

[Email]

**Subject: Smarter decisions start with data**

As drug costs rise and reimbursements decline, pharmacies must search for additional opportunities to increase savings and improve profits.

With pharmacy businesses focused on the right drug and dose for the right patient at the right time -- it's no secret that purchasing decisions directly impact the bottom line.

Download [Making Smarter Purchasing Decisions: It Starts with Data](#). We'll cover 4 steps to better understand how data-driven decisions affect your entire pharmacy when you:

1. Understand the generics landscape.
2. Review your purchases and look for patterns.
3. Evaluate your data in parallel with industry trends.
4. Foster relationships with customers and keep your staff aligned

Analyzing *what* you buy, *when* you buy and *why* you buy should be an important part of any pharmacy's routine. Generating reports from your pharmacy's transactions should provide actionable insights toward new revenue streams and savings in costs.

[Making Smarter Purchasing Decisions: It Starts with Data](#).

## Making Smarter Purchasing Decisions: It Starts With Data

Rising drug costs and declining reimbursements are having a major impact on profits, and pharmacies are being tasked with making more with less in today's healthcare climate. Most pharmacies spend an average of 80% of their total budget on drug acquisition, so it's no surprise that a core component of pharmacy success revolves around making the right purchasing decisions.

Gaining insight from your business activity can help identify savings and highlight opportunities for new revenue streams. Analyzing data from reports generated by routine purchasing habits could change your daily business operations from reaction to *action* -- sustained from making prudent decisions.

Reviewing the 4 steps below can help you better understand where data touches the many facets of conducting your pharmacy's business, and help you better analyze your purchasing decisions to increase your bottom line.

### 1 Understand the generics landscape.

An awareness of the generic landscape and how it impacts your business is a critical component of maximizing your opportunities and promoting growth.

Due to the continuing rise in generic prices, reimbursements are taking time to catch up. You should consider these cost and reimbursement challenges before shifting automatically to a generic version. An advanced, intuitive reporting system can be a big asset in predicting real savings for your pharmacy.

Start with the powerful data generated through your online reporting system to collect the information you need. For example, a *Contract Compliance* report would indicate whether or not orders meet the terms of your agreement. And a *Lost Opportunity* report would display price differentials from brand-to-generic or generic-generic conversions that could help you make better decisions in the overall purchasing process.

Are you receiving automatic notifications of special deals and promotions based on current industry reports? If you monitor generic launches and number of generics providers, you can better predict pricing in the coming months. Comparing industry reports against your internal data can help you gain control and navigate the ever-changing generics landscape.

### 2 Review your purchases and look for patterns.

Watch for patterns in your overall purchases. You may be paying too much attention to the details, and not enough on the larger picture.

Ask questions when evaluating your purchasing habits and reviewing your reports, such as:

- What drugs are your clients requesting the most?
- What drugs should you stock on your shelves?
- Are you purchasing the right pack sizes?

If you review reports by *Therapeutic Class* or *Generic Code Number (GCN)* you can identify purchasing trends that are unique to your customer base and that would help predict future needs. These reports

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can also help you determine whether or not expanding into a specialty or new market may help increase revenue.

Generating data on a rundown of your fastest moving and in-demand drugs can provide you with answers. If you compare last month's purchases to monthly averages via a *Time Series* report you can gain a better grasp of how your purchase decisions aggregate over time. Do sales increase during certain months? Decline? Have a month of high expenditures? A month-over-month or year-over-year report can provide a more holistic look at purchasing and a better gauge to recalibrate your overall strategy.

### **3 Evaluate your data in parallel with industry trends.**

With the pace of healthcare reform and frequent market and regulation changes, revisiting monthly and weekly reports is the smart thing to do. Understanding market share and contract compliance issues is a critical component to growth.

External resources from reputable pharmacy organizations are often the first to publish breaking industry news. How are you receiving these reports? Staying informed can be a time-consuming task. A pharmacy management system that presents news worthy data that is readily accessible can play a big part of *what* to buy, and *when* to buy.

Keeping abreast of important industry trends on market conditions and generic brand prices – in parallel with the data you generate internally – can result in valuable decision-making information to help increase your bottom line.

Run a *Cost-Change* report to identify products that have undergone a price change during a specified timeframe, and determine the cause based on your data at-hand. As stated above, review your *Contract Compliance* report to see what non-contract items have been purchased that can be directed to generic equivalents.

Your distributor should have a wealth of knowledge to help identify opportunities. Distributors are also the first ones to know patterns in the field; drug shortages, recalls, brand-to-generic shifts, etc. Again, comparing industry reports against your internal data can help you gain control and navigate the ever-changing generics landscape.

### **4 Foster relationships with customers and keep your staff aligned.**

When you analyze available reports you gain powerful knowledge that can be shared. Keeping abreast of issues that are common to both you and your customers (i.e., industry price changes and brand-to-generic conversions) is valuable information that your customers will appreciate. By sharing this information not only internally with your team but also externally to your customers, you become a strategic partner that is using data to influence strategy.

The ultimate goal is to inform existing and new customers that you understand their specific business needs and ensure them that your pharmacy's strategy is consistent with their business strategy.

In addition to communicating with your customers, internal communication among pharmacy staff is essential. In order to align the pharmacy and to ensure success, all levels of a pharmacy staff need to understand your purchasing strategy.

Weekly or monthly check in meetings with all involved with purchasing, and a review of reports by executives and managers can keep your team aligned and ensure that purchasing is evaluated on a regular basis.

### **Conclusion: It Starts with Data**

Every pharmacy is facing close fiscal scrutiny in today's challenging marketplace. Checks and balances need to be implemented to identify and prioritize where change can, and should, take place.

Sound business decisions can't be done without retrieving and analyzing the data that is generated from your business operations. If you are searching for ways to increase efficiencies, promote growth and transform your pharmacy - it starts with data.

Even incremental steps of gathering information and understanding the *what, when* and *why* of certain choices should help in a more focused understanding of your business. Fundamental explorations into the data behind your decisions *can* produce significant improvements over time.