

Recorded Voice: You're listening to the Pharmacy Podcast Network's exclusive coverage of the Cardinal Health Retail Business Conference and Exhibitions. RBC is more than a pharmacy business conference. This dynamic interactive gathering of over 6,500 pharmacy professionals is a celebration of the history and value of independent community pharmacy and provides numerous opportunities for pharmacy owners to learn how to expand their business and be more profitable.

Nicolle McClure: This is Nicolle McClure, president of GRX Marketing and host of the Pharmacy Marketing Simplified Podcast, which is part of the Pharmacy Podcast Network. Today we are bringing you a very special podcast series in conjunction with Cardinal Health. I'm thrilled to be speaking to today's guest, Doug Hoey, CEO of the National Community Pharmacists Association. Being on the front lines of community pharmacy, he has talked with several thousand pharmacy owners across the country. From those conversations, he is here to talk about seven habits of highly successful pharmacy owners. Doug, welcome to the show.

Doug Hoey: Thanks, Nicolle. It's a pleasure to be here.

Nicolle McClure: Perfect. I guess before we get started and kind of dive into those seven habits, can you just give our listeners a little background about yourself and what you do for NCPA?

Doug Hoey: Sure. I'm a pharmacist and I'm the CEO for the National Community Pharmacists Association, which is the organization that represents independent pharmacists. That's what we do, it's all we do, and it's why we were created 120 years ago, to help independent pharmacists. I practiced for about five years in a lot of different independent pharmacy settings and then I've been at NCPA for 20 years.

Nicolle McClure: Okay, perfect. So, through your own experiences and then just with the NCPA and all the pharmacy owners that you've talked to, I'm sure you kind of see some commonalities of those that are more successful and those that aren't, so I guess kind of just dive into the seven habits of what you see for those that are successful.

Doug Hoey: Yeah, just a little background. In not only my own experience working for successful pharmacy owners, but then talking with thousands of different pharmacy owners, some successful and some not over the last 20 years, there are patterns that you see, where the successful folks do some of the same things over and over and so that's what my most recent presentation has been about or what are some of those characteristics. But I also reinforce that by reaching out to about a dozen pharmacy owners just in the last week or two to say, "What would you say is the most ... what are the one or two most important things that you would say are important to be a successful pharmacy owner?" So that is mixed into my own observations. And I think the other thing, just before we dive into the seven habits is that ... and hopefully this won't

offend any of the millennials that might be listening, but everyone doesn't get a trophy just for participating.

Participating, being that pharmacy owner doesn't automatically guarantee that someone's going to be highly successful. So, again, I look at them and said, "What are those things that create success, whether success is defined by more money, which is certainly very worthy and easier to measure or is it quality of life or a recognition or pride?" You know, there's different ways to measure success and these seven habits, each of them touch on some of those different ways to measure success.

Nicolle McClure: Okay, okay, perfect.

Doug Hoey: And so the first habit for successful pharmacy owners is that they have a fantastic personnel, that they have a team around them. And even if they don't have fantastic personnel, that they spend time, money, and energy thinking about how they create a fantastic team. Which, spending money on a team, on employees, that again is the most ... it's the easiest and the hardest. It's the hardest on your pocketbook, but it's the easiest to actually do. But there are other ways that some of the most successful pharmacy owners are motivating their teams.

For example, one owner in Tennessee has what he calls an "attaboy box." And the attaboy box, they bring it to each of their staff meetings, which they have regular staff meetings, which is another indicator of highly successful owners, and in that attaboy box each employee writes down something they saw one of their colleagues do that week or that month that was helpful to the pharmacy or to a patient or to another employee. And then that box is passed around and a different employee reads what's on that little slip of paper and it recognizes, so everyone in the room gets recognized and in the end, they pull one slip of paper and that person gets a gift card or something of financial recognition.

So, that's just one way. I'm not saying that's the only way, but putting that kind of thought and energy into building your team is a habit of highly successful pharmacy owners.

Nicolle McClure: And just empowering them to be in charge of something or responsible for maybe a service at the store or something like that, probably helps give them some ownership and want to be more engaged and see the pharmacy succeed, as well, I would think.

Doug Hoey: That's exactly right, and that engagement is so important. We're at a conference right now and the NCPA's Annual Conference is in October and so often the participants go to these conferences and are energized and excited and then they have to take that back to their team and get them energized and excited-

Nicolle McClure: Yeah, or it won't work.

Doug Hoey: ... And it will never work unless the team is behind that idea with the owner and so engaging that team and having tools to motivate them is essential for highly successful pharmacy owners.

Nicolle McClure: Okay.

Doug Hoey: So, the second habit of highly successful pharmacy owners and this may be the hardest, is getting out from behind the counter.

Nicolle McClure: Yeah, definitely.

Doug Hoey: So as the pharmacist and second-generation pharmacists and there's probably some listeners to the podcast who are third, fourth, maybe even fifth generation pharmacists. Pharmacists, as a breed, and I say this as one, are not known for their gregarious personalities. We are often scientific in nature, we like formulas, we can execute crisply and immaculately, once we're given a problem to solve, but we like a recipe to create a compound or whatever that might be. So, getting out from behind the counter and engaging people in the community that are going to lead to more business to your store, is not always a natural inclination. I think it's improved with each generation. I mean, I look at my dad and I love my dad and he's a great pharmacist, but he's pretty stoic. He's a pretty stoic guy and his colleagues that I've met. And I see my peers and we're less stoic and I see the new generation of pharmacists coming out and they're even less stoic and more outgoing.

But, getting out from behind the counter and engaging with entities in the community, whether it's people in the school system, whether it's someone at a local church or synagogue or at the golf club or the Kiwanis, the Lion's Club, whatever venue it might be, that is vital to the success for highly successful pharmacy owners. They build their business on those relationships.

Nicolle McClure: Yeah, absolutely.

Doug Hoey: But it costs money, because when you're not there, someone has to be minding the store. It goes back to number one, about having a great team so that you can unshackle yourself from the case and also it's an investment and so probably the most common reason I hear people say they don't want to do it is because they have to hire staff to do it, but to a person, everyone who's done it, they say that is the best thing they've ever done for their business and for their own mental health.

Nicolle McClure: Yeah, yeah. And it lets people put a face to the pharmacy and our competitors are not going to do that, you know, the larger chains and whatnot, so getting out in that community and establishing that relationship and you never know where those things are going to lead to. They may introduce you to a doctor or things like that.

Doug Hoey: Right.

Nicolle McClure: I've found sometimes, I think pharmacists struggle with, too, is not only getting out behind the counter, but asking customers for business. Asking them, "Hey, did you get your flu shot today," or things like that because I think they're afraid of hearing "no," or the customer getting upset or whatnot, so just engaging with customers, too.

Doug Hoey: Right, right. We're much more introverted, again as a breed, not exclusively to a person, but one thing I've found is that those people who did get out from behind the counter, once they get the first whiff of success, they're hooked and then it's so much easier and they get excited and they can't imagine what life was like when they were shackled completely to the case. And so that is the second habit of highly successful pharmacy owners is that they get out from behind the counter.

Nicolle McClure: Okay, okay, how about number three?

Doug Hoey: The third is really knowing your financials and so being very intimate with your financials. In some ways that's very obvious. People say, "Well, I know how much money I'm making or how much money I'm losing," as the case may be.

Nicolle McClure: Mm-hmm (affirmative), right, yeah.

Doug Hoey: But are they really actively tracking their financials in a proactive way? Do they know what their cashflow is? So, I've talked to owners over the years who their business is profitable, but they still close their doors because of their cashflow, they can't pay their bills that month, even though the store is profitable.

Nicolle McClure: Right.

Doug Hoey: So, knowing your financials, being intimate with your financials, probably getting help. I mean, having an advisor and again that costs money, that's an investment, but that is usually, especially if that person understands your business and the unique characteristics of a pharmacy business, that can be very helpful. Knowing your cost of goods. So, at NCPA, we produce the NCPA Digest sponsored by Cardinal Health and the Digest has been around for almost 85 years and so we're able to track trends in financial performance and those pharmacies that fill out a survey, they get a financial analysis of how their pharmacy stacks up, compared to everybody else. When we look at the aggregate of the pharmacies, the high performers, top 25% of the pharmacies, one of the things that they do is they manage their expenses well, they manage their personnel well, and they pay attention to their cost of goods.

And so, continually revisiting cost of goods and what are the cost of goods for their pharmacy is essential and the financial management is the third habit of highly successful pharmacy owners.

Nicolle McClure: So, do you have a reason or that you think why people don't look at their cost of goods and financials? Is it they maybe just don't totally understand or just don't want to know sometimes and so that's why they just don't pay attention as much as they should or?

Doug Hoey: Yeah, I don't know what the percentage is and it's different now because so much is electronic, but I think the minority of people actually balance their checkbook every day or every week and I would guess that some of that same trends inertia and just part of it is I don't want to know. Part of it is, it's hard and I just want to make sure I have money in the bank and I want my accountant to tell me I have money in the bank and to do it for me. Checking in once a year is not enough. Finding out at the end of the year that you lost or made money is ... Maybe that was okay years ago, but that is a relic of the past and so it has to be, I mean, I would say at least once a month check-in with your business to see how you're doing financially.

And then again, cost of goods, your operating expenses and even your personnel, are you efficiently managing your personnel because that's a huge part of your expenses, but yeah, I think inertia, don't want to know, it's hard and it's kind of boring. I mean, let's be honest.

Nicolle McClure: Yeah, yeah, true, yeah.

Doug Hoey: You know, if you have a mind for it - and otherwise it's a bunch of numbers, so, yeah those are some reasons. But boring produces dollars.

Nicolle McClure: Perfect. How about for the next one?

Doug Hoey: Let's see, I'm on the fourth? The fourth is knowing your contracts and that, in some ways that's obvious, but many of the pharmacy owners I talk with don't really know what's in their contract and when they find out, they find out after it's kind of punched them in the nose. They say, "Well, wait a second, I don't like this. How can this be? How can this be allowed?" And then the answer is sometimes, "Oh, it's in your contract," and then their answer is, "Huh? How? Why? I don't like that." You know, the PBM contracts are one of the primary contracts that we deal with and those are take it or leave it contracts, they're one-sided, unfair, imbalanced, arguably unethical, immoral, terrible contracts, so all of that. But, when they're signed and there's often no choice but to sign them, take it or leave it, it's more difficult to argue the case ... It makes it more difficult to argue the case.

Understanding what's in the contracts is helpful so if those PBM contracts are getting blindsided by a train, you at least know what's coming down the tracks and you can plan for it. But it's not just PBM contracts. It's also contracts with your pharmacy management system. Contracts with your wholesaler. I mean, those are vitally important partnerships to your store, to your pharmacy and so you need to understand what you're legally obligated to when you sign those

contracts or give someone authority to sign them for you, which is what you do if you have a PSAO.

Nicolle McClure: Right.

Doug Hoey: So, knowing those contracts, I mean that's where the money spigot gets turned on and off and, in between, is in those contracts so it's important to understand them and the most successful pharmacy owners, they may not like the terms of them, but they at least understand and know what's in them so they can then manage their business around those terms.

Nicolle McClure: Okay, yeah, it kind of plays back to the previous one which helps with financials and things like that.

Doug Hoey: Absolutely, it does.

Nicolle McClure: Yeah.

Doug Hoey: And it also ties into the next one, the fifth habit of highly successful pharmacy owners, which is to embrace and proactively seek innovation. So, some of these contracts have to do with technology, so the pharmacy management system, you have a contract for that. So, seeking innovation, so when I queried a dozen or so pharmacists who, between them, own hundreds of pharmacies and probably do a quarter of a billion dollars' worth the business, so they've done well over the years. One of the responses was ... So, this individual has practiced for 50 years and his pharmacy in his town of about 35,000 was the first to have a drive-thru. He was also the first in his state to computerize his pharmacy, which must have been in the late 70s. Back then, he was paying \$1,000 a month for the right to computerize his pharmacy, which was a lot of money back then.

Nicolle McClure: Yeah.

Doug Hoey: But, it was worth it for productivity and for efficiencies and so that looking for innovation, it does a number of things. It diversifies your revenue, so you're not relying just on expense on prescriptions, it helps you manage your personnel more efficiently, going back to the first one, the personnel. It can help you get up from behind the counter, because you're looking for ... In fact, getting out from behind the counter and innovation really go hand-in-hand.

Nicolle McClure: Yeah, absolutely.

Doug Hoey: So you need that, and it also stamps your presence in the community. You're known for being more than dispensing prescriptions, not that there's anything wrong with that. I mean, that's still important, but this is in addition to that, the other things you do. Whether that's wellness, social media. I mean, using social media ... We have an example of one pharmacy owner who was doing adherence packaging, which probably many of the listeners do some form of

adherence packaging. Well, he did a video on how great this adherence packaging is, he put it on Facebook. He sent that through his different social media feeds, got picked up by a local television station. Later, it got picked up by a Dallas TV station which showed this video after a Dallas Cowboys game-

Nicolle McClure: Oh, wow.

Doug Hoey: ... that they actually won, which was reason for joy in Dallas, and his likes went up exponentially and his prescriptions went up 20% year-to-year. Now, did they go up 20% just because of that? Probably not. That was one contributing factor, where he innovated, looking at innovation, and that helped build his pharmacy, and it's made him a highly successful pharmacy owner.

Nicolle McClure: And I think just staying ahead of the curve and in our industry today, it's hard to just fill prescriptions and not do anything else and make a go of it and be successful, so yeah, looking for those other things that you can do and also help separate yourself from the competitors in your local market, too.

Doug Hoey: Absolutely, that's right, that's right. And the technology, the innovation, actually ties into the sixth habit of highly successful pharmacy owners, which is that they are in-sync with medication synchronization. So, there's a gentleman named Ollin Sykes, who does accounting. He does more than accounting, he does financial advisement for pharmacies, but he probably has over 100 pharmacy clients, and Ollin speaks at the NCPA Annual Meeting a lot, and I asked him, "What are some of the things that you see in your most successful pharmacies?" And medication synchronization is one of those things that he sees in the most successful. But ... I guess period, no but. As I talk to some of the other pharmacy owners who do medication synchronization, one of the things they emphasized was you have to do more than just say you're doing med synch.

Nicolle McClure: Yeah, it's kind of a buzzword, right now, too.

Doug Hoey: Yeah, exactly. Yeah, when we do our surveys, it's like 83% of pharmacy owners say they're doing some form of med synch.

Nicolle McClure: Right.

Doug Hoey: But when we start to dig in a little bit more as to how much they're doing, do they have staff that are trained around it, how much business, how many patients are using the medication synchronization services, that 83% starts to go down pretty quickly. Some of the people I queried are really big into medication synchronization. They have people who are dedicated to it. They're measuring it and they're seeing tremendously greater efficiencies. They're able to manage their time better, manage their staff's time better. They may even have more efficiencies in staff time, which can mean lower costs and also fewer wasted costs and they're getting more fills, more refills because people are refilling their prescriptions more often. So, medication synchronization also helps with



star ratings, to make the DIRs slightly less painful. So, medication synchronization is one core element that we're seeing in highly successful pharmacy owners.

Nicolle McClure: Can it also help with inventory, because it kind of streamlines?

Doug Hoey: Yeah, absolutely. Yeah, that's a great one. Yeah, inventory turnover now leads to cashflow and we talked about financial management, the importance of cashflow, but yeah, managing ... Most of your dollars are tied up in inventory, so managing those is crucial. That's a great point.

Nicolle McClure: You know, it's interesting how these all tie in together, huh?

Doug Hoey: It is interesting, isn't it? What a coincidence.

Nicolle McClure: Right. How about for the last one?

Doug Hoey: We'll keep with that theme of them all tying in together, which is knowing what makes your community tick. Really understanding the heartbeat of your community. Now, some listeners may kind of blow that off and say, "I'm an independent pharmacy owner. That's what I do. I know my community. I've got the relationships." And we often say, "Independent pharmacists are great," because they have the relationships" and I believe that, of course, but what does that mean, to have a relationship? And having the relationship in Springfield may be different than having a relationship with your community in Pottersville, which is different than having a relationship a relationship in Omaha or wherever. So, knowing the heartbeat of your community.

I love the example of a guy named Danny Cottrell, who is a pharmacist in Alabama and we have a YouTube video that features him that we worked on with Live Oak Bank and they did a great job on production, so people, if you're not driving, Google Danny Cottrell C-O-T-T-R-E-L-L and YouTube. What Danny did was, in 2008 during the economic downturn, he invested \$16,000 in his community and he didn't just write a check for \$16,000 though, he went to the local bank and got \$16,000 worth of \$2 bills. He then split those up among his employees with only two conditions. The first is that they had to use 10% of the money to help someone who's less fortunate than them. They could do it however they wanted, but 10%. The second is they could spend the rest of it on anything they wanted, as long as it was local.

So, I just came back from an audience and I asked them, when you get a \$2 bill at the register, which slot do you put it in? Well, there's not one. If there is, it's probably this extra one with the checks, you know, those who still write checks. And so, when you get a \$2 bill in a business, just like a half dollar or a silver dollar, which is rare, but you remember it. Well, this local town was getting flooded with \$2 bills everywhere and so the town started talking about, "Where are these coming from?" "Oh, it's coming from Danny's Pharmacy." And it was a



time ... Again, for those who remember 2008 where, across the country, it was financially a very difficult time for most of the country and this put some wind in their sales in that town. It gave them some hope and optimism and something to talk about. It gained national media. So, there were news vans from all over the state and all over the country, coming to Brewton, Alabama to talk about these \$2 bills. It was a source of pride.

So, knowing the heartbeat of your community doesn't mean you have to spend \$16,000 on \$2 bills, but Danny knew that was something where he could really affect a lot of people and it was the right thing to do. As he says, he doesn't know that he could do that every year, as far as \$16,000, understandably, but really understanding. And that goes back to getting out from behind the counter, too, which it definitely ties in there. And then the innovation and knowing your community, but this is something that differentiates us from the nameless, faceless generic chains.

Nicolle McClure: Absolutely.

Doug Hoey: Because, a lot of the in-chain pharmacists are good people, good practitioners, respect them, but many times and not all the time, but they're not in the community or at a certain pharmacy for a long time. Sometimes they are, but there's also times when they move from store-to-store. The community pharmacists are often in that community for a long time. Many of them have grown up there. They know that community and the community wants to support them and this gives them a reason to support them. So, that's the last one, as far as the seven habits. Know what makes your community tick.

Nicolle McClure: Okay, yeah, that's great. And I think, too, you can even start with your current customers and do a short survey on them, on the types of things that they like and whatnot, because there may be additional opportunities and shed some light on what they like, as far as in general or health and wellness type services that they're looking for.

Doug Hoey: Yeah, I think it can be that. It can also be, again, that getting out from behind the counter because a survey on occasion some people will tell you what they think you want to hear, especially if they know you.

Nicolle McClure: Right.

Doug Hoey: Whereas, if you're at a dinner party, barbecue, wherever you are in your community, school function, church function, whatever, and you bring up some topic that's in the news right now or that's going on in the community, people may be more forthcoming with what they're really thinking.

Nicolle McClure: Yeah, yeah, good point.

Doug Hoey: That, and your eyes open all the time, is one of the keys. You know, really being aware and looking for those opportunities.

Nicolle McClure: Yeah, absolutely. Well, thank you for your time today. We really appreciate it. You've definitely given us a lot of good information for our listeners and a lot of good tips that they can use in their pharmacies and hopefully become highly successful, as well. So, thank you for joining me on the show today.

Doug Hoey: Yeah, you're welcome, Nicolle. And, hopefully, if folks disagree with these seven, which is totally okay to do, it gets you thinking.

Nicolle McClure: Absolutely, yeah.

Doug Hoey: It gets people thinking about what are the things, either that have made them successful or that they see others are making others successful and how do I adopt those in my practice, because we want everyone to be a highly successful pharmacy owner in the NCPA.

Nicolle McClure: Absolutely. Again, this is Nicolle McClure with the Pharmacy Podcast Network. Check out all our podcasts at [pharmacypodcast.com](http://pharmacypodcast.com).

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