

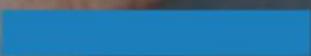


ENDO

PHARMACY GUILD OF AUSTRALIA

# NATIONAL STUDENT BUSINESS PLAN 2018

Endo Program



The future of collaborative health care

**PREPARED BY**

JACKY TSAO  
PHUONG LE  
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**SUPERVISOR**

PHARMACIST - NIK FROM  
KNOX/CENTRE CITY, DUNEDIN

A Team from the University of Otago

ENDO

## TEAM MEMBERS INVOLVED IN THE PROJECT



JACKY

As President of Chiasma at the University of Otago, Jacky is continuously looking for more ways to expand his skills to become ready for the real world.



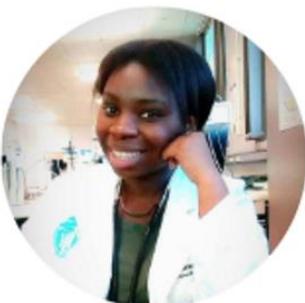
YASAMAN

Yasaman has always inspired to become an entrepreneur. With a life motto "Why do things the hard way when you can do things the smart way", she inspires to become one of the best entrepreneurs



PHUONG

Born in Vietnam but raised in New Zealand, Phuong has the cultural diversity to make an impact within this world. Phuong has also developed many skills through his involvement in many different associations.



JOSEPHINE

Josephine has a dream to make a positive mark in the world with her innovative ideas. Striving to be an all rounder, she seeks to bring her interests into her business into making people happy.

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# EXECUTIVE SUMMARY

**Endo Program** is designed for community pharmacists to work at the top of their scope by spearheading a collaborative and multidisciplinary health initiative. Working in tandem with the local public hospital, the Endo Program is a home-visit service that monitors patients who are discharged from hospital and are deemed to be at a high risk of readmission. The program aims to improve the health outcomes of these patients once they are discharged from the hospital, as measured by a reduction in the hospital’s overall rate of preventable readmissions. The reduced readmissions, and consequent cost-savings, serve as financial and efficiency incentives which hospital executives may wish to capitalize on. Contrary to traditional pharmacy business models, Endo Program differs by allowing pharmacists to take their skills; knowledge; and services directly to patients who need them the most.

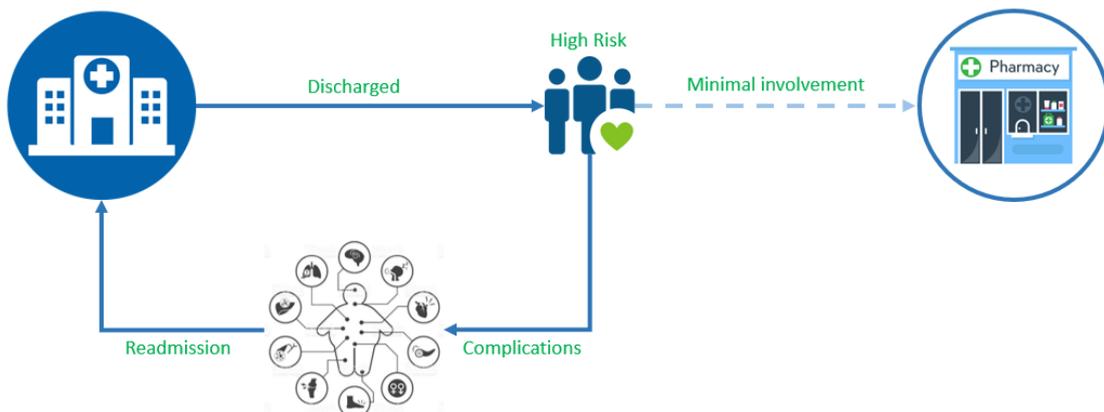
**Univax** is a free influenza vaccine service for the local Dunedin population who live in low socioeconomic areas. Endo will provide free flu shots, versus the normal price of \$35-45, for up to 1000 people. Endo will cover the \$5 co-payment made to PHARMAC for all the free immunisations. In consideration of the accessibility to and cost of transport, Endo will host several immunisation sessions throughout the first half of the year in community centres located in the heart of low socioeconomic areas. This community initiative aims to breakdown a key financial barrier to healthcare and promote the benefits of flu vaccinations to people who are already at higher risk of poorer health outcomes compared with the general New Zealand population.

# DESCRIPTION OF BUSINESS

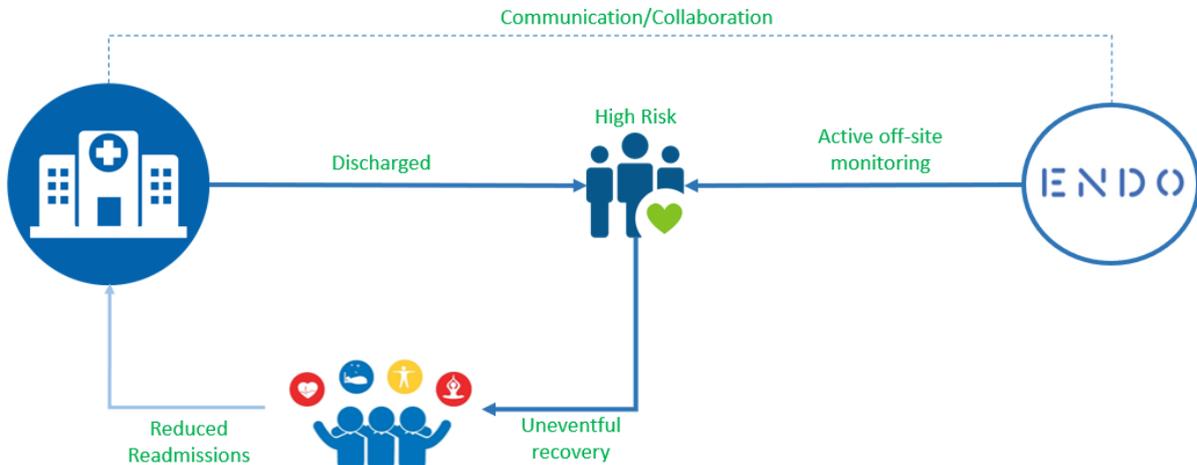
## Endo Program:

Preventable hospital readmissions are of great concern for hospital healthcare professionals and executives. Not only do readmissions drastically worsen the overall health outcome of a patient, they also affect the general quality of care able to be provided by the hospital as valuable finite resources (e.g., equipment, rooms, nurses and doctors) are instead allocated to treat readmitted patients. In 2016, there were close to 3000 hospital readmissions that occurred within the first 30-days following the patients discharge from the local public hospital in Dunedin. Aside from financial and health consequences, these readmissions also produced negative downstream effects on the operational efficiency of the hospital; by causing delays or cancellations of scheduled surgeries; increasing staff workload; and contributing to a generally poor patient flow. It is clearly an ongoing challenge for the local hospital to find an innovative solution that will reduce the rate of readmissions.

The Endo Program might just be the solution to the problem. Endo believes that the underlying cause of readmissions is not the quality of care patients receive while they are in hospital, but rather the absence of any active patient monitoring in first month immediately following their discharge.



As the diagram above illustrates, currently once a patient is discharged from hospital there is a lack of monitoring by any healthcare provider to ensure the patient recovers properly at home - this greatly increases their risk of a readmission. Instead, patients often must make the visit themselves to the clinic or pharmacy to receive services; primary healthcare providers will also likely charge out-of-pocket fees for these one-off services. The Endo program is an opportunity for community pharmacists to help bridge the gap that currently exists between the hospital and the community pharmacy and improve the overall health outcome of discharge patients thereby reducing the overall rate of hospital readmissions.



The Endo Program aims to become an integral part of the local public hospital’s discharge protocol, by intercepting patients - at varying risks of readmission - as they enter back into the community. It will be funded by the hospital and not the patient (refer to pricing model on page 6). Through the program, Endo pharmacists will meet with hospital nurses and doctors every week to discuss possible candidates for program and review status of existing members. Pharmacists will then make home-visits to monitor and assess the patient’s state of health and feed this information back to hospital staff via a secure online forum created exclusively for this purpose (refer to below). Doctors will now have access to a patient’s key vital signs and can, where appropriate, instruct pharmacists to modify drug regimens near real-time to optimize the recovery process; alternatively, doctors can recall the patient if they suspect of an impending relapse. The visiting pharmacist is also able to observe for red-flag signs and symptoms, referring the patient on to other healthcare professionals when needed. It is likely that patients will be on multiple drugs, both prescription and OTC, as well as supplements; thus, the pharmacist can deliver medicine and use these visits to make sure that there is a good level of adherence to medications and look for potential interactions or adverse drug events. Pharmacists could also provide (non-chemotherapy) subcutaneous injections when and if required. The overall aim is to reduce the patient’s risk of a readmission.



The Endo Program is multitiered, providing a varying number of visits depending on a patient’s perceived risk of readmission. If a patient were to be readmitted, it is most likely to take place in the first 30-days post-discharge from the hospital. And within this period, there is a higher chance of a readmission in the first 8-days post-discharge. The Endo Program will follow a visiting frequency chart designed to provide the necessary level of care for a patient according to their risk of a readmission:

Time post-discharge (days)	Risk of readmission			Number of visits
	High	Medium	Low	
1 <sup>st</sup> week (7-days)	2	2	1	
2 <sup>nd</sup> week (14-days)	2	1	1	
3 <sup>rd</sup> week (21-days)	1	0	0	
4 <sup>th</sup> week (28-days)	1	0	0	
5 <sup>th</sup> week (35-days) *	1	1	1	

*\*This is a final follow-up visit and will be made within a week after the first 30-days post-discharge*

Although it is a doctor that ultimately decides a patient’s perceived level of risk of readmission, Endo will recommend a program based on the patient’s aggregate score to the following criteria: **(1)** Over 70 years old; **(2)** Multiple diagnosis/co-morbidities; **(3)** >5 complex medications; **(4)** Impaired mobility; **(5)** Substance abuser. If a patient attains an aggregate score between **3-5** Endo will recommend that they be placed into the high-risk program. The medium- and low-risk programs are recommended for patients whose score is between **1-3**. Success of the Endo Program will be measured by the patient not being readmitted within the first 30-days following their discharge from hospital. If a patient is adamant that they do not wish to be visited in their home, alternative locations can be arranged (e.g., at a local community centre or at Endo pharmacy). With an ever-increasing demand for healthcare professionals, a push for quicker consultations, and a rise in automated services, clinical empathy is being dwarfed by the need for efficiency. However, this is not to say patients have stopped wanting to be treated in a caring and empathetic manner. The importance of empathy in delivering effective healthcare has been known for a long time. The Endo Program will allow pharmacists to deliver quality services to those who need it the most, but at the same time provide the much-needed empathy factor often absent with technology innovations in healthcare. By working in collaboration with the hospital and taking the lead in a multidisciplinary initiative, Endo hopes to elevate the importance and evolve the role of community pharmacists.

**UNIVAX community initiative:**

Annual influenza immunisations are becoming increasingly popular, though many people living in low socioeconomic areas simply cannot afford to pay the associated costs. It is every pharmacist’s duty to provide optimal care for their customers and patients. But what happens when there is a financial barrier to receiving quality healthcare? Is health simply a *pay-to-win* model whereby people with low socioeconomic statuses are disadvantaged? It is widely accepted that the concepts of wealth and health are inextricable. However, personal financial constraints should not predispose an individual to receiving a reduced quality of healthcare. UNIVAX is the first step towards addressing this problem.

Endo aims to provide up to 1000 free flu shots through this initiative to the people who need it the most living in low socioeconomic areas around Dunedin. Though due to the rising cost of transport, the target demographic of this initiative may find it difficult to visit Endo pharmacy and compromise the success of UNIVAX. Endo firmly believes that pharmacy is a service; not a location. Aligned with this sentiment and in response to transport costs, Endo pharmacists will find public locations in the heart of low socioeconomic areas where make-shift flu shot clinics can be setup to conduct the UNIVAX community initiative. To encourage people to receive the flu shot early in the year, there will only be THREE off-site UNIVAX sessions offered and all will be held by the end of May. Past this time, any remaining free flu shots from the quota will be provided at Endo pharmacy.

# MARKETING AND SALES STRATEGY

A fair amount of pharmacy marketing campaigns for new products and services directly target consumers. Advertisements across numerous platforms, such as: newspaper; television and social media, raises the general awareness of newly offered initiative(s) in a bid to attract customers to visit and shop at the pharmacy. Since the Endo program is designed specifically for a subset of hospital discharge patients who are at high risk of readmission, marketing will need to be exclusive to the local public hospital and these patients. Endo aims to undertake a stepwise consultant's approach to market the Endo program to hospital executives.

- **Step ONE: Research**  
As the hospital is public and part of the local DHB, documents concerning health and financial targets are freely accessible. Endo has already identified that the rate of preventable readmissions is an issue that can potentially be lowered by the Endo program.
- **Step TWO: Engagement**  
Endo's four proprietors will arrange a meeting with the hospital's non-medical executives, chief nursing officer and medical director to discuss the proposed Endo program. The dialogue will begin by asking, broadly, any health-related issues currently affecting the DHB and primary health providers in Dunedin. This is mainly for proprietors to understand the strategic challenges that hospital staff are facing; it is also a chance to briefly outline the current level of involvement of Endo and other community pharmacies in the area. By the end of this step, proprietors will have acknowledged the hospital's strategic challenges and expressed Endo's interest to take a more active role in the community by working with the hospital to help address some of the issues raised through the Endo program.
- **Step THREE: Value addition**  
With reference to the strategic challenges outlined by the executives, Endo will point out how integration of the Endo program with the hospital's discharge process can lead to better health outcomes for the patient; provide a major cost-saving opportunity for the hospital (*page 5*); and optimize the role of community pharmacists in multidisciplinary teams. Endo is confident that executives will realize the opportunity presented here and progress this further toward implementation. In the scenario where executives are not interested, Endo will disengage politely and leave the option to explore this idea again in the future and instead discuss other opportunities.
- **Step FOUR: Action point**  
Additional meetings will be arranged as necessary to discuss finer details such as pricing, pilot trials and KPIs. Feedback from both parties on the operations of the Endo program is essential to reach a practical, effective and actionable plan. Pamphlets will be distributed to patients and their family on the benefit of the Endo Program. A joint media pitch will also be made to local and national news-outlets to raise awareness of the initiative and distinguish Endo pharmacy from other competitors.

Endo pharmacy will continue to run traditional marketing campaigns for the core business. However, a heavier focus will be placed on marketing the services offered by the pharmacy and the help that pharmacists can provide customers rather than on products and price. For example, Endo pharmacists will find community engagement opportunities and health promotion initiatives (such as the subsidized vaccines) to undertake. This will set Endo apart from the competitors as the pharmacy will be known for its people and services as opposed to the catalogue on offer.

## Pricing Model:

Endo will charge the DHB using a variable per patient fee-for-service pricing model. Fees are calculated as a percentage of the potential cost of a readmission. Using a 3-percent maximum, appropriate fees have been calculated to reflect the level of care required whilst the patient is enrolled, and their risk of readmission upon entering the Endo program. The table below is a proposed pricing model:

Risk of readmission	Fee-for-service	Fee as % of potential cost of readmission*
High	\$420	3.00%
Medium	\$350	2.50%
Low	\$210	1.50%

\*NZD\$14,000 cost estimate has been used in this calculation. Refer to example below.

*Example:* the potential inpatient costs associated with a readmitted patient staying in the hospital for 5 days is NZD\$14,000 (accounting for costs of: ambulance, stays in ICU; HDU; and general medical ward - but not yet including costs of surgery, equipment and medications). Based on the pricing model, assuming the patient is at high risk of readmission, Endo would charge the hospital NZD\$420 (3%) to have the patient enrolled in the Endo program post-discharge.

To ensure the Endo program remains profitable, a minimum cost of readmission will be set at \$10,000 in the pricing model; to protect against unreasonable fees, the cost will also be capped at \$30,000 for any readmission cost estimates greater than this amount.

### Cost-savings analysis (hospital perspective)

Comparing the total costs arising from readmissions with and without the Endo program. Both calculations are based on 30 patients assumed to all be at high risk of a <30-days readmission. An average cost of readmission of \$14,000 and a fee-for service of \$420 per patient have been used.

Current discharge procedure	Endo Program
Using a readmission rate of 80% (24 readmitted; 6 avoid readmission)	Using a readmission rate of 10% (3 readmitted; 27 avoid readmission)
<ul style="list-style-type: none"> <li>Cost of readmission = \$336,000</li> </ul>	<ul style="list-style-type: none"> <li>Fees paid for Endo program = \$12,600</li> <li>Cost of readmission = \$42,000</li> </ul>
<b>Total expenditure = \$336,000</b>	<b>Total expenditure = \$54,600</b>
<b>Unrealized potential cost-savings:</b> <ul style="list-style-type: none"> <li>\$336,000 - \$54,600 = <b><u>\$281,400</u></b></li> </ul>	
<p><i>A 70-percentage point reduction in the rate of readmission through the Endo Program generates a significant cost-saving opportunity for the hospital but, more importantly, leads to better health outcomes marked by fewer patients readmitted within 30-days post-discharge.</i></p>	

The cost-savings analysis is a very conservative estimate of the amount the hospital would save. Depending on the type of readmission and the severity of the patients presenting condition, it is highly likely longer hospital stays would be warranted as well as surgery. Endo has reasons to believe the actual costs associated with readmission is closer to the \$30,000 cap that has been placed in the pricing model. In the end, Endo wants to work closely with the hospital, and not become another financial burden for them.

## MANAGEMENT TEAM AND PERSONNEL SUMMARY

**Jacky Tsao: Pharmacist in Charge** – The manager will be a leading figure in the organisation. Jacky must manage, motivate and help guide the team. He must maintain effective communication within the Endo Pharmacy team, patients and stakeholders to maintain excellent service delivery. He will lead regular updates and improvements to the Endo program, as well as running the pharmacy’s core business. With innovative ideas, he works to achieve the best possible outcome for the patients and his team. Jacky has a strong belief about safe, innovative and appropriate quality use of medicines, and these ideologies will promote premium health care for the patients in the Dunedin community.

**Phuong Huynh Bao Le: Pharmacist and Financial Adviser** – Finance and accounting can be a daunting process for most business owners. However, Phuong finds playing with numbers to be fun and loves to take on every financial challenge that comes his way. His knowledge for accounting and finances serve greatly to the Endo program, easing the pressure and workload on the pharmacist in charge. Being a qualified pharmacist, Phuong will be good in managing his patients from the community as well as patients outside of the community part of the Endo program. Phuong understands the importance of the community and in his spare time, presents education seminars focused on vaccines to the community to help widen their knowledge requiring their UNIVAX service.

**Yasaman Mohammadi: Pharmacist and Marketing Manager** – Yasaman has a role of promoting and marketing our community services, Endo to the community. Her role is vital to the success of our business. Yasaman understands that it is important to strive for innovative techniques to develop the importance of post discharge and vaccination care. Yasaman is capable of both running the Endo Pharmacy and overseeing UNIVAX services. She will also help in the dispensary when needed.

**Josephine Sithole: Pharmacist and Operations Manager** – Josephine’s job is to develop more practical and efficient ways of running the pharmacy. Her strong sense of organisation and attentiveness to detail and efficacy will ensure that any loose ends within the pharmacy are addressed. Josephine is mainly a front-line person, talking to patients, offering OTC and natural product recommendations to patients.

**Technicians** - Team members with great accuracy, time management and organisation skills will be assigned for these roles. Their duties involve day to day dispensing of medication and clerical tasks while keep the pharmacy engine at its optimum functionality. They will be up-to-date with the medications needed for the patient’s part of the Endo Program.

**Employee Summary:** Our motto is “providing care to where it’s needed”. Most businesses tend to hire for experience and competence, also known as “competency-based hiring.” But in a rapidly changing business climate, this approach is no longer sufficient. It’s increasingly important to focus not just on the hires who already have the right skills, but on those who have the greatest potential to learn new and evolving skills. We will have one full time sales assistance, with the help of four other part timers. There is one full time technician with one part time, working on site as well. The one full time retail staff member and one part time will assist Josephine with relationship building. We will also have one pharmacy technician working from 9am to 5pm on weekdays to assist Phuong within the dispensary. All our retail staff members will have a certificate in Pharmacy assistance making them a great asset to the team. A sizable portion of our budget has been set aside for further training as Endo Pharmacy believes that education is the key to ensuring the best health outcomes for our community.

# OPERATIONS MANAGEMENT

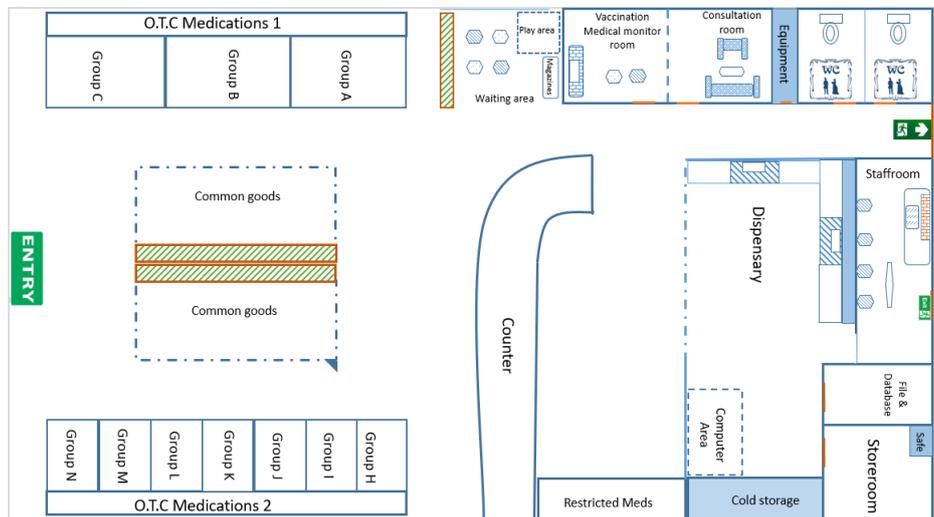
## Detail of Premises:

Endo pharmacy opens for a total of 69 hours per week. It is located across Meridian Mall, close to Dunedin Hospital, North Dunedin. A bus depot is in front of the shop, so there is easy access to transport for patients all over the Dunedin region. Endo will be in the centre of town, surrounded by facilities such as rest home, gyms, and schools which are located nearby, making it ideal for attracting customers. Being only 2 minutes away from other health care facilities such as the hospital, GP's, Physio, and testing laboratories – the Endo program will be able to run smoothly with easy collaboration.

The pharmacist will use the consultation room to discuss private matters with their patients, and have a waiting area for patients wanting vaccines. Each week, pharmacists will meet in the staff room where they will discuss their patients at high-risk. They will work together and unify their advice for the best possible health outcome for the patient using iPads with live updates from the hospital. These meetings will allow for the Endo program to run smoothly with minimal error.

Regarding the shop layout, the private consultation and monitoring rooms are where services such as blood pressure monitor, BMI calculation, cholesterol, blood glucose and INR test will be provided. Endo considers client consultation as an important factor in our service - great care is invested into making the consultation room comfortable for clients. The waiting area has comfortable chairs, free water, magazines stands, and children play area with toys including a separate waiting area for clients wanting vaccines. All of the areas outside the dispensary are wheelchair accessible. These features will cater for high traffic as well as low traffic of customers into the shop for consultation, prescription or waiting for their companions to finish browsing. Endo seeks to provide a relaxed atmosphere while providing convenient and quality service. All of schedule 2 and over the counter (OTC) products will be displayed on the OTC Medication areas, into sub-groups shelves, according to their therapeutic effect.

**Location:** New Zealand,  
Dunedin 200 George street,  
Across Meridian Mall  
**Trading Hours:**  
*Monday-Friday:*  
8:00am-7:00pm  
*Saturday:* 9:00am-5:00pm  
*Sunday:* 10:00am - 4:00pm  
**Pharmacy size:** 202m2



The longer weekend hours are to accommodate the working people, so that people feel less constrained to come into Endo pharmacy during their weekends. Our staff include one full-time and two part-time pharmacists, one full time and two part time dispensary technicians, one full time and four part time retail staff. The large team will maximise the time that pharmacists can spend with patients. Pharmacists will have weekly meetings to raise any queries and to ensure each pharmacist is up to date with their patients who are part of the Endo program.

IT Outline:

At Endo pharmacy there will be regular reviewing and updates of its IT systems to ensure efficient, accurate and profitable provision of healthcare to their clients in Dunedin. Toniq can synthesize the large volume of data generated by the pharmaceutical management operations. Endo Pharmacy will have two computers in the dispensary, two in retail and one within the consultation room. iPads will be used to access, setup, and manage patients part of the Endo program. Each rostered health professional will have a code to access patient information and live updates by other health professionals will allow for the best care for the patients. The patient will also be kept up-to-date either by email or phone calls to allow the patient to feel part of the program and to ask about any enquiries. Endo program patients are integrated into Toniq for easy streamlining of information for efficient cross checking and monitoring for the pharmacist. The link of these applications to Toniq can also serve to alert staff to any problem that may occur to patients at high risk and trigger rapid critical actions. Toniq can process the data in various ways for planning, stock control, estimating demand, allocating resources etc. Staff performance can also be monitored. Another important function is to improve health system accountability.

Risk Management:

Each pharmacist part of the Endo program will hold equal responsibility within the business. Regular meetings will be held to discuss any new ideas and initiatives in the presence of all the pharmacist involved, to minimise disagreement/conflict. Ideas will only be followed through when everyone agrees, to ensure unity within the pharmacy. Once harmony on initiative ideas are achieved, the community pharmacist and staff can then deliver the service to the hospital pharmacist. Any damages outside the pharmacy, at the patient’s house, will not be covered by the pharmacy and will be made clear at the very start of the sign up. If the patients’ time schedule does not meet our opening hours, after-hour visits will solve this matter. This improves access to all customers with a tight time schedule. The pharmacist and staff working schedule will be agreed upon discussion where everyone will feel comfortable with their suited time schedule.

SWOT Analysis:

<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Unique</b> service that no other pharmacies offer.</li> <li>▪ <b>Location</b> of pharmacy is situated at the heart of the city and close to the local hospital.</li> <li>▪ <b>Home-visits</b> offer convenience to frail discharge patients who need the service the most.</li> <li>▪ <b>Steady</b> stream of patients discharged from hospital (growing the pool of potential clients for the Endo Program).</li> <li>▪ <b>Pharmacists</b> already possess the necessary skills and knowledge to work closer with patients.</li> </ul>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Funding</b> success of program is dependent on hospital’s cooperation</li> <li>▪ <b>Fewer</b> pharmacists will be in the store to help customers.</li> <li>▪ <b>Training</b> for further accreditation (e.g., vaccinator) required for new pharmacists who wish to work on Endo Program.</li> <li>▪ <b>Fatigue</b> due to extended hours of operation.</li> <li>▪ <b>Insurance</b> may not cover accidents occurring outside of pharmacy premise</li> </ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Collaborative</b> solution to solving readmissions.</li> <li>▪ <b>Evolve</b> the public’s perception of pharmacists and the level of healthcare we can provide.</li> <li>▪ <b>Broaden</b> outreach to a subset of the population who need pharmacy services the most but face barriers.</li> <li>▪ <b>Gain</b> competitive edge over other pharmacies.</li> <li>▪ <b>Forming</b> stronger bonds with the local hospital and their patients.</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>▪ <b>Patients</b> are against the idea of home-visits and do not wish to enter the Endo Program.</li> <li>▪ <b>Regulation</b> changes restricting which services pharmacists can provide and where they can be provided.</li> <li>▪ <b>Endo</b> Program does not meaningfully reduce rate of readmissions.</li> <li>▪ <b>Hospital</b> takes idea and launches their own version using contractors.</li> </ul>

## FINANCIAL FORECASTS\*

Income	2018	2019	2020	2021
<b>Total Sales</b>	\$3,085,229	\$3,016,368	\$3,129,854	\$3,192,451
<b>COGS</b>	\$1,988,122	\$1,950,474	\$1,948,496	\$1,961,689
<b>Gross Margin</b>	\$1,097,108	\$1,065,894	\$1,181,358	\$1,230,762
<b>Other Income</b>	\$44,785	\$64,805	\$85,329	\$127,312
<b>Gross Margin + Other Income</b>	\$1,141,893	\$1,130,699	\$1,266,687	\$1,358,074
<b>Total Revenue</b>	<b>\$3,097,139</b>	<b>\$3,081,173</b>	<b>\$3,215,183</b>	<b>\$3,319,763</b>

Expenses	2018	2019	2020	2021
<b>Salaries and wages</b> <sup>[1]</sup>	\$385,656	\$397,226	\$409,143	\$421,417
<b>Rent paid</b> <sup>[2]</sup>	\$157,350	\$158,924	\$160,513	\$162,118
<b>Outgoing - Rental &amp; Rates</b> <sup>[3]</sup>	\$21,079	\$7,124	\$7,338	\$7,558
<b>Accounting</b> <sup>[4]</sup>	\$7,905	\$9,881	\$10,276	\$10,687
<b>Advertising</b> <sup>[5]</sup>	\$37,183	\$41,038	\$38,986	\$40,738
<b>Bank charges</b> <sup>[6]</sup>	\$9,253	\$8,627	\$9,003	\$9,295
<b>Computer/IT expenses</b> <sup>[7]</sup>	\$11,795	\$15,795	\$15,953	\$16,113
<b>Depreciation</b> <sup>[8]</sup>	\$34,289	\$39,289	\$37,126	\$38,282
<b>Electricity</b> <sup>[9]</sup>	\$11,915	\$13,702	\$14,113	\$14,537
<b>Insurance</b> <sup>[10]</sup>	\$10,107	\$9,049	\$9,390	\$9,577
<b>Interest paid</b> <sup>[11]</sup>	\$54,231	\$52,604	\$51,026	\$49,495
<b>Leasing expenses</b>	\$5,340	\$4,870	\$5,634	\$6,066
<b>Motor vehicle expenses</b> <sup>[12]</sup>	\$4,942	\$7,762	\$9,935	\$12,717
<b>Postage, freight, printing</b>	\$12,255	\$10,368	\$10,679	\$10,999
<b>Repairs, maintenance, service</b>	\$4,812	\$4,956	\$5,105	\$5,258
<b>Subs and registrations</b>	\$8,910	\$8,999	\$9,089	\$9,180
<b>Superannuation</b> <sup>[13]</sup>	\$39,940	\$36,196	\$37,558	\$38,309
<b>Telephone</b>	\$5,640	\$5,809	\$5,984	\$6,163
<b>Training</b>	\$2,450	\$2,524	\$2,599	\$2,677
<b>Abnormal expenses</b>	\$14,350	\$2,154	\$2,219	\$5,301
<b>Payroll taxes</b> <sup>[14]</sup>	\$5,885	\$6,033	\$6,260	\$6,385
<b>Workers' compensation</b> <sup>[14]</sup>	\$3,615	\$3,016	\$3,130	\$3,193
<b>Other expenses</b> <sup>[15]</sup>	\$64,610	\$16,208	\$16,694	\$17,195
<b>Total expenses</b>	<b>\$913,511</b>	<b>\$862,154</b>	<b>\$877,753</b>	<b>\$903,260</b>
<b>EBIT</b>	<b>\$228,382</b>	<b>\$268,545</b>	<b>\$388,934</b>	<b>\$454,814</b>
<b>Tax (28% flat rate)</b>	-	\$75,193	\$108,902	\$127,348
<b>Net Income</b>	<b>\$228,382</b>	<b>\$193,352</b>	<b>\$280,032</b>	<b>\$327,466</b>

Revenue analysis	2018	2019	2020	2021
<b>Prescription</b> <sup>[16]</sup>	\$1,865,221	\$1,771,960	\$1,860,558	\$1,897,769
<b>Other sales</b> <sup>[17]</sup>	\$1,220,008	\$1,244,408	\$1,269,296	\$1,294,682
<b>Other income</b> <sup>[18]</sup>	\$44,785	\$64,805	\$85,329	\$127,312

\*Figures have been adjusted for inflation using the RBNZ upper inflationary target of 3%

- [1] Accounting for bonuses, salary increases and new minimum wages.
- [2] 1-2% increase in rent per year due to appreciation in value of underlying land.
- [3] Renegotiate the outgoing rental and rates with landlord.
- [4] Except for a large increase 2019 due to several new revenue streams and expenses, costs are forecasted to increase annually by ~4% (considering inflation and general cost increase) thereafter. Accounting expenses can vary and is unpredictable, though maintaining a good professional relationship with the same accounting firm should reduce risk of unexpected hikes.
- [5] Whilst it is beneficial to adopt lively marketing campaign, Endo pharmacy aims to promote the business and service initiatives through media pitches/publicity. Occasionally purchasing paid features across various media. We expect to spend more on marketing during 2019 but capping the total spend at \$45,000 per year thereafter.
- [6] Calculated as 0.28% of the 'total revenue' for any given fiscal year.
- [7] The Endo Program online forum is estimated to cost \$4,000 per year to maintain and implement minor upgrades. A 1% increase to this cost has been accounted for each year.
- [8] The pharmacy will purchase one new car valued at \$30,000 and depreciate its value accordingly (straight-line depreciation has been used with a salvage value of \$5,000 after 5 years).
- [9] Increased due to longer hours of operation.
- [10] 0.3% of total sales for the fiscal year.
- [11] The principal of the underlying load will be paid-off incrementally.
- [12] Endo Program will require extensive travelling. With an anticipated increase in number of enrolled patients year-on-year, motor expenses should increase accordingly and adjusted for inflation of fuel.
- [13] Yearly superannuation based on ~1.2% of total sales.
- [14] Calculated as a fixed percentage of total sales each year.
- [15] Assumed other expenses increases between 2017-18 is part of an ongoing expansion/facelift of the pharmacy which is near completion. 2019 reflects pre-expansion expenses and adjusted for inflation.
- [16] A 5% decrease in prescription revenue has been forecasted in 2019 due to focus on launching Endo Program. Followed by a recovery of 5% in 2020, and up to 2% increase in 2021.
- [17] Endo pharmacy will have wide-spread recognition in Dunedin and become increasingly popular because of the UNIVAX initiatives and Endo Program. Targeting a 2% increase in particularly Schedule 2 and non-scheduled medicine sales.
- [18] Increase revenue due to increasing capacity of the Endo Program. The following yearly enrolments figures into the Endo Program have been used to calculate revenue increase
- 2019 – 50 (40 high-risk; 8 medium-risk; 2 low-risk) = \$20,020
  - 2020 – 100 (80 high-risk; 10 medium-risk; 10 low-risk) = \$39,200
  - 2021 – 200 (160 high-risk; 30 medium-risk; 10 low-risk) = \$79,800
- According to the pricing model, an average \$14,000 cost of readmission has been assumed.