

PHARMACY TRAINING MANUAL

Training conducted by Mr. Don Elliott

Produced by:

***ZdravReform* Program
Abt Associates, Inc.**

USAID Contract No. CCN-0004-C-00-4023-00

by

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**Almaty, Kazakstan
October 1996**

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This manual is based on the training sessions and seminars conducted by Mr. Donald Elliott, a Volunteer Executive with the International Executive Service Corps, who worked with the Abt Associates *ZdravReform* Program and its counterpart private pharmacy companies in Kazakstan and Kyrgyzstan from September 6 to October 18, 1996. Mr. Elliott is a retired executive with more than 40 years of experience, gained with the Kroger Company, a \$2 billion (annual revenues) supermarket chain, based in Cincinnati, Ohio. Mr. Elliott supervised the creation of more than 300 pharmacies in Kroger food stores and managed the company's pharmacy wholesale and retail operations. He brought to Central Asia a wealth of practical experience in marketing, merchandising, retail and wholesale management, and financial control. During his time in Central Asia, Mr. Elliott worked intensively with two Kazakstan pharmacy companies, active in both the retail and wholesale sides of the business. These companies, Romat Pharmacy Company and Almaty Sibpharm, benefited significantly from the intensive involvement of Mr. Elliott, who trained 6 mid-level managers in each company to enable them to set up, stock and manage new pharmacies acquired by their parent companies. In addition, Mr. Elliott conducted a 3-day seminar on pharmacy management in Kyrgyzstan, which was attended by representatives from 6 private pharmacy companies, and which was intended to distill and disseminate some of the key points from his work with companies in Kazakhstan.

This manual is intended to reproduce for wider circulation the lessons from Mr. Elliott's work in Central Asia, to make available to any and all pharmacies some of the benefits of his expertise. It is provided free of charge by the *ZdravReform* Program, and may be reproduced and disseminated subject to the condition that any copies be provided free of charge to the recipients.

II. STARTING OUT

What does your store need to have in order to succeed? There are many elements of success, but among the most important are:

- clean premises
- good and accessible presentation of merchandise
- quick and courteous service
- maximum comfort and convenience
- responsiveness to needs of the patient

You may just have purchased a pharmacy, which formerly was operated by someone else (possibly as part of a State system). Although you may have ambitious plans for improving the performance of this store and transforming it into a truly modern facility, you also need for it to continue operating during any period of transition, so that you have a constant source of revenue. You will need to make changes in such a way as to avoid disrupting normal activity. Some of the changes, such as painting and remodeling, will cause some inconvenience to customer. However, if you apologize for any inconvenience this causes, and give people a reason to believe that they will benefit from the changes

being made, they will accept this. Many of the most important changes will not disrupt your normal activity at all. The only changes your customers will notice will be positive ones. You can:

1. improve the quality and reliability of the drugs you sell;
2. make sure your prices are equal to or lower than competitors' prices;
3. increase the range of drug denominations that your store sells;
4. make sure that you have in stock everything your customers require;
5. ensure friendly and polite service by your staff

There are other basic elements of organization that can improve your business even before you begin to think about physical remodeling.

A. Naming your store:

Whatever name you choose for your store, this will become its identity, and also your own identity. Think about how you want people to think of you. Choose the name and presentation of your store accordingly.

B. Presenting your store:

First impressions are important. The way your store looks (is it clean and orderly? are the uniforms of your sales staff clean and neat?) determines whether people will enter the store, if they will stay there long enough to buy something and if they will come back again. Too many signs on the walls gives the impression of untidiness and lack of organization.

Take account of the market you are addressing. Will your customers feel comfortable there? If your store is in a low-income area, and you furnish it with expensive fixtures and fittings, your customers may feel intimidated and uncomfortable. They may feel that this is not a store for them, that it is aimed at rich people only. **But everyone, regardless of income, wants to go to a place that is clean and neat.**

If you have more than one store or kiosk, give them the same look, the same image. Use the same color scheme, the same logo and the same overall presentation. You want people to associate your company with a good experience and to choose your store over its competitors, even if this may mean they have to walk an extra 100 metres to get to your store. If they are in a different part of the city and they see your company's sign they will go into this store even if it is not the one in their neighborhood, because they will learn that your company stands for a better level of service, comfort and price.

This is why people eat hamburgers at McDonalds, drink Coca Cola and smoke Marlboros. They know that these brands stand for a certain level of quality. If you look hard you may be able to find another brand of product that is just as good or even better, but most people don't have the time to do this. It is easier for them to choose a brand they know and trust.

C. Training and motivating your workers:

Your staff is not there just to take money and dispense products. Your staff is a source of information that will allow your store to become more prosperous. They are the eyes and ears of your company; they know what the customers want and don't want, and which items sell or do not sell.

As a manager, you can't just give orders. You have to train and motivate your workers and organize the way your store operates so that all employees **think** about what they are doing, and why, and act accordingly. Your employees need to feel necessary. they need to feel they are contributing to the success of an enterprise in which they have an interest.

III. MARKETING AND MERCHANDISING

The most important decisions you will face as a manager concern what to sell and how to sell it. You have seen stores where the same items remain on the shelves for months without selling. Perhaps the store owner got a good price for these items and so bought a container load. He didn't stop to ask himself whether anyone actually wanted the product, or would buy it at the price at which he could sell it. You have also seen stores in which the shelves are empty. Part of the reason may be that the manager has his money tied up in a warehouse full of unsold products and so can't afford to order more product. Part of the reason may be that the products he did have in stock sold much faster than he anticipated. By the time he got around to placing a new order, he was already out of stock, and he might have to wait a month or more until his new shipment arrives. How many customers will he have lost during that time? How many customers will have found what they wanted at another store, and will never come back?

If you do nothing else as a manager, you must focus on the marketing and merchandising aspects of your business. These involve the following questions:

What to sell

- How to display what you sell
- How to price what you sell
- How to order and re-stock the items you sell

The answers to these questions form the central part of what is called a **Marketing Plan**. The sections (A through E) below show the steps your company needs to go through in order to develop a marketing plan. Remember that a marketing plan is not something you develop once and then forget. Your marketing plan will change month by month or even week by week, depending on the information you are receiving from the market. Your marketing plan will include goals and measurable targets you can use to judge whether your perception of the market is correct and your sales strategies appropriate.

A. Selecting your products (what to sell):

Your store needs to have the appropriate mix of products in the right quantities, at the right prices. You need to know and understand the market. But how do you do this?

Market research: 1) Know who your **customers** are. Is your store located in an area where there are many families with children, or mostly pensioners? Is it in a neighborhood where most people are well-off, or one where most people are poor? How close is your store to the houses or apartments of your customers? Do most people walk to the store or do they come by bus or taxi? In Soviet times people purchased whatever was available. But now people have a choice. If you don't give your customers what they want, someone else will. 2) Know who your **competitors** are. What other stores serve the same population of actual or potential customers? What products do they offer and sell? How do their prices compare with prices in your store? Are these stores larger/smaller, cleaner/dirtier than yours?

Sales analysis: You need to understand which products are selling, and how frequently, in order to know how much of which products to keep on the shelves, in inventory and in the warehouse, and how many of which products to order.

Know your starting quantities of each product and keep track of sales over a 3-day period. This will tell you about demand for different products. Products that sell rapidly should be restocked more quickly.

If your warehouse is full of products that sell slowly, you are losing money by tying up your capital and receiving no revenue.

If your sales are increasing, you should put some of your profit into increasing inventory to allow further growth.

Experiment with lowering prices of items that sell quickly. Because of competition, people are sensitive to prices on such items; if you lower prices on such items you may increase your sales volume and make more money.

Most pharmacies in the U.S. have between 1700 and 2000 drug denominations. Some have as many as 18,000. The number you have in your store will depend on: a) the needs of the customers served by your store; and, b) the ability of your warehouse to stock products that you may not need to keep in retail store inventory (this depends, in turn, on whether other stores belonging to the same company will have a demand for a given drug, thus requiring some warehouse stock).

Develop good relationships with distributors: Distributors are selling to many stores, and they know a lot about the entire market in a given area. They can tell you which products are selling well and which are not. You may be able to coordinate with their sales promotion and advertising. For example, distributors should be able to tell you when their products will be advertised on TV or radio or in the newspapers. You can increase your stock of these items in anticipation of increased demand during and immediately after the advertising.

B. Let the public know what you are selling (how to sell/display what you are selling):

This is another way of identifying your store, and giving people a good reason to come to your store instead of another one. In the past, pharmacies sold nothing but medicines. Now this is changing, but people may not yet know that in your store they can buy a variety of non-drug items.

1) Why should you sell non-drug items? There are three answers to this: a) Many of you purchased pharmacies through privatization auctions. In many cases these stores have a very big area, much more than is required to sell drugs. You can use this space to increase your sales volume and fulfill more of your customers' needs. b) Your sales volume may be much bigger on non-drug items than on many drugs. You may sell only one or two per day of a certain drug you have in stock. But you might sell 20 bottles of shampoo. People may come into your store to fill a prescription, but then will see a display for other products (for example, toothpaste) and buy some of those products as well. If you can make a fairly big profit on non-drug items then you can keep the prices for drugs lower. This allows more people to get the medicines they need. c) If you sell medicines only, people will come to your store only when they or a member of their family are sick. This makes it hard to establish customer loyalty. You want your customers to visit your store much more often: every day, if possible.

2) How do you decide which non-drug items to sell? a) Find out from other stores in the area what items they sell. These other stores may not be pharmacies but food or general merchandise shops. b) Find out if you can buy similar items and sell them for less than other stores. c) Choose products that have some relationship to health. People go to a pharmacy for medicine to improve their health. Things like soaps, shampoos, Pampers

for babies, shaving creams and lotions, deodorants, toothpaste and toothbrushes, all are related to caring for our bodies and keeping us healthy and clean. People quickly will come to find it natural to buy these kinds of products in a pharmacy. Vodka and cigarettes are probably not a good thing to sell in your pharmacy. Even if people buy them, it may detract from the image of your store as a place selling products that contribute positively to one's health. Over time, as people begin to accept your store as a place that sells many different kinds of products, you can expand your product range even further.

Make sure you have a plan for selling every new item that you decide to stock. Know the target market (who will buy the product) and its size (how much of the product can you expect to sell).

3) How do you identify your pharmacy as a place that sells these products? Put all related items in one section where people can see them easily. Soon they will know where to look for items they want. If people continue to ask where they can find a given product, you need to improve your display. For example, toothbrushes, toothpaste, mouthwash, etc. go together. Men's products (shaving cream, razor blades, after-shave) go together. Hair care products (shampoo, gel or mousse, hair coloring) go together. Pampers, baby foods, infant formula and baby lotion or powder would go together.

Sometimes, if you receive a lot of support from the distributor of one company's products, you might display all that company's products together in one section. For example, Johnson & Johnson makes shampoos and skin lotions and baby products, but many stores display all these together, because they receive displays and posters from the distributor that make it convenient to group them together.

4) How do you determine the size and location of your shelves? This is something that may change over time, as you gather more information on which products sell faster. It will also depend on the size and quantity of items in stock. There is no single right way to do this. You have to base your decisions on the way your customers behave and react to your displays. You should be prepared to change the location and layout of different product displays as the market changes, or as your knowledge of the market improves.

C. Make sure you have the right quantities of the right products in stock (manage your inventory):

In addition to a marketing plan, you must have a plan for re-ordering merchandise so that you do not have overstocks of items no one wants to buy and, even more important, so that you are not out of stock in items for which there is a big demand.

1. Keep track of refusals to customers. At the end of each month you should know how many requests for each product each store was unable to meet. This will tell you how you need to change your future product mix.
2. If you are a **wholesale** business, keep track of requests from stores you sell to (both stores that you own and other stores your company supplies). If only a small number of customers request a given item it may not make sense to make that a regular part of your wholesale inventory. If all your customers request a certain item, you should begin to keep it in stock.
3. Your **warehouse** must keep records from each of the stores it sells to. Keep separate records for: a) your own stores; and, b) independent stores your company sells to.
4. Keep records of every transaction. You can set up a data base in your computer that will keep track of movement of goods by: a) product; b) purchaser; c) supplier; d) time

period. You can set up your data base so that it will tell you in advance when it is time to re-order, before you have run out of stock.

5. Every item must have its own place, name and number. This way, any employee can find out from the computer where each item is located. You can set up your data base to classify inventory items in different ways, so that if your computer tells you it is time to re-order one type of Johnson & Johnson shampoo, you can check on the status of other Johnson & Johnson products, or other hair care products, or other products you receive from the same supplier.

6. Eventually, you will have all your stores (including independent customers) linked to you by computer. They can transmit their orders each week to your warehouse computer. The warehouse will then deliver the products.

IV. HOW TO ORGANIZE YOUR RETAIL STORE

There is no one answer to this question. You are operating stores which may have some problems in location or physical layout. Some of these things you can change (you can remove some internal walls, change cabinets and shelves, etc.) and some you cannot. What you need to develop is the skill to: a) evaluate and select other retail sites your company may want to develop; and, b) arrange the stores you have so that they can make the best use of the space and location they have.

A. Look at your store as if you had never seen it before:

We talked earlier about your store's identity. Look at the store now, and imagine what it tells about you and your company.

What is the store's name?

Is it easy to remember? Could you tell a friend about it without forgetting the name?

Can you see the store and its sign from some distance? Is it easy to identify the store as a pharmacy?

Is the appearance from the outside clean and bright? Does it look as if the owners and managers take care of it?

As you go inside the store, notice the following:

Is it easy to walk into the store?

Is the entrance open and inviting?

Is the interior of the store clean?

Can you easily see the goods that are for sale? Are they arranged in an orderly way?

What about the employees? Are they cleanly dressed? Do they look ready to serve you, or are they lounging around reading the newspaper? How do they greet you? How long must you wait before you are served? How efficiently does the person fill your order?

Think about what you would change to make visiting your store a more positive experience. Your customers are people like you, who think and react as you do. It does not necessarily cost a great deal of money to make your store a

nicer place to visit. The changes you make can make a big difference in how many customers you have and how much money they spend in your store.

Think about how your store might look in the future. Right now the market is young, but it is changing fast. If you can be the first pharmacy in your area to offer customers a better experience, you will benefit most as the market grows. You can do this by:

Improving the look and cleanliness of the store

Offering a better range of products than your competitors

Making sure you are never out of stock of important items

Making it easy for customers to find the products they are looking for

Providing better and more courteous service to your customers

Keeping up with the market: always increasing product assortment and selection

Offering lower prices than your competitors.

Remember: As products become available everywhere, the store that is clean and convenient and offers fast, efficient and friendly service will succeed.

B. Think about your goals and objectives:

What do you want from your business, and how will you get it?

As a manager, how do you make things happen? If you do not change, your store will not change. If you want to change and to get your employees to change with you, you must:

- **Decide what you want in your business**
- **Communicate this to your employees**
- **Understand what is the present situation**
- **Determine what is needed to get from where you are to where you want to be**
- **Assign responsibility for different aspects of your plan to different people (who decides what to do, who shows other people what to do, who teaches, who identifies mistakes and corrects them)**
- **Decide in advance how you will measure and judge what you have done.**

This can work only if you write it down. Write down what your objectives are and what you plan to do to achieve them. Look often at what you have written. Otherwise you will lose sight of your goal.

1. Make your goal simple and clear and practical. Make it something you can evaluate easily. For example, do not say, "I want my store to be successful." Say instead, "I want my store to increase its sales by 50%."
2. Be realistic. Maybe 50% growth is not feasible in the current market. Maybe 20% is more realistic.

3. Put a time frame on your goal. If you say you want to increase sales by 50%, is that in 1 month? 1 year? 5 years? It makes a difference.
4. Revise your goals, by changing the target or the time period. Sometimes we think we can do more than we actually can, or think we can do it faster. Let your past experience guide future expectations.
5. How will you feel when you achieve your goal? If you are in business only for the money, you never will have so much money that you feel fulfilled. What else is important? Is it helping other people? Contributing to your community or country? Having fun? Learning new things? Chances are, all or most of these things are important. If you don't look forward to going to work in the morning, maybe you need to change businesses. Or maybe you need to look at your goals more closely.

C. Write down everything you do:

Especially when you are starting out, you need to know what you are doing and what works or doesn't. You want to be able to take the experience in one store and use it as your company grows and opens additional stores. Eventually you want to have a manual of employee procedures, but it makes no sense to use such a manual that is not based on your own company's experience in its own market. Write down who does what, from the moment your store opens until it closes at night. Write down what time each action takes place, and how long it takes.

For example, if you receive a shipment by truck, how long does it take to get the boxes unloaded, opened and placed on the shelves or in the warehouse? How many people were required to do the job? Are there procedures you could implement that would reduce the time required or enable a smaller number of people to do the same job? Right now, since workers' wages are low, this may not seem important. But as the economy develops and labor costs increase, these things may have a direct effect on your profitability.

D. Getting your workers to do their best and develop new skills:

Communicate with your workers: What is the purpose of writing down all these things?

- Writing something down makes you think about all the steps that are involved in a certain activity, and makes it possible for you to communicate to your employees how you would like them to do it.
- You can't write something down in detail until you have done it yourself. **To be a good leader you should never ask your employees to do something you have never done yourself.**

For example: If you tell someone to mop the floor, that person will do it according to his or her previous experience, which may be good enough, but may not be. What they consider clean may not be clean enough for your store. How do you determine and then communicate to your workers what "clean enough" is? How do you know that your workers understand what you want? You may say "Mop the floor," and because they are frightened they may not ask how you want them to do it. So they do a poor job.

Is it the worker's fault? Until you know that the worker understands what is required, it is not his fault if the job is done poorly. It is **your** fault for not explaining and not making sure the worker understands.

Be a LEADER, not a policeman:

How strictly do you need to supervise?

If you ask someone to do something and he does it well, not just once but twice, this tells you he can do it every day. You don't need to look over his shoulder every day. In the beginning check his work once a day, then once a week, then maybe once a month. This develops trust, when your workers know that you think they are capable of doing a good job. Most of the time they will try extra hard to do a good job so as not to lose that trust.

What is leadership?

It is helping people to grow and to develop their own abilities. When you can get people to do this, they are helping themselves and helping you.

Listen to your workers.

It can be a good idea to have a staff meeting every week. Ask your workers to tell about something special that happened during the previous week. Not something routine, but something out of the ordinary, good or bad. Make it clear that you will consider ideas they have about how to make things better.

E. Plan your product display:

How do you display products once you have decided which products you will sell and how much of each you will keep in stock? Remember that a person who comes into the store will not look at all the product displays. The customer has one or two items in mind when he or she visits the store. The way you display your products can create associations in the customer's mind. For example, a customer coming in to buy a tube of toothpaste, seeing the toothbrushes nearby, may decide to buy a toothbrush as well.

1. Group your products in a logical way: As we discussed earlier, the different categories of products are flexible. But certain groupings seem natural: for example, hair care products, or men's products should be together, so that a customer buying razor blades may realize he needs some shaving cream as well.
2. Place your groups in such a way that one leads to another: Women probably buy more baby products (Pampers, formula, wipes) than men. So it makes sense to put baby products in a place where more women will see them. Next to the cosmetics section, for example. So a woman buying a lipstick may see the Pampers and realize she needs some of those as well.
3. Consider how many items in each group: This will change over time, as you learn more about what products your customers demand. It will also depend on what products you can get from distributors, and at what prices. You will learn to adjust your product mix.
4. Consider what sizes to stock: Many products come in a variety of sizes. You may need to choose between carrying one brand of toothpaste in three different size tubes, or three different brands all in the same size tube. You may not be able to do both, because space may be limited and the amount of money you can tie up in inventory is also limited. If your store is in an area where people do not have a lot of money, smaller sizes may sell better. Even if larger sizes are more economical (price per 100 grams is lower) people may not have enough money at any one time to buy the larger size.
5. Consider what quantities of each item to stock: This can make the difference between making money and losing money. You want your money to turn over as quickly as possible. This way less of your money is tied up in products sitting on the shelf. It does

you no good to have all your money in products and no cash. What do you do when salaries or rent or taxes or your electric bill are due? The more often you can order new stock, the smaller each order needs to be, and the less money you have in inventory. You want your inventory to be big enough to avoid being out of stock in any item, but no bigger than that.

For all these decisions, you can get an idea of how to start by looking at what other stores are doing. The idea is not to copy them but to get a sense of the market. Go into stores that sell similar products and look at their displays. See how many of each different product they have on the shelf. Check the expiration date on merchandise to see if it has been on the shelf for a long time. Check if there is dust on the packages, indicating that no one has disturbed this display for a long time. Ask yourself if this store is serving the same customers as your store. Do this in 5 different stores in your area. After your store has been going for a while, you can base more of your decisions on your own experience: **which products are selling and which are not?**

To have enough information to make these decisions, you have to keep good records. We talked earlier about computerizing your inventory. If you don't have a computer, do it on paper. Record your transactions every day, as they happen, and train your employees to do the same. Collect and review the information. Your customers are your best source of information. Every time they buy something or ask for something they are giving you information that can improve your business. **Use it!**

We have a rule we often follow in America: **Put those items for which there is a big demand away from the entrance, often near the back of the store.**

Why?

Because you want to get your customers to buy things on impulse. You want them to walk by these "impulse" items, for which no purchase is planned, to get to the items they came into your store to buy.

If you look at a pharmacy in the U.S., you almost always will find the medicines section near the back of the store. Why? Because in order to get to this section they need to walk past other things - candy, toothpaste, toys - they may decide to buy on the spur of the moment. People will come to your store, in the beginning anyway, to buy medicine. You want them to buy other things as well, things they may not have planned to buy, things they may not even have known they could find in your store.

F. How many people should be working in your store?

This depends on the movement of merchandise. How many sections are in your store? Suppose you have 4 sections: compounding, herbal medicine, prescriptions, and non-medical items. You should have at least 4 people then, but possibly more, depending on the volume of business in each section. You should set goals on the amount of time a person may have to wait to be served: For example, no customer will have to wait more than x minutes before a store employee provides some service.

If your prescription department is just selling medicine in packages from the supplier, then one person may be able to handle all of the business in that department. But if, for example, you buy penicillin tablets in jars of 1000, someone has to count out the appropriate number of pills and put them in another packet or bottle and put a label on that bottle. If you have only one person working in this department, customers may have to wait 15 minutes or longer

G. *How should you pay your employees?*

In the former times people used to say, “We pretend to work and they pretend to pay us.”

The system has changed. People now can get paid on the basis of how much they produce for their employer. You want to have a system that will encourage employees to do their best and will reduce the risk that the good ones will leave and go to work for someone else.

There are many ways to do this. Sales people can be paid commissions, but this doesn't necessarily work for sales staff in a retail pharmacy. You want your employees to satisfy your customers so they will come back again and again, rather than just trying to sell them a lot of things once and then never seeing them again.

So paying the staff in your store a salary is probably best. But you can do two things to motivate your employees more:

1. Explain to them that if they do a good job and the company prospers their salaries will increase.
2. Pay some kind of bonus based on the profitability of the store or of the whole company.

H. *How should you price your products?*

Not every product you sell will be marked up by the same amount. You have to balance many factors in setting your prices: a) the needs of your customers and their ability to pay; b) availability of an item from another source (if every store sells a certain item you can't charge a price that is much higher than their prices; otherwise, people will buy it from another store. This is why prices for gasoline or cigarettes or vodka are pretty similar all over Almaty, since competition forces companies to keep their prices comparable)

You can determine your target and average markup on sales. In the U.S. for example, the wholesaler generally adds 20% to the factory price, while the retailer generally adds about 33% to the wholesale price. In Kazakhstan these markups may be higher or lower. You can find out by looking at prices in other stores. Since you probably are buying at wholesale for some of the same sources, you know the wholesale prices and can figure out the markup. Your company may have a goal of a retail markup of, say, 40%. This doesn't mean that everything in the store will be market up 40%. Some may have a 50% or 60% markup, while other items may have only a 15% markup.

How do you decide? As we mentioned, partly by competition and availability. But this is not the whole story. Part of the price calculation depends on your market. Suppose most of your customers for one item are pensioners. We know that pensioners generally don't have a lot of money, so we may mark up this item less than we would other products. By contrast, lipstick or eye makeup is usually sold to working women or children of prosperous families. So you can probably increase your margin on products like these.

V. ORGANIZING YOUR WAREHOUSE

The way you organize your warehouse will depend on the activity in your retail store. Many of you operate both wholesale and retail businesses, so your warehouse will

contain goods for your retail pharmacies and also goods you sell to other pharmacies at wholesale. For now, we will concentrate on the warehouse that stocks and supplies goods for the retail pharmacy.

A. How do you determine the size of your warehouse?

The size and organization of your warehouse will depend on the quantity and movement of goods. You need to know:

which products you carry

how quickly and how much of each product you sell

how much space the necessary supply of each product will occupy

This seems obvious, but if you look at it more closely you will see that finding the right answers to these questions requires a great deal of information.

You need the sales and market information we discussed above.

How is the market changing and growing?

Which products and how much of each will you need during the coming month or year?

How many units of each item do you expect to sell during the coming month or year?

How long does it take for your suppliers to deliver each product?

Question: Why is this information so important?

Answer: Because: 1) if you keep too much in stock it costs you money you otherwise would have for other purposes - your profit will be lower; 2) if you have too little in stock you will face stock-outs and shortages and your customers will go somewhere else.

B. Who should make the orders and decide what goes into the warehouse?

Once you have set up your system, the people who work in the stores and the warehouse should be responsible for this. they are the ones with direct contact with the customers and they know which products people want, how fast and in what quantities different products sell. **It is a bottom-up process. The manager exercises supervision and may question or review decisions, but the ordering process must start with the people in daily direct contact with customers.**

If your company has more than one retail store, each store should place orders with the warehouse as needed. Avoid automatic shipments by the warehouse purchasing agent, since this can overload the store's capacity.

If you are selling products at wholesale, use your salesmen as the source of orders. Again, they are the ones in direct contact with the customers.

C. Talk to your suppliers and distributors

How do you get a supplier to take an interest in you, to provide better service? Maybe you have a small store. What can you do to improve the service and maybe the price you get from suppliers?

Talk to him about your future plans. The distributor may not make much money now from serving your account. But if you can convince him that you have both the plans and the ability to become much bigger in the future, he will begin to get interested since this will help him make more money. You want to get your supplier to begin thinking that he has a strong interest in your success.

Listen to your suppliers too. They want to sell you more than you need, and at a higher price. Get as much information as you can, both from your supplier and from other sources. Try to get them to tell you which items are selling best. Get them to give you a price list. See if you can negotiate with them over this.

If your supplier gives you a price and you think it is too high you must have information to prove it. Otherwise the supplier will say, "No, this is the same price we charge everyone." But if you can tell him you know that he sells the same product to Sergei down the street for 10% less, or if Sergei buys the same product from another supplier for a price 10% lower, your supplier will have to make some changes if he wants to keep your business. But keep it friendly and cordial. Everyone is trying to make money. Show your supplier you are just as clever as he is and he will begin to respect you and treat you better.

D. Keep track of your sales

At the end of each month you must know:

- How much of each item you sold
- How much it cost to buy and how much you sold it for

This will tell you if you are selling the right products at the right price. And it will tell you whether you are purchasing too much or too little of each product, so you can adjust your quantities in the future.

VI. WHAT COMES NEXT?

Have we told you everything you need to know in order to make a success of your pharmacy?

Of course not!

We can tell you, but until you have tried it yourself what we have written here is just words.

We hope that we have helped you to think about some of the things that go into successful pharmacy management and that we have raised some useful questions.

Our project, together with several other companies, has prepared some more detailed training materials that can help you explore these questions more deeply. We can make these materials available to you, together with some direct assistance in interpreting and implementing them, if you are interested.

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