

Weekly Comment

Welcome to a new *Pharmacy Daily* feature, in which we will have a regular column from a pharmacy industry commentator.

This week's contributor is Frank Sirianni from Medici Capital.

Pharmacy Management 101 Gross margins in decline

LAST week I spoke about the various unique pharmacy business models. There is no such thing as an average pharmacy!

This week I want to discuss that Gross margins are in decline.

While there has been a recent increase in margins, the overall trend is for continued declines in gross profit margins.

Consumers and the government alike always expect more for less.

Competition also inevitably drives margins low, this not unique to pharmacy.

All businesses need to work in a climate of declining margins.

Declines in the operating results for many businesses and professional practices are primarily the result of a decline in gross margin across most major merchandise categories.

Gross margins reflect increased promotional markdown activity to mitigate the effect of sales declines.

The foreshadowed 5th Community Pharmacy Agreement and ongoing PBS Reforms, will see further erosions in margins.

- How will your pharmacy manage and compete in an environment of declining gross margins?
- Have you built your business plan around this fact?

Make your comments at Medici Capital's Ask an Expert <http://experts.medic.com.au/> (a pharmacy management blog) or email info@medici.com.au.



Frank Sirianni is a management and finance consultant specialising in the pharmacy industry.

NPS issues aspirin warning

THE National Prescribing Service is warning consumers to consult with healthcare professionals before self medicating, following the release of a US report which found that breast cancer sufferers could benefit from taking aspirin.

Released in the *Journal of Clinical Oncology*, the study looked at 4164 women in the US who were diagnosed with breast cancer between 1976 and 2002, with findings revealing a link between lower mortality rates and aspirin.

The report has since garnered worldwide attention, with some media hailing aspirin as an anticancer miracle.

Currently the NPS is urging consumers not to underestimate the strength and effectiveness posed by medicines just because they are available over the counter, adding that the results may not be generalised for all women.

NPS ceo Lynn Weekes urged consumers to talk to their doctor or

pharmacist, saying: "Like all medicines, aspirin has benefits but it also has potential harms."

"If you are taking other medicines, particularly cancer treatments, it's important to always talk to your doctor before starting a new medicine.

"This includes medicines that can be bought without a prescription or from an outlet where you will not receive clinical advice," she added.

Welcome Schoombie

THE Pharmaceutical Society of Australia has welcomed the appointment of Deon Schoombie as the new executive director of the Australian Self-Medication Industry (PD Fri).

"Dr Schoombie has a passionate commitment to the health-care sector and is a general medical practitioner with a long history of experience in the pharmaceutical industry," said PSA president, Warwick Plunkett.

Plunkett also expressed his thanks to outgoing director Juliet Seifert for her "outstanding contribution to the industry over many years.

"She has given the industry a lot and I wish her every success in the future," he added.

Schoombie is set to take up his new position in August when Seifert officially steps down.

GSK in hot FDA water

GLAXOSMITHKLINE knew of the potential health risks posed by its diabetes medication Avandia, years before the knowledge became public, according to a US senate report into 83,000 heart attacks that occurred between 1999-2007 which are said to have been related to the drug.

In its report the senate condemned GSK for failing to "sufficiently" alert both the FDA and the public of the potential heart attack risks which it knew the medication posed.

A story in today's *Australian* estimates that around 40,000 Australian diabetics use Avandia, which is available via the PBS.

In 2007 the TGA asked GSK to note the cardiovascular risk on Avandia's warning labels, with a spokesperson for GSK quoted in the article as saying the US report had "absolutely no implications" for Australian users of the drug.

"OTC sales have increased..."

Read what Murray Fry has to say, click here.



Friday's comp winner

CONGRATULATIONS to Siobhan Murphy of UBM Medica Australia who was Friday's Designer Brands competition winner.

See page two for this week's exciting Lift Lip Gloss comp.

Armed forces e-health

AUSTRALIAN military forces will be the first to benefit from a new e-health system, as the government moves to purchase a program to document military service personnel's health and medical records.

According to reports, the defense department has requested that the government appoint only a single e-health contractor.

Melbourne Diabetes

RATES of type 2 diabetes continue to increase in western Melbourne, according to a government study released today.

The report found that compared to the Victorian average of one in thirty type two diabetes sufferers, west Melbourne suburbs had increased rates of around one in seven, despite the existence of numerous targeted government and community health prevention programs.

"Despite these campaigns it is clear from this new data that more needs to be done," said Diabetes Australia ceo, Greg Johnson.

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How Independent Pharmacies Can Beat The Discounters *Without* Lowering Prices

A new special report for the independent pharmacist is now available. Titled "How To Beat The Discounters Without Lowering Prices", this highly informative and easy-to-read special report is unlike anything ever published in the industry. Within its pages are secrets the discounters don't want you to know. And it's available FREE for a limited time by calling 1800 084 995.

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Myozyme grant

THE federal government has granted \$4.2m to the 'Life Saving Drugs Program' over a four year period to fully subsidise Myozyme, for patients suffering from the rare Infantile-onset Pompe disease.

It is estimated that the funds will help between three and eleven patients over the four year period, and will be available from March.

Myozyme is an enzyme replacement therapy and is not available on the PBS because it has failed to meet cost effectiveness criteria.

Herbalist struck off

A TRADITIONAL Chinese medicine practitioner has been sentenced to a two year conditional discharge in the UK, after it was revealed that he breached the Medicines Act by prescribing a banned medicine to a patient for a skin condition, which resulted in kidney failure, heart attack and cancer.

According to reports the herbalist prescribed the oral drug Longdan Xie Gan Wan, which contains plant derived aristolochic acid, known in the medical community to cause kidney failure and cancer.

Symbion primps for beauty

SYMBION has launched a new consumer beauty and body accessory product brand titled '4me'.

According to the company, the launch is part of its continued push into the pharmacy-specific beauty market, which has seen significant growth in the past few years.

"The launch of 4me is part of a

Strength in placebo

PLACEBO pills have been found to produce actual biochemical responses in the body, according to a recent study published in the *Lancet Review*.

Researchers looked at a placebo study with Parkinson's Disease patients and found that when administered the pills, patients dopamine levels soared, creating altered brain activity.

"When you think you're going to get a drug that helps, your brain reacts as if it's getting relief," said Walter Brown, a clinical professor of psychiatry at Brown and Tufts University. "But we don't know how that thought that you're going to get better actually translates into something happening in the brain," he added.

move to provide Symbion customers with a greater range of products across a number of categories, with the added advantage of being able to PDE orders everyday," said Symbion Consumer Products' marketing manager, Lisa Robertson.

"Pharmacists will be able to receive greater margins on the 4me range when compared to the brand leaders, while the pricing of the products means pharmacies can also offer a value for money alternative to consumers," she added.

The brand offers 34 products categorised into four subcategories, *hair, hands and nails, face and bath*, and will include eye masks, nail scissors, brushes and tweezers 'vibrantly' packaged.

4me products are now available to order direct through Symbion.

Pharmacy E-Bulletin

THIS week's edition of the Repatriation General Hospital Pharmacy E-Bulletin deals with bleeding and anticoagulant variability in anticoagulation.

All issues of the RGH E-Bulletin are available online at auspharmist.net.au/ebulletin.php.

Council welcomes FDA asthma move

THE National Asthma Council Australia says the review by the US Food and Drug Administration of the use of long-acting beta-agonists to treat asthma (PD Fri) will bring US usage "into line with the balanced prescribing approach already undertaken in Australia."

The new US guidelines specify that single-agent LABAs should never be used alone, and that paediatric and adolescent patients who require an LABA in addition to an inhaled corticosteroid should use a combination product to ensure compliance with both medications.

The FDA is also requiring the manufacturers to conduct more studies to further evaluate LABA safety when used in combination with inhaled corticosteroids.

The Council said the outcome reinforces the fact that Australian asthma guidelines "are among the very best in the world."



DISPENSARY CORNER

OLYMPIC luge silver medal winner, Germany's David Moeller has endured an emergency dental procedure to fix his front tooth, after snapping it whilst biting his shiny new medal.

According to the champion luger, the accident occurred when photographers urged him to have a chomp for the cameras.

"It wasn't too bad and it didn't hurt," said Moeller.

"Because I want to have nice pictures and happy memories of my Olympic Games, I went to the dentist to get it repaired," he added, flashing his pearly whites.

CARTOON icon Tintin has been busted by Turkish regulators, after an episode of the children's detective show, depicted Tintin fighting chain smoking criminals.

TV8, the tv channel which broadcast the episode has since been fined around \$60,000, after Turkey's broadcast watchdog found it had breached the codes of practice which banned the promotion of tobacco in media.

POLICE in Korea have busted a second hand shoe shop owner for theft, after it was discovered he had made off with more than 1200 shoes from funeral homes.

According to reports, 'Mr Park' would attend funerals, taking off his cheap shoes (as part of Korean tradition) at the door, pay his respects to the deceased, then return to the door and put on a pair of his fellow mourners expensive shoes and simply stroll away.

Having accomplished this feat at around 1200 funerals, Park was finally busted after police set up a sting operation at a funeral home, busting him in the act.

The shoes are now on public display in the hopes that they will be reunited with their owners.



Imelda Marcos would be in heaven.

WIN A LIFT LIP GLOSS



Total Beauty Network has teamed up with *Pharmacy Daily* this week, giving readers the chance to win their very own Lip Lift Gloss.

The Lip Lift gloss is a rejuvenating anti-aging treatment that removes the lines in lips!

Demaxyl Peptides and Natural Organic Oils ensure that your lips are visibly smoother, moisturised and full.

There are two new collections offering luxurious creamy gloss with delicious Amaretto and Coffee Aroma or Exotic Sorbet Flavours.

Each Lip Lift gloss comes in a gorgeous, oversized vial with self-applicator brush and mega doses of Vitamin E.

For a chance to win a Lip Lift Gloss, simply send through the correct answer to the following question below:

What does the Marine Filling Spheres do?

Email your answer to: comp@pharmacydaily.com.au.

The first correct entry received will win!

Hint! Visit the Total Beauty Network website at: www.tbn.com.au.