

**Understanding: Its importance to the management of community pharmacies in  
Australia**

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## ABSTRACT

*This paper explores the themes of business management competence that are regarded as most important for educating Australian community pharmacy managers. The business and health system environments of community pharmacy in Australia are changing significantly. Community pharmacy owners and managers have been slow to respond, with evidence that poor management capability is a cause. Ten key community pharmacy stakeholders, deemed to be national profession-leaders or experts in management, participated in a semi-structured focus-group interview. The findings highlighted the theme of 'understanding' as crucial to the development of the critical areas of management competence. These findings provide an informative departure point for further research which seeks to better understand management competence required by community pharmacists and how competence may be improved.*

## Keywords

Management competencies; Learning organisations; Skills development; Content analysis;

## INTRODUCTION

The business and health system environments of community pharmacy in Australia are changing significantly (Department of Health and Aging 2008; PGA 2009c; Roberts, Benrimoj, Dunphy, & Palmer 2007b). Change is being driven by two major forces: government changes to the health care system, and the emergence of strong and increasing inter-pharmacy competition. The Australian pharmacy profession through its peak bodies, recognises that such changes require immediate and careful consideration of new functions and roles for community pharmacists, to fit the emerging needs of a rapidly changing health care system (PGA 2010; PSA 2010).

Since the role of the community pharmacist is delivered mostly through the community pharmacy small to medium enterprise (SME) (Roberts, Benrimoj, Dunphy, & Palmer 2007a), researchers have also identified that capabilities in change management, organisational flexibility and business management will also need to be developed to ensure ongoing commercial viability ( Benrimoj, Feletto & Wilson 2010; Feletto, Wilson & Benrimoj 2008; Roberts et al. 2007a). The aim of the research addressed in this paper, is to explore the question: what themes of management competency are regarded as the most important for educating Australian community pharmacy managers? This study is a preliminary exploration for a larger project, focused on what constitutes management competence from the perspective of successful pharmacist business owners, managers and industry management specialists.

## RESEARCH BACKGROUND

For community pharmacy in Australia, the fundamental organisation is the community pharmacy practice. These outlets provide a range of health related needs such as provision of prescription medicines, non-prescription medications, specialised health related goods, as well as other products. Most community pharmacy revenue is earned from the sale of non-prescription medicines and government subsidised prescriptions (PGA 2009a; PGA 2009d). Nationally negotiated Community Pharmacy Agreements (CPA's) between the Commonwealth Government and the Pharmacy Guild of Australia (PGA) fix prescription remuneration arrangements and funding for particular pharmacy services (Department of Health and Aging 2010b). A synopsis of community pharmacy in Australia is shown in Table 1.

**[Insert Table 1 here]**

National health systems can be described as being comprised of three tiers of health care: self care, primary care and secondary care (Fry 1980). Self care refers to the activities and actions taken by individuals to maintain their health, which in turn might involve self diagnosis, self treatment and/or preventative actions. Primary care commences when an individual first seeks assistance from the health care system, usually by contact with a provider such as a medical practitioner or dentist. Secondary care commences when the individual moves into a higher care environment such as a hospital or other specialist institution. Australian community pharmacy sits at the crucial junction between the self care and primary care tiers (Berbatis & Sunderland 2008). A figure demonstrating the three tiers of health care and how they interrelate in Australia, is shown in Figure 1.

**[Insert Figure 1 here]**

## HEALTH CARE REFORM IN AUSTRALIA

Reforms to the Pharmaceutical Benefits Scheme (PBS) in 2007 were introduced by the Commonwealth Government 'to give Australians continued access to new and expensive medicines while the PBS remains affordable into the future' (Department of Health and Aging 2008: 1). The need to effect these and other reforms is in large part driven by federal government projections which show that government funded health costs will grow rapidly over the coming 40 years (Department of Treasury 2010). While overall demand for community pharmacy prescription medicines is likely to

greatly increase over this timeline, the PBS reforms are designed to deliver a significant drop in achievable margins from PBS dispensing, for pharmacies. Indeed, the PGA has obtained estimates that predict a reduction in pharmacy incomes up to 2015 of over \$1.2 billion, representing an average drop in gross profitability of \$259,000 per pharmacy over this time period (PGA 2009d).

More recently, during 2009-10 the Commonwealth Government has responded to the complex pressures operating on the health system by conducting several major reviews of Australia's health care system. Three of these reviews demonstrate the radical health care reform intentions presently under discussion. All three reviews, as well as others not mentioned here, are set to alter profoundly the dynamic flows between the three health care tiers described earlier and represented in Figure 1. Table 2 summarises the reviews, their focus in the health care system and their goals and/or priority areas. The connecting theme in all reforms and reviews is the aging Australian demography and a rise in the prevalence of chronic illness and the costs of treatments (PGA 2010, p.13).

**[Insert Table 2 here]**

### **MANAGEMENT CHALLENGES**

The scope and scale of change in Australia's health system will force all health care providers to adapt. In the coming five years, the immediate threat for community pharmacy comes from the drop in achievable gross profit margins from dispensing PBS prescriptions, effected by the PBS Reforms. However, for Australian community pharmacy, additional competitive forces apply (Woods 2009). Over the past 10 years, a significant proportion of community pharmacies have developed and grown business models based on highly competitive retail pricing, (eg, Chemists Warehouse group). This business model, which also requires low business operating costs, has grown rapidly in Australia, similar to other industry sectors, (eg Hardware - Bunnings, Office Supplies – Officeworks). This model is unprecedented in the community pharmacy sector. Many pharmacies struggle to compete in this business environment (Feletto et al. 2008; Smith 2010).

Indeed, there is concern within the community pharmacy industry sector that many owners and operators of community pharmacies lack the necessary managerial and leadership expertise to manage the emerging threats and weaknesses and at the same time successfully grow the opportunities and strengths (Annabel 2007; Benrimoj et al. 2010; Holland & Nimmo 1999; Roberts

2007) . This has been echoed in the UK where Ottewill, Jennings and Magirr suggest that community pharmacists: 'are often regarded as being ill-equipped to cope with the rigours of the ever increasingly competitive environment.' (2000: 253). Assertions that Australian community pharmacy owners possess poor retail and business management skills, are losing retail sales to supermarkets, and losing over the counter (OTC) medicines and prescription business to the low price 'discount' pharmacy models have also been published (Annabel 2007).

### **STRATEGIC AND RESEARCH DEVELOPMENTS**

The challenges caused by rapidly escalating health costs are also experienced by many other developed nations. The need for constructive responses, to ensure continued professional and commercial viability, is echoed by the community pharmacy sector of several other countries comparable to Australia. Strategic reviews on the future of community pharmacy have been tabled for example in New Zealand (Pharmacy Sector Action Group 2004), England (Great Britain Department of Health 2008), and Canada (Canadian Pharmacists Association 2008). In Australia, the Pharmaceutical Society of Australia (PSA) has recently released their 'Issues Paper on the Future of Pharmacy in Australia' (PSA 2010) and the PGA has published their strategy document 'The Roadmap – The Strategic Direction for Community Pharmacy' (PGA 2010). The recurring themes in these international reviews are centred on community pharmacy's need to adapt to better align with emerging health system needs (PGA 2010; PSA 2010).

Most consistent in the suggestions regarding role change is the shift in focus from product supply, to a focus which encompasses professional pharmacy services<sup>a</sup>. This shift has been a common theme in the pharmacy practice literature for at least two decades (Roberts, Benrimoj, Chen, Williams & Aslani 2006), and the Australian government has embedded payment for several services in more recent CPA's, including the current fifth agreement (Department of Health and Aging 2010b). Indeed, the increasing introduction of services is seen as a crucial element in preserving and growing community pharmacy viability (PGA 2010).

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<sup>a</sup> Professional pharmacy service refers to pharmacists using their specialised professional skills and knowledge to improve the therapy of patients through processes and communication with both patients and other health professionals.

However, research evidence from Australia as well as other countries shows that community pharmacists have not thoroughly embraced service delivery initiatives as part of the community pharmacy business model (Bond 2003; Desselle & Zgarrick 2004; Roberts et al. 2007a), due to their inability to effectively execute the required business and operational changes (Benrimoj et al. 2010). Various investigations have been undertaken to identify the barriers and facilitators to the implementation of services (Berbatis, Sunderland, Joyce, Bulsara & Mills 2007; Roberts et al. 2004; Roberts et al. 2006; Roberts et al. 2008), and a major industry-wide change management research project was completed in 2004 (Dunphy, Palmer, Benrimoj & Roberts 2004). However, despite a significant advance in the understanding of what needs to be done to manage business model change, community pharmacy has been slow to embrace this change (PSA 2010).

In more recent research, Benrimoj et al (2010) identified, at a community pharmacy organisation level, areas that would positively affect the building of capacity to increase the rate of implementation of professional pharmacy services. The findings most relevant to this paper were that service implementation needs to be approached in a holistic way, taking into account the business and professional environment in which community pharmacy operates, and that community pharmacy owners need more practical business management assistance to develop the capacity to change and adapt in this new environment (Benrimoj et al. 2010).

### **THE NEED FOR FURTHER RESEARCH**

While the move towards professional pharmacy services is indeed a vital strategic imperative, this transition is only part of the overall management concern for Australian community pharmacy, and may not be the most significant business model focus for many community pharmacies in the future. Also, this model may not be the most sustainable model if it is engaged as a reactive or defensive business strategy (Feletto, Wilson, Roberts & Benrimoj 2010).

The management challenge for the community pharmacy SME will continue to grow, particularly given the changing structures of community pharmacy practices, where many pharmacies for example, now have annual sales turnover well in excess of A\$5 million with staffing numbers exceeding 50 (PGA 2009a). Multiple practices, franchises and chains have also grown rapidly over the past 10 years and many owners are now establishing multiple practices as a means of gaining the

necessary economies of scale to cut relative productivity costs and respond to competition (Feletto et al. 2008). Pharmacy owners and managers competent in management will be crucial in the continued development of diverse and sustainable community pharmacy business models.

It is generally accepted that turbulent and dynamic business environments require managers with advanced management expertise to ensure commercial survival (Hartman & Crow 2002). For community pharmacy, the increasing commercial pressures such as increasing competition, lower margins, higher overheads and the need to adapt current business models, emphasises the need for managerial competence (McGee & Peterson 2000; Ottewill et al. 2000; Roberts et al. 2008). So far, valuable research has shed light on the management actions needed to accomplish transition to delivery of professional services ( Benrimoj et al. 2010; Roberts et al. 2007a). Further research is needed however, focused on what constitutes overall management competence from the perspective of successful pharmacist business owners, managers and industry management specialists.

### **METHODOLOGY AND METHODS**

The intention to undertake research presents the researcher with a range of choices concerning the theoretical approach and the methods which might be used to advance it. A suitable approach is guided by the nature of the research as well as the position adopted by the researcher (Liamputtong 2010). The intent of this study was to explore the views of people deemed to be both stakeholders in the community pharmacy industry and leaders in their field. This intent implies that words, stories, points-of-view and verbal interactions are sought from the participants. A qualitative and interpretive approach was therefore considered most suitable. As expressed by Grbich , the interpretive paradigm focuses on ‘exploration of the way people interpret and make sense of their experiences in the worlds in which they live, and how the contexts of events and situations and the placement of these within wider social environments have impacted on constructed understanding’ (Grbich 2007: 8).

While conducting interviews with individuals can be very effective in exploratory research, interviews do not easily permit assessment of a ‘collective perspective’ (Liamputtong 2010: 62). For this reason the focus group method of enquiry was selected. Participants of a focus group can not only affirm collective views, but can also express their different and diverse opinions, in interaction. Thus

the focus group is seen as most useful for generating experiences, insights, perceptions, attitudes, and beliefs (Liamputtong 2010).

### **Sample Selection**

A purposive sample of people from the pharmacy industry, deemed to be key stakeholders, such as industry leaders and/or experts in pharmacy management and education was used to select the focus group participants. Ten participants were selected. Participants held diverse and high-profile roles such as leader of national pharmacy peak body, senior pharmacist manager from the public health sector, pharmacy financial consultant, highly successful pharmacy owner-manager, and educators and academics specialising in pharmacy management.

### **Focus Group Data Collection**

The focus group meeting lasting 3 hours was lead by an experienced focus group moderator who navigated the questioning and discussion in a semi-structured but relaxed way (Liamputtong 2010). The research question informed the development of the question-route for the moderator, commencing with introductory remarks and questions, followed by a range of transition questions, focus questions, and finally summarising and concluding questions and remarks (Halcomb, Gholizadeh, Phillips & Davidson 2007). A note taker functioned separately from the moderator to manage the digital recording of the discussions and take notes on matters within and surrounding the discussion.

## **DATA ANALYSIS AND RESULTS**

The focus group discussion was digitally recorded, with permission from the participants, and transcribed verbatim. Thematic analysis was used to analyse the focus group data (Krueger 1998). Conventional content analysis (Hsieh & Shannon 2005) was the approach used to extract the concepts contained in the data.

Concepts are words or phrases that stand for ideas contained in the text (Corbin & Strauss 2008). Careful manual review of each line of the text, speaker contribution, and then the text as a whole permitted the reclassification of the concepts into higher-order categories based on their conceptual significance (Krueger 1998). Categories are also known as themes (Corbin & Strauss 2008). This analysis revealed five themes within the complete data set as shown in Table 3.

**[Insert Table 3 here]***Theme 1: Need*

The interview data gave insight into a pent up need or desire by pharmacists, to gain management education and training. Participants described evidence of high interest by pharmacy students in management topics and educational training activities. One participant described how some pharmacists are seeking education and training in pharmacy management by enrolling in overseas courses, because of the lack of suitable educational offers in Australia: 'I mean I know pharmacists doing modules in the USA because that's how out of place they feel (with) what they have now.'

(Leader-A)

*Theme 2: Resistance*

Contrary to the first theme, several participants also shared experiences where pharmacist owners and managers expressed significant resistance to the suggestion that they consider improving their management expertise: 'what I observe is that most pharmacists don't really want to know about business management and don't really want to know about strategy.' (Pharmacy consultant-A). Other participants expressed similar views that pharmacists were quick to ignore the idea of some business management processes: 'a percentage (of pharmacists) will say this is irrelevant. I don't need this.'

(Leader-B)

*Theme 3: Unique*

There was agreement that community pharmacy in Australia is a unique business model when compared with other models in the health care or retail sectors. Participants discussed the main characteristics that make this industry sector unique which are: 1. the high level of regulation and how the regulations affect the conditions of the sale of pharmacy goods and services; 2. the dual identity of the pharmacy client, who is sometimes 'a patient' and at other times 'a retail customer'; 3. the dual focus of the business strategy, with one focus being to satisfy national agreement between the government and the PGA, and the other focus being to respond to strong inter-pharmacy competition: 'there are things that apply to everyone, that's common-good stuff, and then there's kill-your-neighbour stuff.' (Leader-B).

#### *Theme 4: Understanding*

Several concepts discussed by participants merged to create this theme. The link between the concepts is that participants spoke of the need for a change in understanding within the concepts, so that some level of critical understanding was reached in all of them. For example, lack of understanding was identified as a cause of the absence of strategic skills: 'They don't know what they need to know in order to manage properly and to improve their business in a strategic sense, which brings in the twin elements of customer-understanding, and secondly, what's the position of the competition.' (Pharmacy consultant-A). Also: 'Its important that you understand strategic planning, and all those sorts of things, before you can implement. But I think there's still a step before that, and that's understanding the economics of things, and legal aspects, those theoretical things that put pharmacy in context.' (Senior pharmacist manager-B).

But perhaps the most representative contributions to summarise this theme centred on the need for a particular way of thinking: 'but it's a state of mind you have to be in before you can absorb management issues.' (Senior pharmacist manager-B). Also: 'There's a higher order of things and quite often you find that pharmacy, private and public sector, are very isolated and just think 'drugs', and you have to stop thinking about just the management of drugs, and think about the whole system.' (Senior pharmacist manager-B).

#### *Theme 5: Performance*

The participants discussed performance as including the implementation and execution of strategy, being able to manage processes, being able to know what key performance indicators (KPI's) to measure, and how to respond to those measures. Performance was discussed in terms of it being a cyclical process and necessarily flexible: 'I don't tie ourselves down to a particular pathway and have to stick to it because things happen and you've got to be able to respond to it and be flexible, and to look at how you're going and be prepared to re-jig things.' (Senior pharmacist manager-A).

However, participants discussed that competent performance depended on understanding the strategy needing to be implemented: 'So there's no point in measuring them (financial and other KPI's) unless you know what your strategy is.' (Pharmacy consultant-A)

## DISCUSSION

The three themes 'unique', 'resistance', and 'need' reflect the current position of the industry and the managers and owners within it. Community pharmacy is indeed a unique SME business model due to its locus and function in the health system. The participants also acknowledged the coexistence of the resistance by pharmacist managers to the development of business and strategic management capabilities on the one hand, as well as the evidence of some high interest or 'need' for these same capabilities on the other. This reflects an existing tension among pharmacist managers between a desire to keep to the status quo and a desire to grow capabilities and change. Indeed, the perception that interest in management capabilities is growing could be seen as evidence that the industry is increasing in readiness for change, albeit from a more reactive than anticipatory motivation.

The most important and prevalent theme interpreted from the data is that of 'understanding'. This theme was approached from multiple viewpoints concerning multiple topics, represented by the concepts pertinent to this theme, listed in Table 3. The interpretation is that some level of critical understanding is required in these concepts, which then forms part of the constituents of management competency in other managerial domains, such as strategy creation and implementation, as well as operational management (performance). For example, pharmacist managers need to have significant understanding about organisational theory and behaviour for community pharmacy to be able to integrate seamlessly into a new and more interactive position in the tiers of the health system. This was seen as an essential precursor for developing harmonious and constructive inter-organisational communication between the health sector tiers.

Also, the successful development and implementation of a viable strategy was seen to depend on understanding a clear and cogent vision of what the business is to become. Further, a sustainable business vision was seen as needing to be congruent with the owner and/or manager's own understanding of their deeper personal values and purpose. This is consistent with the views of Collins and Porras (1996) who posit that a sustainable business vision consists of two major components: core ideology and envisioned future, suggesting that an individual's core ideology must be embedded within the vision for the future.

The data also revealed the problem of pharmacist managers showing strong tendencies to engage in 'linear thinking' in managing, characterised by sequential and formulaic approaches to problem solving and strategic management. The alternative thinking method, viewed as more successful, is 'systems thinking', characterised by an understanding of how the individual elements of a business and its challenges interact as a whole system within the overall context. This resonates with the views of Kofman and Senge (1993), who raise the 'linear thinking' tendency within the notion of 'fragmentation'. These researchers highlight the discrepancy between the 'systemic' challenges faced by modern organisations, with the way many managers 'fragment problems into pieces' and deal with each in an order, and in isolation to try to resolve the challenge. They suggest that with most important problems, linear thinking is ineffective, and call for a change to 'fragmentary mental models' (1993: 8) suggesting a move toward capabilities which seek deeper understanding through a 'systems view of life' (1993: 14).

The link between 'understanding' and work performance is elegantly demonstrated in research by Sandberg (2000). Sandberg's seminal study with workers in the motor engineering industry showed that differing levels of 'conception of work' correlates with differing levels of competence in undertaking that work: 'It is the workers' ways of conceiving work that make up, form, and organize their knowledge and skills into distinctive competence in performing their work' (2000: 20). A study of medical students by Dall'alba (2002) demonstrates similar findings. She found that a student's understanding of medical practice creates differences in their approach to treatment, from that of treating a patient's symptoms and disease in isolation, to a broader approach encompassing concern for a patient's overall health and life quality.

The preliminary and exploratory nature of this study delivers limitations regarding the ability to generalise the findings. This study was ostensibly designed as a pilot and a guide for a larger research project now being undertaken. Data were gathered from only one focus group and the subjective nature of the data analysis leaves open the potential for bias in the development of concepts and themes. However, the focus group method also provided many opportunities to confirm a collective perspective from the participants increasing credibility of the findings. The larger research project currently being conducted will address these limitations.

## CONCLUSION AND IMPLICATIONS

This preliminary and exploratory research sought to explore what themes of management competency are regarded as the most important for educating Australian community pharmacy managers, now and in the future. Using the qualitative approach of a focus group discussion, this study has provided valuable insights from a range of leading stakeholders in the Australian community pharmacy industry. It is firmly perceived that the changes evolving in and around Australian community pharmacy are more fundamental than incremental, and as such require community pharmacy managers to develop new management skills and different ways of thinking.

The theme of 'understanding' emerged as the most prevalent and important issue to be addressed for educating community pharmacist managers. The interpretation is that some level of critical understanding is required in certain concepts, which then forms part of the constituents of management competency in other managerial domains such as strategy creation and implementation, as well as operational management (performance). This preliminary finding is consistent with the cited findings of other researchers (Sandberg 2000; Dall'alba 2002).

The major implication from this study is that, to achieve industry transformation, pharmacy management development and training activities may need to be approached from a perspective of 'development of understanding', rather than from the perspective which seeks to transfer skills and abilities to the population of pharmacy managers who are perceived to need them (Sandberg & Targama, 2007). However, further research needs to be conducted to explore the domains of understanding which are perceived as essential for the development of competent pharmacy managers. This research, which has already commenced, will also address the limitations described in this study. The findings of this study provide an informative departure point for research which seeks to better understand the management competence required by community pharmacists.

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**Table 1. Australian Community Pharmacy: A Synopsis**

<p><b>Characteristics of Australian Community Pharmacy</b></p> <ul style="list-style-type: none"> <li>➤ Annual revenue of \$12.9 billion, of which \$9 billion is in prescription sales (PGA 2009a)</li> <li>➤ Approximately 5,000 community pharmacies across Australia (PGA 2010),</li> <li>➤ Ownership restricted to registered pharmacists or structures controlled by registered pharmacists; (Small number of exceptions) (Benrimoj &amp; Roberts 2005);</li> <li>➤ Employs over 12,000 registered community pharmacists and over 30,000 pharmacy assistants (PGA 2009b);</li> <li>➤ Community pharmacy's central role is professional – to dispense prescribed medicines and to provide other medicines legally requiring pharmacy or pharmacist oversight in supply (PSA, 2010);</li> <li>➤ Increasing emerging role in providing a range of professional services (Benrimoj &amp; Frommer 2004; Benrimoj &amp; Roberts 2005).</li> </ul> <p><b>Community Pharmacy Revenue Sources</b></p> <ul style="list-style-type: none"> <li>➤ Prescription and over-the-counter (OTC) medicine sales account for 85-90% of total sales revenue (PGA, 2009a; PGA, 2009d),</li> <li>➤ Revenue from all other goods and services accounting for approximately 10% to 15%. (PGA 2009a);</li> <li>➤ In 2009, the average ratio of prescription sales to non-prescription sales was 70:30 (PGA 2009a);</li> <li>➤ This ratio has climbed from a ratio of approximately 50:50 in 1990 increasing community pharmacy's vulnerability to government changes to prescription remuneration system (PGA 2009d);</li> </ul> <p><b>Community Pharmacy and the Pharmaceutical Benefits Scheme (PBS)</b></p> <ul style="list-style-type: none"> <li>➤ The PBS as a government funded prescription subsidy scheme was commenced in the 1950's (Department of Health and Aging 2010c; Sloan, 1995)</li> <li>➤ Today it has grown to contain over 3,500 different pharmaceutical brands (Department of Health and Aging 2010a);</li> <li>➤ In the financial year of 2007-8, 249 million prescriptions were dispensed by Australian community pharmacy (PGA 2009a);</li> <li>➤ Of this number, 185 million or 74% were supplied under the PBS subsidy arrangement (PGA 2009a);</li> <li>➤ Supply of the medicine to the patient requires the patient to pay a limited co-payment (Benrimoj &amp; Frommer 2004);</li> </ul> <p><b>Community Pharmacy – Government Agreements (CPA's)</b></p> <ul style="list-style-type: none"> <li>➤ Community pharmacy agreements (CPA's) between the Commonwealth Government and the Pharmacy Guild of Australia (PGA) establish the remuneration rules and formulae for dispensing pharmaceuticals under the PBS;</li> <li>➤ The CPA's have been undertaken at 5-year intervals over the past 20 years;</li> <li>➤ The CPA's also set out the priorities and funding for a range of pharmaceutical care services which can be delivered by participating community pharmacies;</li> <li>➤ The fifth CPA was signed in May 2010, with implementation set for July 1, 2010 and locks in cuts to projected community pharmacy revenue of over \$1 billion in the 5 year agreement period ( Department of Health and Aging 2010b; Sclavos 2010).</li> </ul>
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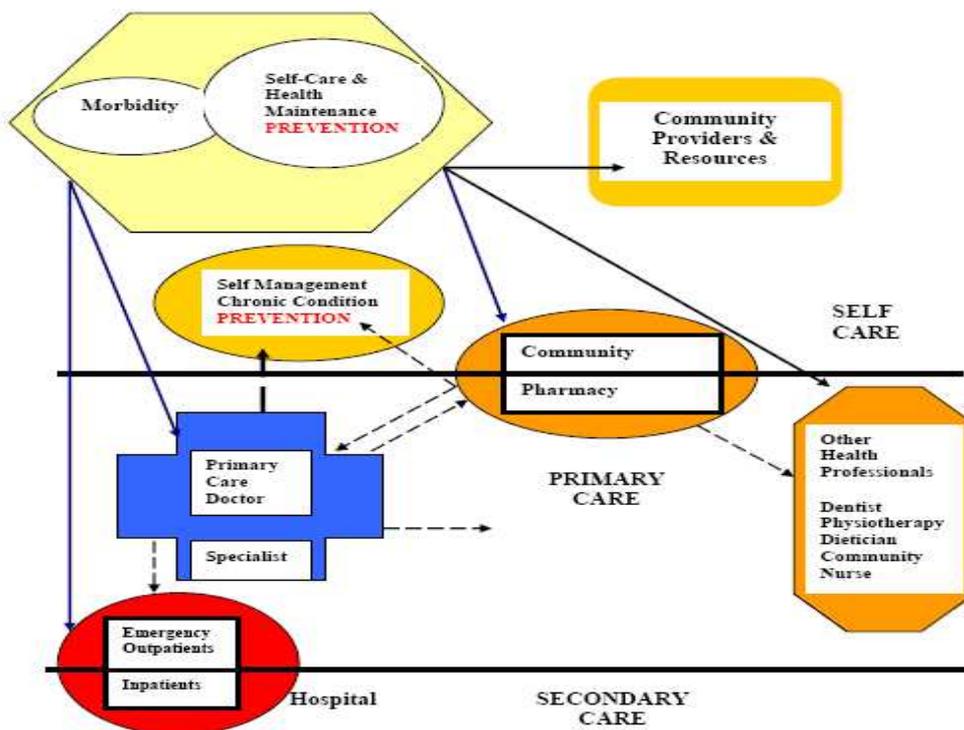
**Table 2. Summary of major reviews of Australia's health care system**

<b>Review/Report</b>	<b>Health System Focus</b>	<b>Main Goals/Priority Areas</b>
'The Impact of PBS Reform'. Report to Parliament on the 'National Health Amendment (Pharmaceutical Benefits Scheme) Act, 2007' (Department of Health and Aging 2010a)	Primary care (Community Pharmacy) and pharmaceutical manufacturers.	<ol style="list-style-type: none"> <li>1. A series of statutory price reductions for a range of PBS-listed pharmaceuticals;</li> <li>2. Progressive introduction of a system of price disclosure to the government by manufacturers of their 'cost-price-to-pharmacy' prices;</li> <li>3. Government using the disclosed 'cost-price-to-pharmacy' as a means of lowering the PBS cost prices over time;</li> <li>4. Changing the community pharmacy mark-up structure for dispensing PBS medicines;</li> <li>5. Implementing a range of financial incentives for community pharmacy in the transition phase.</li> </ol>
'A Healthier Future for All Australians', National Health and Hospitals Reform Commission [NHHRC] Report (NHHRC 2009)	Self care, Primary care and Secondary care.	<ol style="list-style-type: none"> <li>1. Tackling major access and equity issues that affect health outcomes for people now;</li> <li>2. Redesigning the health system so that it is better positioned to respond to emerging challenges; and</li> <li>3. Creating an agile and self improving health system for long-term sustainability', (2009: 3)</li> </ol>
'Primary health care reform in Australia', Department of Health and Aging (Department of Health and Aging 2009b)	Primary care as it relates to Self care and Secondary care.	<ol style="list-style-type: none"> <li>1. Improving access and equity;</li> <li>2. Better management of chronic conditions;</li> <li>3. Increasing focus on prevention; and</li> <li>4. Improving quality, safety, performance and accountability, (2009: 27)</li> </ol>
'Australia: The Healthiest Country by 2020', Preventative Health Taskforce (Department of Health and Aging 2009a)	Self care as it relates to Primary care and Secondary care	<p>Prevention strategies which concentrate on addressing the rising community rates of</p> <ol style="list-style-type: none"> <li>1. Obesity,</li> <li>2. Excessive consumption of alcohol, and</li> <li>3. Tobacco smoking and</li> <li>4. To reduce the life expectancy gap between indigenous and non-indigenous people, (2009: 7)</li> </ol>

**Table 3. Identified concepts and themes from focus group transcript.**

<b>Concepts</b>	<b>Themes</b>	<b>Explanation</b>
1. Evidence of a need	1. Need	Evidence of pharmacist need or desire for management education
2. Pharmacist resistance	2. Resistance	Experience that some pharmacists are resistant to taking interest in management
3. Community pharmacy is unique	3. Unique	Community pharmacy is a unique business model in Australia
4. Organisational understanding 5. Envisioned future 6. Strategy which fits 7. State of mind	4. Understanding	Gaining understanding in several management and personal domains is a vital precursor to gaining ability to develop management competence
8. Competent performance	5. Performance	Ability to innovate and implement strategy and flexibly carry out the management cycle

Figure 1. The three tiers of the health care system and how they interrelate.



Adapted from Berbatis & Sunderland (2008). Solid arrows indicate direct access and first contact, dotted arrows indicate referral and second contact.