

## TABLE OF CONTENTS

Course Description by week.....	2 - 4
<b>Section 1: Financial Management</b>	
Exercises.....	5 - 7
Lecture – Business Principles / Pharmacy Purchasing.....	8 -17
Lecture – Business Plan Writing.....	18 – 27
Lecture – Finance /Accounting / Marketing.....	28 - 34
<b>Section 2: Business Management</b>	
Exercises.....	35 - 39
Lecture – Policies and Procedures.....	40 - 48
Lecture – Continuous Quality Improvement.....	49 - 50
Lecture – Technology and Reimbursement in Pharmacy.....	51 - 64
<b>Section 3: Patient Care / Ancillary Service</b>	
Exercises.....	65 - 66
Lecture – Patient Services .....	67 - 70
Lecture – Ancillary Services in Community Pharmacy.....	71 - 72
Sample Business Plan .....	Appendix A

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

## Policy and Procedures 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 cash register or Point of Sale (POS) machine is being used?
  - What are the benefit(s) of this system?
  - What are the downside(s) of this system?
2. How much cash/change is kept on hand?
  - Who is responsible for making the deposits?
3. What prescription processing, program is being used?
  - What technical support is offered?
  - What does it cost to implement the system?
  - How long does it take to become self-sufficient on the system?
  - What sort of data connection do you need to have?
  - What/who is the “switch”? Who negotiated the contact with the “switch:”
  - What are the monthly costs associated with the system?
  - What are the benefit(s) of this system?
  - What are the downside(s) of this system?
  - What other prescription processing programs are available?
  - What system would you chose and why?
4. How does the work “flow”?
  - Is it natural? Why or Why not?
  - What would you do differently?
5. If available, what is their purchasing cost? What is purchasing cost, i.e. what does “cost +1” mean?
6. How are “phoned-in” prescriptions handled?
7. How are “walk-in” prescriptions handled?
8. How are “waiters” vs. “non-waiters” handled?



9. Is there any automation at your site? (For example IVR, Interactive Voice Response)  
What is it?

- What was the cost to implement the automation?
- What does it cost per month to maintain the automation?
- What is/are the Customer's opinions of the automation?

10. Start of Day

- How is the store opened, what steps are taken to ready the store for business?

11. Alarm

- What type of alarm is used?
- What is the installation cost for an alarm?
- How did they choose which alarm company to use?
- Which alarm company would you choose? Why?
  - Who would you contact if you had problems with the alarm?
  - Who does the alarm company contact if the alarm is triggered?

12. Computers

- How are they made ready for the day, in a stepwise fashion?
- Is there any information that should be looked at on the computer before beginning to fill prescriptions?
- How are new prescriptions put into the computer (in a stepwise fashion)?
- How are refill prescriptions put into the computer (in a stepwise fashion)?

13. Phones

- Does your site have voice mail, or another means of checking to see if anyone has tried to contact the store during the hours that it was closed? What is it?
- How does it work?
- What are the advantages of such a system?
- What are the disadvantages of such a system?

14. "Pharmacy Ergonomics"

- How is the pharmacy laid out? (Where is the fast mover section, if there is one? Are antibiotics separated out?)
- Does it make sense?
- Is there a reason why the pharmacy is laid out the way it is?
- What would you change or arrange differently?

15. Keys

- Who has keys to the pharmacy? (Pharmacist, spouse, child, P.I.C., tech)
- Who should have keys to the pharmacy?

16. Patient Paperwork

- Is there any paperwork that a new patient needs to fill out? (If possible you may want to get a blank copy of it)
- Is there any paperwork that a returning patient needs to fill out? (If possible you may want to get a blank copy of it)

17. How is used product reordered?

18. What reports need to be run at the "End of Day"?

- Does anyone need to sign the reports? Who must sign them and why?

19. What needs to be done to send your order(s) to the wholesaler(s)?

20. How is the pharmacy shut down, in a stepwise fashion?

## Policy and Procedures Checklist

If your preceptor will permit, collect all policies and procedures that are available at your site. Read them and familiarize yourself with them. Please keep in mind that your site may have more or less policies than those listed below. That is OK, as this checklist is just to help you get a broad overview of a policies and procedures manual. Your site should (ideally) have the following policies and procedures:

### Introduction

- \_\_\_\_\_ Introductory statement
- \_\_\_\_\_ Employee acknowledgement form

### Employment

- \_\_\_\_\_ Equal opportunity employer
- \_\_\_\_\_ "At will" employer, or other.
- \_\_\_\_\_ Ethics and conduct
- \_\_\_\_\_ Job descriptions for each position (if possible note the salary for each position)
  - \*List where the people in your site came from and how long they've been at that pharmacy!

### Employment status and records

- \_\_\_\_\_ Employment category definitions (i.e. full-time, part-time, other, etc.)
- \_\_\_\_\_ Personnel file access
- \_\_\_\_\_ Employment reference checks
- \_\_\_\_\_ How personnel data change is handled
- \_\_\_\_\_ Introductory/probationary period for employment when employment begins, if any.
- \_\_\_\_\_ Employment applications and how they are handled
- \_\_\_\_\_ Performance evaluations
  - \*Collect a copy of a blank performance evaluation form.
- \_\_\_\_\_ Power of attorney

### Employee benefits, who's eligible and for what benefits

- \_\_\_\_\_ Vacation benefits
- \_\_\_\_\_ Vacation policy
- \_\_\_\_\_ Child care (Flexible scheduling, flex spending account)
- \_\_\_\_\_ Holidays
- \_\_\_\_\_ Workers compensation insurance
- \_\_\_\_\_ Sick leave
- \_\_\_\_\_ Voting and time off to vote
- \_\_\_\_\_ Bereavement leave
- \_\_\_\_\_ Jury duty
- \_\_\_\_\_ Witness duty
- \_\_\_\_\_ Benefits continuation (COBRA)
- \_\_\_\_\_ Health insurance
- \_\_\_\_\_ Life insurance

### Timekeeping and Payroll

- \_\_\_\_\_ Timekeeping (How it's done)
- \_\_\_\_\_ Payroll (i.e. When is it?)
- \_\_\_\_\_ Termination (Is there a warning system? What is it? Who has the right to

terminate employment and on what basis?) This may also be under “Employee conduct and disciplinary actions”.

Work conditions and hours

- Safety
- Scheduling (Who is responsible for it?)  
\*If possible obtain a copy of a work schedule form your site. Also obtain, if possible and available a copy of the “request for time off” form.
- Use of telephones & usage of personal cell phone(s)
- Smoking

Leave of absence

- Medical leave
- Family leave
- Personal leave

Employee conduct and disciplinary actions

- Employee conduct and work rules
- Continuous quality improvement (CQI) – this may be in a separate binder!
- Sexual and other unlawful harassment
- Attendance and punctuality. This may also be under “Timekeeping and payroll”.
- Personal appearance
- Resignation
- Privacy practices (HIPAA)

\* = Additional items to do and/or obtain.

## 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 offer 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