

WESTERN UNIVERSITY  
COURSE REPORT

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**Section 1: Financial Management**

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Week	Description
<b>Financial Management Component</b>	
1	<p>COURSE INTRODUCTION</p> <p>Business Principles / Purchasing a Pharmacy Section 1, Lecture 1</p> <ul style="list-style-type: none"> <li>• Business principles               <ol style="list-style-type: none"> <li>1. Key terms</li> <li>2. Key players in independent pharmacy</li> <li>3. Business statements and reading them</li> </ol> </li> <li>• Purchasing a pharmacy               <ol style="list-style-type: none"> <li>1. Location</li> <li>2. Resources available</li> <li>3. Junior partnerships</li> </ol> </li> </ul> <p>Possible Guest Speaker : NCPA representative</p>
2	<p>Business Plan writing Section 1, Lecture 2</p> <ul style="list-style-type: none"> <li>• Components of Business Plans</li> <li>• Resources available for small business owners</li> <li>• How to present business plan</li> <li>• Examples of successful and failed business plans</li> </ul> <p>Possible Guest Speaker : Loan officer who deals with business plans</p>
3	<p>Finance / Accounting Section 1, Lecture 3</p> <ul style="list-style-type: none"> <li>• Finance               <ol style="list-style-type: none"> <li>1. How to secure financing</li> <li>2. Structuring a purchase which includes wholesaler</li> <li>3. Corporate structure</li> </ol> </li> <li>• Accounting               <ol style="list-style-type: none"> <li>1. Cash versus accrual accounting</li> <li>2. Accounting and tax ramifications</li> </ol> </li> </ul> <hr/> <p>Marketing</p> <ul style="list-style-type: none"> <li>• Advertising</li> <li>• Community outreach</li> <li>• Establishing a base of customers</li> </ul> <p>Possible Guest Speaker: Independent pharmacy owner</p>
<p>The final project of the above component is for the student to develop a business plan for the purchase of an existing pharmacy</p>	

Week	Description
	<b>Business Management</b>
4	Assignment due : Part 1 Guest Speaker for Part 1
5	Policies and Procedures Section 2, Lecture 1 <ul style="list-style-type: none"> <li>• Employee management (Hiring/firing/training)</li> <li>• Scheduling staff</li> <li>• Opening / Closing procedures</li> <li>• System breakdowns</li> <li>• Everything that can be related to the daily running of a pharmacy</li> </ul> Section 2, Lecture 2 <ul style="list-style-type: none"> <li>• Continuous Quality Improvement</li> </ul> Possible Guest Speaker : State Board Representative
6	Section 2, Lecture 3 Technology Component of Pharmacy <ul style="list-style-type: none"> <li>• Robotics – pricing and feasibility</li> <li>• Phone Systems and efficiency of staff</li> <li>• Software vendors</li> <li>• Web Site</li> <li>• Point of Sale Systems</li> </ul> Possible Guest Speaker : Another independent owner with systems in place Reimbursement Rates / Ancillary Services / Improving Sales <ul style="list-style-type: none"> <li>• How do pharmacies get reimbursed</li> <li>• How to make business more profitable</li> <li>• How to install a new business within business to increase sales</li> </ul>
The final project of this component is to present an abridged policies and procedures manual that defines how the pharmacy will operate on a daily basis	

Week	Description
	<b>Patient Care / Ancillary Services</b>
7	Assignment Part 2 Due Guest Speaker Part 2
8	Section 3, Lecture 1 Patient Services <ul style="list-style-type: none"> <li>• Designing the program</li> <li>• Writing the protocol</li> <li>• Implementing the program</li> <li>• Recruiting patients</li> <li>• Legalities of DSM programs</li> <li>• Review of programs that succeeded <ol style="list-style-type: none"> <li>1. Immunization DSM</li> <li>2. Diabetes DSM/DME business</li> <li>3. Hypertension</li> <li>4. Asthma Management</li> </ol> </li> </ul>
9	Section 3, Lecture 2 Ancillary Services in Community Pharmacy <ul style="list-style-type: none"> <li>• Designing the service</li> <li>• Implementing the service</li> <li>• Review of services that succeeded <ol style="list-style-type: none"> <li>1. Coffee Shop</li> <li>2. Post Office</li> <li>3. Flower Shop</li> <li>4. Ostomy Supplies</li> </ol> </li> </ul>
The final project of this component is to present a DSM project for the pharmacy that will be installed into the pharmacy	
10	Assignment Part 3 Due Guest Speaker Part 3
11	Site Visit to :  Independent Pharmacy Site using tools/skills/management practices from course
12	Evaluation Student project presentations

## Financial Management Worksheet

Prior to lecture you should be able to answer all of these questions and be prepared to share your answers and discoveries with the rest of the class.

1. What is the structure of the pharmacy ownership?
  - Is it a corporation?
  - Who are the officers of the corporation?
  - Is it a sole proprietorship
  - Who is the principal decision maker (PIC or owner)
  - Is it a L.L.C (Limited Liability Corporation)
  - Is it a business partnership
  - Who are listed as the "Partners", and is there a Buy/Sell Agreement in place?
2. Are the pharmacy / building / property completely owned by the pharmacist or a different owner?
3. Is the pharmacy paid for or is it still under loan, and if so what are the terms of the loan, and how many payments are remaining?
4. What is the status of the lease, what are terms of the lease, who is the lease from?
5. Is the lease transferable?
6. How long is the lease good for, is there an option in place at the termination of the lease?
7. What kind of accounting does the pharmacy employ, Cash or Accrual?
8. Why was that method of accounting chosen?
9. Does the pharmacy have an accountant?
10. How often does it compile its financial statements?
11. Does the pharmacy have the last 3 years of financial statements?
12. Does the pharmacy have its Balance Sheets, Income Statements, and Tax returns?
13. Who is/are the wholesaler(s) for the pharmacy?
14. What terms does the pharmacy have with the wholesaler?
15. Does the pharmacy participate in the wholesaler program for independents such as Good Neighbor, or Leader?

16. Why does or doesn't the pharmacy participate with the program listed above?
17. What services does the wholesaler offer other than medication distribution?
18. If so, why does the pharmacy have multiple wholesalers?
19. Does the pharmacy have a marketing plan in place?
20. What are the components of the plan, such as TV, radio, print media?
21. Of the components listed above, what is the cost of implementing and maintaining such a plan?
22. Does the pharmacy do any advertising in the forms listed above?
23. What is the pharmacy's Marketing budget for the year?
24. How much of that budget is apportioned for advertising and how much for promotion?
25. What types of promotion does the pharmacy do?
26. Does the pharmacist/owner do any personal appearances at churches, community events, schools for the sake of promotion?
27. Does the pharmacist concern him/herself in advertising or promotion or does he have an agency hired or if the pharmacy is part of a chain, does the chain provide the advertising dollars and plan?
28. How are accounts payable handled?
29. How are accounts receivable handled?
30. Does the pharmacy have a personal charge account program?
31. Who administers the pharmacy charge account program
32. Does the pharmacy participate in a switch sponsored accounts reconciliation system such as ERX network?
33. Are there any ancillary services offered in the pharmacy such as a post office, flower shop, coffee shop or any other non-pharmacy operation besides over the counter and prescriptions?
34. If so, who runs the operation listed above?
35. What is the cost of employing such a non pharmacy operation?

## Financial Management Checklist

If your preceptor will permit, collect as much of the information that is listed below available at your site. Read them and familiarize yourself with them. Please keep in mind that your site may not have all the information listed below. That is OK, as this checklist is just to help you get a broad overview of financial issues at a pharmacy.

### Pharmacy ownership

- \_\_\_\_\_ Ownership agreement (If partnership)
- \_\_\_\_\_ Corporation articles (If corporation)
- \_\_\_\_\_ Organizational structure (If sole proprietorship)
- \_\_\_\_\_ Junior Partnership agreement (If such an agreement is in place)

### Financial Position

- \_\_\_\_\_ Copies of Tax Returns (Study this item; do not remove from the pharmacy)
- \_\_\_\_\_ Monthly/Quarterly financial statements
- \_\_\_\_\_ Loan Paperwork (If applicable)
- \_\_\_\_\_ Balance sheet (Accountant's Copy if possible)
- \_\_\_\_\_ Cash flow statement
- \_\_\_\_\_ How does the owner analyze his/her financial position each month

### Marketing Scheme

- \_\_\_\_\_ Monthly Marketing flyer
- \_\_\_\_\_ Personal Marketing
- \_\_\_\_\_ Receipt Marketing
- \_\_\_\_\_ Telephone Marketing
- \_\_\_\_\_ Advertising Signage
- \_\_\_\_\_ Advertising flyers / mailers
- \_\_\_\_\_ Promotional material

### Business Plan

- \_\_\_\_\_ Location Analysis
- \_\_\_\_\_ Description of Business
- \_\_\_\_\_ Financial Breakdown
- \_\_\_\_\_ Marketing Scheme
- \_\_\_\_\_ Did the pharmacist outright buy the pharmacy or did he need help and if so did he prepare a business plan for the purchase

## Patient Care/Ancillary Services Worksheet

The following questions should be answered before arriving for the patient care/ancillary services lecture. Your site may not have any patient care or ancillary services. In that case, you should discuss the following questions with the preceptor and identify the reason for not incorporating a service into the current practice.

1. Does the pharmacy have any patient care services (disease state management) in place
2. If so, which services are offered (asthma management, diabetes management, hypertension management)?
3. How does the pharmacist market these services, how are these services financed?
4. How much time does the pharmacist invest in these patient care services?
5. Was there any reengineering of the pharmacy staff and workflow in order to incorporate these services?
6. What is the participation by patients?
7. How many patients those the pharmacist see per day, per week?
8. Are there any special permits, certificates, or licenses that the pharmacist needed to secure prior to initiating the patient care service?
9. How do the physicians in the area respond to the patient care services offered at your site?
10. Does your site have any ancillary (non-pharmacy) services that it offers such as a post office, photo shop, or restaurant/coffee shop?
11. Why was this service installed?
12. Is this service financially self-sufficient or does it draw resources from the pharmacy's other income?
13. Who is responsible for running this extra service?
14. Did the pharmacy have to be reengineered in order to incorporate this service?
15. What is the return on investment for the service that the pharmacist/owner has installed?
16. Were there any special purchases required to make this service be offered?

## Patient Care Services / Ancillary Services Checklist

If your preceptor will permit, look for as much of the information that is listed below:

### Patient Care Services

- \_\_\_\_\_ Pharmacy is well designed for patient care
- \_\_\_\_\_ Staff is on board with plan and understand what to do with new patients of the patient care service
- \_\_\_\_\_ Local Physicians are aware of program and refer patients
- \_\_\_\_\_ Written Protocol
- \_\_\_\_\_ Pharmacist training
- \_\_\_\_\_ Software System to Document patient care services
- \_\_\_\_\_ Written documentation of each interaction
- \_\_\_\_\_ CLIA Waiver / If applicable
- \_\_\_\_\_ Private Counseling space for service
- \_\_\_\_\_ Marketing of service is appropriate
- \_\_\_\_\_ Service meets HIPAA guidelines for patient privacy
- \_\_\_\_\_ Pharmacist gets reimbursed for services

### Ancillary Services

- \_\_\_\_\_ Pharmacist has ancillary services
- \_\_\_\_\_ Ancillary service has its own staff
- \_\_\_\_\_ Ancillary service is profitable
- \_\_\_\_\_ Ancillary service is self-sufficient
- \_\_\_\_\_ Ancillary service meets with the pharmacy mission