

## TED'S PHARMACY CASE STUDY

### BACKGROUND

Ted's Pharmacy is an owner operated business located in the Kelmscott Forum Shopping Centre. It has been doing business for 10 years.

The pharmacy was a very lucrative business for the first five years but over the last five years profits have steadily declined to the point where the next financial year may result in it only breaking even. Ted is concerned about the business but is unable to put his finger on the problem. He feels that he is working longer hours than he has previously but the business is still in decline.

### BUSINESS PROCESSES

The business hires

- Ted, who is the pharmacist, prepares prescriptions, does paperwork as required for legal purposes, and assists at the counter when required
- his wife Elizabeth works part-time and performs bookkeeping duties and orders stock
- two staff members Miranda and James who are responsible for customer sales, answering customer telephone queries and stocking shelves.

A customer wanting to have a prescription filled gives the prescription to one of the staff members who place it into a basket which is passed to Ted to fill. The filled prescription is then passed back to the counter staff to give to the customer and take payment.

When Ted fills a prescription, he fills out the prescription supply book noting the customers name, the doctor's name and the details and quantity of medication provided. At the end of the day he takes this information for all customers and updates the stock register as required by legislation.

The staff members answer telephone queries from people asking about stocks of various non-prescription medications and other stock. On receiving a query the staff check the stock book which is updated once every two weeks from customer transactions. The staff use this information to determine whether something is in stock or not.

Elizabeth is responsible for updating the stock book and uses the information to determine what needs to be ordered.

Every day Elizabeth takes the previous days receipts and enters them into the bookkeeping journals which are given to the accountant to computerise every month.

When new stock arrives Miranda and James are responsible for putting it on the shelves.

None of the employees know how to use computers for more than email and websurfing.

The number of different items sold by the pharmacy have increased by a factor of four in the past 3-5 years

### PROBLEMS

Customers complain about the fact that they ring and are told that something is in stock but when they come in the item isn't available on the shelf.

Ted spends a lot of time on paperwork and is often behind in his obligatory paperwork.

Some items are frequently out of stock and other items are never sold

A new pharmacy is opening in the neighbourhood in two months.

### ACTIVITY

- Make notes regarding the following questions
  - Which employees are at which levels of the organisational hierarchy?
  - What are the issues behind the problems faced by Ted?
  - What are possible solutions to the issues?