted rise of 200,000 people over the age of 65, (that's a 50% increase over the next seven years) we believe this will create a great opportunity for family pharmacies to market to this demographic. A simple way to begin to do so is to make sure that you tell them you welcome their trade – and supplying a comfy seat to sit on while they wait is one small step in that direction.

IT Systems

Previously pharmacy IT systems were geared for larger organisations, but in the past few years prices have plummeted and the productivity gains - from product ordering to stock management, to identifying your most (and least) profitable lines – make these systems an essential weapon in any family pharmacy's survival arsenal.

Symbol groups

Smaller pharmacies should look at the possibility of joining with larger symbol groups – there are many to choose from. However, you should take professional advice about which one is the right one for you – and these groups can give a real option for owner managed pharmacies, one that wasn't there in the past. The right symbol group can give owner managed pharmacies an opportunity to compete with the majors through better buying, better retailing support and all the other benefits that these groups offer while still retaining ownership of the business.

Location

With commercial property prices still depressed in many smaller towns,



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this is an ideal time to reassess where your pharmacy is situated and to take advantage where possible of better sited shop units.

Banks

Finally banks are lending to the pharmacy sector! They're providing funding for viable propositions, in particular where practices are merging or expanding outlet numbers.

The Secret Weapon

But of everything we have listed above, we think that the hidden weapon of the family pharmacy is the owner manager, himself or herself. Owner managers work longer and harder for less money – something the majors just can't compete with – and that in itself should assure the long term viability of the local pharmacy.

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