

The great comeback of Irish pharmacies

JPA Brenson Lawlor say Irish community pharmacies are mirroring the spirit of one of sport's most dramatic comebacks



Left to right: Mr Padraic Ferguson; Mr Henry Kinch; Mr Ian Lawlor, Managing Partner; and Mr Tom McDonald, all JPA Brenson Lawlor

If you Google 'great sporting comebacks' the France v New Zealand Rugby World Cup semi-final in 1999 ranks up there with the finest. Pre-tournament favourites New Zealand were leading 24-10 early in the second half, courtesy of two tries from the iconic Jonah Lomu, and it looked like it was all over for France. They did not, however, reckon on a French player called Christophe Lemaison — who ended the match with 28 points — as France closed the gap to 24-22 before going on to win 43-31.

Following our unprecedented economic difficulties in the last six years, community pharmacies probably feel just like the French team — just before Lemaison turned on the style. The sector has been deregulated, mark-ups on State-sponsored dispensing schemes have been cut, prescription charges introduced, there has been FEMPI legislation including significant claw-backs and price reductions, the introduction of price competition on private prescription fees and of course there has been the ongoing roll-out of reference pricing. It's enough to make a community pharmacist shut up shop and leave the pitch.

But that's not what's happening. Like true entrepreneurs, we have seen our pharmacist clients at JPA Brenson Lawlor rolling up their sleeves and looking for new ways to do their business so as to protect their hard-won livelihoods. Traditionally, firms like ours were seen once a year by clients, when an audit was due and occasionally for tax advice. But just like the pharmacy sector, we have changed our business model and more of our business is now about giving hard-nosed business advice to clients. That's why we refer to ourselves as 'business advisers' more often than as 'chartered accountants'.

Like many a community pharmacy, our firm has been on the go for more than 40 years and we have had to weather the economic storms just like everyone else. At the founding of the firm we had one pharmacy client, which became two,

which became four, etc. We are now recognised as the sectoral experts in Ireland for community pharmacies. That means that as well as offering our regular 'accountancy' services, we are called on more and more to give business advice to pharmacies, finding ways of making them more profitable and ensuring that they continue to prosper.

Does the following sound familiar? By our reckoning, based on our pharmacist client base, we have compared a typical community pharmacist's financials from 2009 with that of today. We reckon that the cumulative financial cost for pharmacies from the HSE-led changes alone has been in excess of €5 per item being dispensed. For an average pharmacy dispensing circa 40,000 items per annum, the impact on bottom line profitability has been circa €200,000 per annum. This represents all of the profits a pharmacy at this level would have been generating in 2009. And this is why our pharmacy clients have needed our advice — to help them make that miracle comeback that that French rugby team successfully did.

There are so many different areas for pharmacies to look at to see where they could squeeze that little bit of extra profit. For example, we have shown clients better ways to buy. We can quantify the existing value of purchasing incentives to the business and benchmark these against what we know is available and advise our client accordingly. This allows our clients to maximise their buying opportunities.

We have shown clients possibilities in their use of generics, to generic penetration and ways to maximise any unutilised opportunities for purchasing incentives. As sector experts, we know what best-in-class should look like and we have successfully reduced overheads for pharmacy clients, based on our benchmark knowledge. We have also shown clients opportunities in expanding the range of services they offer through the pharmacy. For example, many pharmacies are now offering services that heretofore were only

available through GP practices. And we know a lot about issues around the development of store locations and primary care centres or other co-location facilities with GPs. We have worked alongside pharmacists, GPs, developers, banks, investors, the HSE and others to maximise the potential for our clients.

Mention of the banks can send a shudder down the spine of many, but working with banks and other third-party finance providers in order to renegotiate onerous loans and other facilities is part of our bread and butter. We have successfully restructured debts in a manner that is sustainable and appropriate to pharmacies. Our work means we regularly deal with all of the main banks, NAMA, the wholesalers and other stakeholders and we know what the real possibilities are for successful restructuring. Similarly, we deal with excessive personal debt, typically held outside of the pharmacy business but whose repayment is contingent on the success of the pharmacy business. Again, we are expert in negotiating with all stakeholders in order to arrive at sustainable solutions which are appropriate to a client's circumstances and, from a financial perspective, sustainable.

Community pharmacies are great businesses. They are an essential part of the fabric of any town, village or urban area. It has been tough. No-one knows that better than us, but we have also helped so many pharmacies not just to get through the recession, but to become even more profitable than they were.

We're not French player Christophe Lemaison. But we are Brenson Lawlor and we can be the difference between your pharmacy winning or losing. Why not have a chat with our team?

JPA Brenson Lawlor has supported the Pharmacy Awards since they started four years ago.

We are particularly pleased that the Pharmacy Benevolent Fund, which we are also part of, is co-sponsoring the Awards.

Visit www.brensonlawlor.ie for more details.