

An Innovative Dispensing Pharmacy

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We have heard several very good presentations today on income producing ideas for our practices. I am sure all of us will share even more ideas with our colleagues informally during our stay here at Oklahoma City. I hope that if you pick up even one idea from our discussion here today you will feel it was worthwhile.

Think of these words and names: Drug Dispensing, Walco, Inventory Costs, ProAg, Clients, Great Plains Chemical, Service Work, HiPro, seven long years of college, “cowboy” in a pickup truck full of drugs, Making a Living, Sioux Nations, Ethics. To most large animal practitioners, whether you are talking to yourself at the end of a long day or at a meeting with other practitioners, these words will do one thing to you, raise your blood pressure.

I used to think that we, large animal practitioners, in the Platte Valley of Nebraska have a monopoly on these types of blood pressure problems if our practice was involved in drug dispensing, but I was wrong. This is a problem for a lot of veterinarians. This came to light even more this past summer after an article about our dispensing part of our practice appeared in *Veterinary Economics*. I received phone calls from all over the United States. The problem I heard was similar even though the types of large animal practices and the locations varied greatly.

I believe the veterinary profession has been and always will be a “service profession.” I also believe that services rendered will always be the main income producing channel for all of our practices. I also feel that drug dispensing is a very vital service to our clients. What is more ethical, letting our clients go to the feedstore, the drug store, or the pickup truck that pulls into our client’s yard for veterinary supplies and advice or encourage him to come to see us as professionals for this service?

Why did the veterinary profession ever allow the “lay outfits” to get started? Was it because we failed to provide a needed service? Veterinarians were set on high drug mark ups and low service fees. A few enterprising individuals saw the need by the producer for a more economical source of animal health supplies and the OTC market as we know it today was born. Whose fault was it? The profession’s. Who can do something to change it and get those clients back in our doors? The profession. Who does the livestock producer see as the “profession?” The local practitioner. Unless the local practitioner does something to get part of that market no one is going to give it to him. The clients will continue to go elsewhere for supplies and advice.

I have a young associate with me who is a strong believer in the Dale Carnegie approach to dealing with people. One basic Carnegie principle is to not Criticize, Condemn, or Complain. The 3 C’s. Think of this when you get disgusted

with the local “lay outfits” dispensing drugs to your clients. If there is a problem, then there is probably a solution. In everyday practice I think we deal with what I like to call the 2 C’s: Communication and Competition.

Unless we can develop better ways of communicating with our clients then the competition will continue to be an evergrowing menace to our income producing ability. In everyday practice what all of us need is more chances to communicate with our clients so that we can provide him with more services. That will produce more income for our practices and better service, animal health care, and more income for our clients. I feel this is the main reason it is a good income producing idea to have a good dispensing pharmacy as part of a large animal practice.

Ask yourself this question. How many times when a client comes to your clinic for an animal health product does he ask questions? Probably you’ll say practically always. Then if your client is buying his animal health products elsewhere how can he be asking you questions? The other facet of this is that if he is asking you questions then you will be the one to provide him with veterinary service. In our practice the main goal of setting up a better dispensing pharmacy was to have our present clients buying all their animal health products from us and to entice producers that were buying their products from OTC outlets and using veterinary services to a very limited degree to become good clients. The pharmacy itself was just one step in a long series of steps convincing our clients that we were serious about the drug dispensing part of our practice as a service to them.

Prairie Hills Veterinary Clinic in Gothenburg, Nebraska is in the fertile Platte Valley of Nebraska with good range country on either side of the valley. Like many other practices in the plains states, we have a haul-in facility for individual animal and herd service work. The haul-in facilities allow us to service many more clients and animals than we would be able to in a strictly mobile practice. This type of facility does create a tremendous overhead expense and investment on the part of the veterinarians. This is the reason we feel we must make as much use of our facilities as possible so that the facility generates as much income for us as possible.

Once it was decided that an improved drug dispensary was needed in our practice we had to decide on a location. Some practitioners have found placing a dispensary away from the clinic has enticed producers that normally do not buy products at a clinic, to purchase products from the veterinarians in an indirect manner. This has then led to better contact for the practitioners. In our area I felt it was necessary to have the dispensary at the clinic. I want the producers to communicate with a veterinarian so we can

provide him service. This also allows for better inventory control, eliminates duplicating office space and labor, and most of all, it makes your practice more of a "one-stop" location for their animal health needs. This is important.

Try separating your service work from medicine dispensing on your accounting system of income generated in your practice. This will tell you where your practice stands now and how much of an increase in service work you can generate by better contacts through drug dispensing. Also, observe the improved preventative herd health and treatment programs your clients eventually have for their herds since they started purchasing more products at your clinic.

The competition may very well dictate that you sell products at lower prices than you may presently be used to selling them. This will be necessary on some items just to get the producers in through your door. It is very important to maintain as good a profit margin as possible, we all know that. It is then necessary to purchase products as economically as possible.

A method of purchasing that is helping more veterinarians every year is purchasing through veterinarian owned distributing companies. Our practice is a stockholder of such a company and it allows us to be able to compete more effectively in our own practice area. These types of groups have been looked down upon by many of our ethical drug suppliers and cussed at by the OTC suppliers. Several of the ethical companies are now wanting to work more closely with these groups of veterinarians. More drug manufacturers are willing to allow these veterinarian owned companies to be distributors of their products and this helped tremendously.

The animal health product field is rather unique from the veterinarian's standpoint. We are essentially retailers in our own practice but we are competing with OTC sales forces that are both distributors and retailers. These companies would like to sell both you and your clients their products. Veterinarians purchasing together at or near distributor prices can then allow the veterinarian a better chance of competing with the OTC outlets and still maintain a decent profit margin on most items. The one thing I feel all practitioners need to remember is that the one thing we have to offer that separates us from the OTC channels is our professional veterinary services. Through better animal health product dispensing we can all then have an improved

chance of serving our clients better through improved communications with the client and at the same time produce more income from our practices.

Your dispensary does not necessarily need to be large but it should have enough room to be neat, well lighted, and organized so that you, your staff, and your clients can easily find products. It may surprise you how you can increase your sales just by having the items where your clients can see what you have to offer instead of having them hidden in some back room. You will also see how a producer may come in wanting to pick up one or two items and leave with several just because he sees the items and remembers he needs that product also. Producers are consumers and have consumer habits so keep that in mind when setting up a dispensary. Items of special interest should be easily seen, priced, and displayed so that other products also used during that season of the year will be picked at the same time they come in to purchase the "special" product. Being consistent in pricing of items is important so that producers will gain confidence in you that they are getting a fair deal and good advice also. In time many of your clients will purchase all of their animal health products from you without even asking price while others will continue to keep you "honest" by comparing your practice's prices with those of the OTC outlets. Many producers will be willing to purchase your products as long as the price is in the "ball park" because they do appreciate the extra service and advice you as a veterinarian have to offer them.

A dispensary is only one step in taking a more progressive and aggressive approach to producing more income from your practice. Letting producers know that you are willing to be competitive in health product selling, having the products they need, managing your inventory and purchasing in a business-like manner, and turning your inventory frequently are also very important factors in making your dispensary work for you. A dispensary is simply a facility to put your ideas to work and a route to more and better communication with producers and a chance to be one up on your competition.

As large animal practitioners we are involved in agribusiness and must approach it as a service "business." An innovative dispensary in your practice may be one more "service" you can offer to produce more income for you and for your clients.

Editor's Note: Papers which were presented in General Session III by Dr. L. Corley, Dr. Al Luedke and Dr. Tony Castro will be published in the 1984 *Bovine Practitioner*.