

PHARMACY BUSINESS SURVIVAL PRINCIPLES FOR COVID-19



By Jeremy Chrysler, Founder



Hardworking Healthcare Friends,

During this difficult time in the world, how can your business survive the ill effects of COVID-19?

My belief is that companies are adaptable and need to be more disciplined than ever to weather the economic storms. This is not the time to sit back and take a “business as usual” stance. It is time to take real and strategic action now to refine your business to survive in the future. Impact LTC consults with clients not just to survive but, to thrive. I am confident that our services worth the small investment and will help reap the rewards of a solid business.

Here are my 6 principles for business survival for this time. These principles apply to any business but especially to healthcare companies. We hope you enjoy these most important principles and accompanying thoughts which will help your company thrive and win in the future!

Jeremy Chrysler, Founder of Impact LTC

Pharmacy Business Survival Principles

1. CASH IS KING - stop the cash bleeding, inventory controls, PPP
2. INCREASE PROFITS - buy to win, focus on billing right
3. BE FINANCIALLY DISCIPLINED - manage costs as a percentage of margin
4. KEEP QUALITY SERVICES - be better than competitors who may not make it
5. TAKE THE OFFENSIVE - build awareness, adapt to grow using digital marketing
6. LEVERAGE TECHNOLOGY - use technology to the advantage of the business

<https://impactltc.com/surviveCOVID19/>

The IMPACT LTC logo is positioned at the bottom right of the graphic, which also features a background of white toy soldiers on a dark surface.

PHARMACY BUSINESS SURVIVAL PRINCIPLES

PRINCIPLE 1 – CASH IS KING

Having a great continuous cash flow is the life blood of your business.

Financial leverage is many times needed to start and operate a business but, the business needs to generate profits and maintain positive cash flow for continued success. At this time loans may be needed to get through these tough times but, should not be relied on long term. Any business needs to stop the cash bleeding and increase activities to restore positive cash flow ASAP.

What activities need to be considered? Depending on your business (we assume pharmacy here), three areas should strongly be considered in order of importance:

- 1) Inventory
- 2) Payroll
- 3) Billing

Depending on the size of your pharmacy, **IMPACT LTC** will assist in creating a comprehensive Inventory and Billing strategy with the goal to free up 1% to 5% more in cash (of which would include profits) depending on your effectiveness as a pharmacy. Assume revenues are a \$1,000,000 a month what if **IMPACT LTC** could increase your cash by \$10k to \$50k?

Hopefully, you have already applied for the Payroll Protection Program as it is free money (SEE <https://impactltc.com/ppp/>) but, hopefully there is a plan in place to invest those dollars not only in your employees but also in improving a sustainable business and increased cash. We can help!

PRINCIPLE 2 – INCREASE PROFITS

Creating cash and increasing profits are very closely tied together. The biggest target to increase profits is looking at your costs of goods and making sure that you are “playing the game” to your advantage.

Do you know how to profit with your wholesaler? Confusing wholesaler contracts and rebate programs are designed to trick pharmacies to maximize wholesaler profits, taking away the hard-earned profits from the pharmacy. The pharmacy must understand how to buy otherwise sacrifice profits.

Unfortunately, most pharmacies don't take the time to understand how to be profitable consistently and maximize their buying opportunities. Why? It takes a strategy, knowledge, time and discipline. The macroeconomics of buying are much more important than the “onesie and twosie” deals. Are you winning the battle but, losing the war? **If you don't know how to make money through buying, chances are that your business could win big with the consulting of IMPACT LTC.** We are not a wholesaler or pharmacy supplier so, we do what is in your best interest.

Billing correctly to ensure that you are receiving the correct and fair payment due to the services that you provide is extremely important to understand and review continuously. In the LTC pharmacy space, using and monitoring patient residence codes and pharmacy service type codes are extremely important to ensure receiving additional payment for services through existing insurance contracts.

PRINCIPLE 3 – FINANCIAL DISCIPLINE

During this time, it is of great importance to have financial discipline to ensure that the company can weather the storm. Creating a financial model of the financial decline due to COVID-19 and modeling several scenarios of a recovery will help you maintain financial discipline. Without these tools and projections, burning through cash in a panic is probable.

As a business in this difficult time, there are several KPI's (Key Performance Indicators) that should be reviewed at least monthly:

- 1) Inventory of expensive medications
- 2) Labor costs as a percentage of MARGIN
- 3) Overtime costs
- 4) Review non-essential costs that don't produce benefit

IMPACT LTC can help establish and review financial progress. We also can work with the company to cross train your most valuable assets, employees. This strategic move would create new consolidated roles allowing fewer employees to do the same jobs if company contraction is necessary for a season. Unfortunately, contraction may make sense financially to successfully survive during this time. Cross training would foster increased skills and value of existing employees and reduce costs to the company allowing career development for employees.

PRINCIPLE 4 – KEEP QUALITY SERVICE

The overall healthcare market has just been struck and disrupted by a huge health and economic blow effecting pharmacies, facilities, and other healthcare providers in unique and different ways. Because of these factors, the rules of engagement are now different, and some providers are in a panic. Where do your customers stand and what is most important to them? How can you best help them?

Each one of your customers is unique and has different concerns and challenges. It is critical to establish continuous communication with your customers and let them know of how you are addressing their concerns and challenges. Establishing timelines and setting realistic expectation for your adaptations to service will be key to communicate and most likely cannot be done face to face. Electronic means will be critical to communicate from a service perspective.

One of the most important exercises for your company to review is how your services and offerings compare during this time to those of your competition. Quickly improve and correct those areas that need to be fixed. There may be opportunities to both serve your current customers with new and creative offerings and market those to prospective customers at the same time.

IMPACT LTC has the experience, training (live and recorded) and resources available to improve service and beat the competition!

PRINCIPLE 5 – TAKE THE OFFENSIVE

During this time, difficulties will exist not only for your business but, also for your competitors who may not survive. One of the greatest opportunities that any company has is to position themselves for the future. Create smart, effective strategies and sales activities capable of results is paramount.

To effectively take the offensive during this time and for the future:

- 1) Train your sales staff with the best skill set and knowledge
- 2) Use an adaptive strategy for these times
- 3) Understand where the best opportunities can be found to prepare for wins in the future

IMPACT LTC has decades of experience working with pharmacy teams across north America to enhance and improve sales and marketing techniques, improve knowledge as a pharmacy and can help provide direction in your specific market. Our website has video content and training for sales and marketing teams to train how to ask appropriate questions, how to see good marketing opportunities, using EHR's, etc.

We provide live ongoing virtual consultation with the goals to foster growth by providing offerings appropriate to attract the best targets and improve retention efforts and methods. Our belief is that no organization can help you grow and retain like IMPACT LTC!

PRINCIPLE 6 – LEVERAGE TECHNOLOGY

One of the greatest contributing factors of your success now moving forward will be how companies leverage technology internally for efficiencies and externally for growth.

Technology and automation already have and will continue to have a greater impact moving forward. Virtual servers that can be restored very quickly and securely hold data in the event of a disaster are critical to reduce down time. Software that is affordable and can help review claims and increase efficiency should be explored continuously.

How are you using your own selected system to your advantage to create efficiencies? Does your staff understand the shortcuts and correct ways to use the software for optimal results and customer satisfaction? Technology should allow teams to work smarter and more efficient, reducing stress and eliminating obstacles. Do you have the right software?

IMPACT LTC knows software and can advise you on what to use and how to use it to your advantage. Jeremy Chrysler, founder of IMPACT LTC is nationally recognized as an expert regarding EHR's and their connection to pharmacies. He has been working with EHR interfaces since they were created and helped create the first pharmacy interface and worked as SVP for an EHR company.

The business world has changed. Several months ago, a company representative could setup an appointment and talk face to face with a customer or prospect. Under current circumstances this is almost impossible. In the past, a salesperson would use as tools such a company car and paper brochures. In today's environment, companies must effectively use Zoom, Go To Meeting, or Google Meet (which are much cheaper and efficient). Instead of stopping by, to communicate on a multi-day road trip, use [Constant Contact](#) and online meeting software to stay in touch with all of your customers on a routine basis. These trends are here to stay for the short and medium term.

The market is adapting to more use of technology. [IMPACT LTC can help you be the technology leader not the follower in a way that makes sense. We understand and have the experience of how to help companies win by leveraging technology.](#)



Financial Guidance

Buying Profitably Smart

Inventory education, tools and formulas to maximize profits

Business basics

Sales and Marketing Guidance

Sales Training for Teams

Seeing Opportunities – Finding the Most Worthwhile Customers

Digital Marketing

Website Creation and Customization

Electronic Health Records Guidance

Winning the EHR Game

Operations Guidance

Improving Workflow

Optimizing Efficiencies

Injectable Guidance

New LTC Pharmacy Guidance

Buy / Sell Pharmacy Guidance

Technology Team Guidance

Choose the best consulting business partner, IMPACT LTC!

Sign up for a free consultation on our website or contact us by email at jchrysler@impactltc.com or call 208-971-2500