

**NaturEd Pharmacy
Business Plan**

**NATIONAL STUDENT BUSINESS PLAN COMPETITION
UNIVERSITY OF AUCKLAND REPRESENTATIVES**
NaturEd Pharmacy Team Members: Akhila Puthigae, Surbhi Patel
Sean Turner & Philip Cabasag



Quality Health Care Begins With You

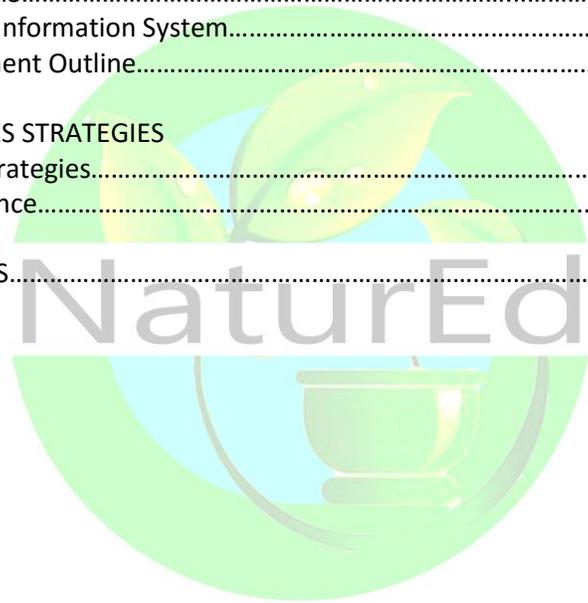
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1. EXECUTIVE SUMMARY

a. Mission Statement

At NaturEd pharmacy we believe that quality health care begins with you. We believe that the most important people involved in patient healthcare are the patients themselves. This is why we invite the patients to take care of their own health. We have three core values: Education, Healthy Lifestyle Choices and Natural Health. We believe that by educating patients about their conditions in a fun and accepting environment, as well as equipping them with proven and successful strategies to look after their health, we can improve health outcomes and foster happier and stronger communities. **We don't just hand over medicines packed in a bag – we make sure the patient knows every detail about their medication, the nutritional depletions it may cause, and how to effectively use complementary and herbal products to aid in the treatment of their conditions.**

b. Business Overview, Location and Demographics

NaturEd Pharmacy is located only 5 minutes outside of the Central Business District of Rotorua, New Zealand's tourism capital. We are an independent Pharmacy in a small shopping precinct, aiming to eliminate the large health disparities faced by the local Maori and Pacific communities. NaturEd is the pharmacy that Rotorua needs and deserves.

2. PHARMACY DESCRIPTION

a. Innovative Professional Service

It is the 21st century. The world is becoming increasingly fast paced. Technology is progressing at a higher rate than ever seen and health care is constantly changing to keep up with the world. With these advancements, the expectation is that the health of the nation would be improving; this is unfortunately not the case. In fact, the incidence of preventable diseases/conditions is higher than ever and continually growing, partly because of poor lifestyle choices. Only 1 in 7 New Zealanders claim to follow a healthy lifestyle. Our pharmacy is located in Rotorua, which has a population of approximately 65,000 people. It is the home to 3.7% of New Zealand's Maori population, ranking 4th in New Zealand's 67 districts. Adults are 1.7 times more likely to be obese in Rotorua than in other parts of New Zealand and children are 5 times more likely to be obese. Unfortunately, 1 in 5 Maori children and 2 in 5 Maori adults are obese, which is higher than the national average. Clearly, there is a worsening disparity that needs to be addressed and we are placed appropriately to cater for this community's needs. These disparities in health can be mirrored with the indigenous population in Australia. Kiwis know that there is a problem and there just does not seem to be the time or the means to follow a healthy lifestyle. The indigenous Maori make up the majority of Rotorua's population, generally have low health literacy and are deprived. A common misconception is that whanaus from low socioeconomic areas cannot afford quality healthcare and as a result, they do not want to invest in other products, like herbal medications. In our experience, we have found that the underprivileged greatly value delivery of quality healthcare and if they believe that it will benefit them or their family then they are willing to pay for these services or products.

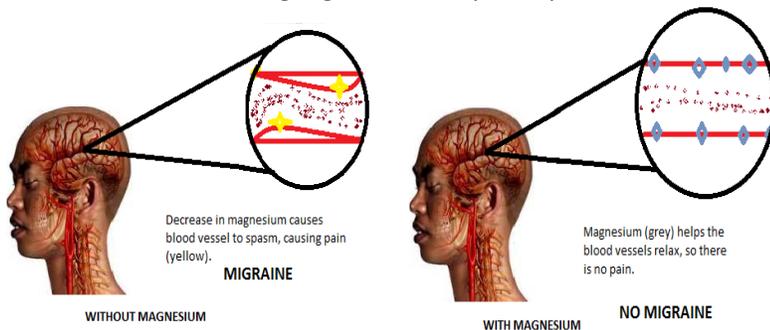
We give our full attention to our customers to deliver quality healthcare and also sell products at more affordable prices compared to other pharmacies which increases our profits in the quantity sold rather than the profit margin. Furthermore, we encourage the dispensing of generic medications over branded, as they offer our pharmacy better profitability without compromising quality. At NaturEd, we have decided to target the root cause of health problems by teaching Kiwis how to be in charge of their own well-being and to make smarter choices. By improving lifestyle factors, we can prevent long term conditions and slow down the progression of established diseases.

We believe that the regular use of natural and herbal products, such as those provided by Blackmores®, can also contribute to a healthier lifestyle by preventing the onset and worsening of illnesses or providing general comfort. Examples include CoQ10 supplementation in patients who take statins. This has been proven to improve heart muscle strength and inhibit the breakdown of muscle, thus preventing rhabdomyolysis. Co-supplementation of selenium and CoQ10 increases survival rates after cardiac events. Vitamin C not only has conventional immune support benefits but interestingly has also been proven to increase endothelial function, especially in smokers, which increases the structural integrity of arteries, reducing cardiovascular disease risk. St John’s Wort has also been documented to improve symptoms of depression, but is often taken without the consultation of a Pharmacist, who is aware of the potential for serious interactions with other medications. However, new science suggests there is evidence that the solid lipid formulation of curcumin can have a similar effect to 20mg of fluoxetine and may be a preferred supplement. By promoting the safe use of these natural products, we are ensuring patients get the best health outcomes. We also ensure that herbal products are only sold to the appropriate patients.

Pharmacies are the first point of contact for many people, not only to pick up prescriptions but also in the hope to conveniently find a health solution without a doctor’s visit. The role of the community pharmacy is to improve the community’s health by counselling patients on effective medicines use. However, in today’s world, this has become deprioritized, either because the patients are too busy to understand their health needs or the pharmacist focuses more on managerial tasks or being too profit driven as opposed to servicing the community. NaturEd provides an innovative service which goes back to basics - but with a twist! We introduce the “NaturEd EduCare Clinic” which allows us to build trusting relationships with the members of our community. We spend more time with individual patients to make an active difference in their lives. Our pharmacists are accredited as medical herbalists and nutritionists, which in conjunction with extensive knowledge in effective medication use and management, improves our patients’ well-being.

It has been proven that patients only retain 10% of counselling points that pharmacists give and this would decrease further with lower health literacy. The use of visual aids have been found to increase retention of information. We have a programme and application to help us serve this purpose: the “EduCare” programme and the “NatureEd” application. “EduCare” is used by the pharmacist incorporating visual aids to provide information about diseases, how drugs work and complementary herbal products. For example, ACE inhibitors and Angiotensin II receptor blockers alongside thiazides cause zinc deficiency, making supplementation essential. This could be beneficial in hypertensive patients as zinc only stays in the body for three to four days, and is vital to endothelial and arterial wall integrity. The programme and application is available in different languages, and helps us provide our local and tourist clientele with natural health

advice. The application is also simple and easy to follow, especially for those who have low literacy.



Consultations also involve a discussion about the patient's lifestyle such as drinking, smoking, diet and weight loss. During these consultations we measure and record this information so that both the pharmacist and

patient can access and track progress. We also measure the patient’s BMI, cholesterol, blood pressure, glucose levels and INR levels (if appropriate), which we record consistently and explain to the patient. If the patient wants a more individualised approach in terms of diet, our pharmacists are able to devise a tailored care plan and we charge \$50 for this.

“NaturEd” is an application that the patients can download on their phones or tablets to access their individualised information and record their self-management outside of the pharmacy setting. It includes a list of their medications (prescription, over the counter, natural and herbal), the indication of those medications and the dosing regimens. There are regular and automated reminders tailored to the patients’ medications schedules, repeats, and held medications. When they have run out of repeats for a regular medication, they are reminded to visit their GP for a new prescription and a check-up. This coincides with their next meeting with us, where we discuss the health goals that they have set and congratulate them on achieving goals or help them tackle the obstacles they have faced. We, at NaturEd, know that adherence is a key factor in improving health outcomes and by linking the “NaturEd” application with our in-store LOTS database, we can monitor our community’s progress with their health and stage interventions when appropriate. We also have a pod containing “EduCare”, where the customers can independently get more information about their drugs, diseases and natural health products. “EduCare” addresses health literacy issues by using simple language and having an easy and visual interface with multiple language options, which is ideal for our demographic. The programme is also used during counselling in order to convey our messages. The use of this programme in store and the application download and operation is free of charge, increasing and maintaining our client base. Our innovative service builds trust and trust is what keeps our business going.

Our patients also have the option of blister packing their natural medicines with their regular medications for easy compliance. We understand that due to deprivation, some families do not get every item on the prescription or choose the ones they think are effective, such as pain relief, but not the essential medications that they may not physically feel the benefits of, such as statins. We spend time with these patients and offer account services where they can pay off their medications later or reinforce and educate them on the medications that are vital against those they can take when required. We promote the use of generics, as this saves money both for the patients and the pharmacy.

Our delivery service, “Nature on Wheels”, involves pharmacists visiting patients who cannot come to the pharmacy, to offer them advice on taking their medications, lifestyle and health - all from the comfort of the patient’s own home.

Along with this, our pharmacists are accredited to provide the emergency contraception pill, male erectile dysfunction treatment and trimethoprim for cystitis in women.

b. Community Outreach Initiative

At NaturEd Pharmacy, we know that effective health care is everyone's responsibility. This is why we believe integration between health professionals and the community is vital in turning around health disparities. We have monthly focus topics and hold education nights, where we invite local doctors, nurses and optometrists. They are given an opportunity to present to the community as well. This not only improves our network and relationship with the community to increase our clientele but also with other health professionals. They are given the opportunity to converse with patients and answer questions out of the formal, clinical setting and may increase their own client bases.

We also have the option of visiting local Maraes for these nights if it is a more comfortable setting for the Maori community, or they can approach our community nights at their own will.

3. MANAGEMENT AND PERSONNEL SUMMARY

Akhila Puthigae: Pharmacist in Charge

Akhila oversees the daily activities in the Pharmacy, using her skills in management and leadership to better the services that we can provide to the community. She uses her initiative to constantly come up with incentives for the staff and customers, so that the best health outcomes can be achieved for those that matter the most; the patients. Akhila understands the importance of valuing all stakeholders and ensures that effective communication is always maintained. Akhila believes in the safe, appropriate quality use of medicines and leads her team effectively to deliver the best healthcare to Rotorua's residents. She always strives to provide patients with tested and proven lifestyle advice.

Surbhi Patel: Pharmacist and Operations Manager

Surbhi is constantly evaluating and implementing new strategies into the running of the Pharmacy. With a keen eye for detail and experience in effective organisation and implementation, Surbhi ensures that the business is running effectively and efficiently. You find her on the floor of the shop, catering to patient needs by offering advice on over the counter medications and natural products. She is also an accredited medical herbalist and manages the "EduCare Clinic".

Philip Cabasag: Pharmacist and Marketing Manager

Creating a presence and getting our name known is vital to ensure an effective means of providing high quality healthcare and the progression of our business. Philip understands the importance of effective marketing and is always striving for innovative ways to develop the public image of NaturEd. Philip is also able to contribute to the daily running of NaturEd pharmacy, as he is a fully qualified pharmacist and is the pharmacist in charge of "Nature on Wheels", taking our Pharmacy to the community. He also works in the shop as a part-time pharmacist when required.

Sean Turner: Pharmacist and Financial Advisor

For most, finances and number crunching can be an intimidating part of owning and managing a business but this is not the case for Sean! Rather, this curbs his thrill-seeking personality. He takes on every financial challenge that comes his way. His extensive knowledge of accounting practices allows for NaturEd to run smoothly, easing the pressure on daily accounting expenses. He ensures that provision of best healthcare is balanced with the financial growth of the business. As a qualified Pharmacist with an extensive knowledge in long term conditions management and a charismatic personality, Sean is the Pharmacist presenter for our community focus seminars. He understands the importance of building solid relationships with the community and organises and presents at the education sessions, so that the community receives the highest standard of health care. He also works in the Pharmacy as a part-time pharmacist.

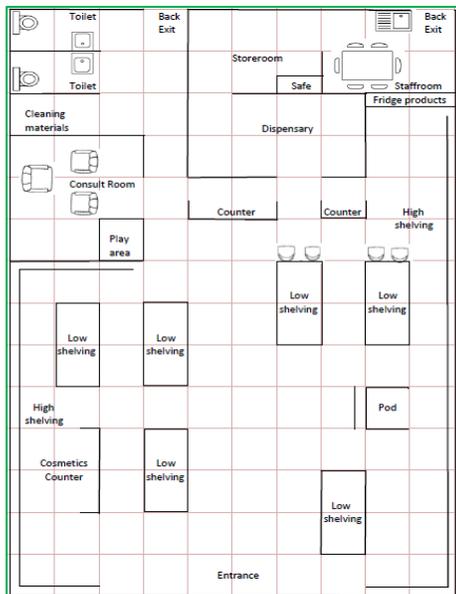
NaturEd Employees

Happy and efficient employees mean a happy and efficient business. This is our motto and we understand the importance of conveying it to every customer for our business to flourish. NaturEd believes that having a well-rounded team of employees allows our business to thrive.

We have at least one pharmacist on site during all opening hours and two pharmacists from 9am to 6pm on weekdays. They are available to offer holistic counselling and effective education on lifestyle, medication management and corresponding supplementation. Of the two pharmacists on site, one is able to focus on dispensing and the other focuses on counselling and serving the needs of the customers on the floor. We have two full-time and one part-time retail staff members, who assist Surbhi with building relationships and making OTC and natural health recommendations. We also have one technician working from 9am to 5pm on weekdays to assist Akhila in the dispensary.

All staff are fully trained within their departments. Our full time retail staff members have completed a Certificate in Pharmacy Assistance. A portion of our budget has been set aside for further training as NaturEd believes education is the key to ensuring the best health outcomes for our community.

4. OPERATIONS MANAGEMENT



Trading Hours: Mon to Fri 8am-8pm, Sat and Sun 9am-4pm. These hours are longer during the week and weekends, compared to other local pharmacies. To cater for the tourist population, we are open restricted hours during public holidays. This helps increase our clientele and minimise competition as we strive to be easily accessible for our customers' convenience.

a. Details of Premises: Our pharmacy operates for a total of 74 hours a week. It is located in a busy part of town five minutes away from tourist destinations, city centre and residential areas, so easy access assured. It is also situated within five minutes of other healthcare facilities such as GPs and lab testing centres. The pharmacy can be accessed within a maximum of 20 minutes from any part of the city. The pharmacy incorporates a consultation room (EduCare Clinic) including equipment necessary to assess the client's overall health. Such equipment includes a blood pressure monitor, BMI weight machines, cholesterol, blood glucose and INR testers. For parents' convenience, a play area is incorporated into the EduCare clinic with toys and books to occupy their children. This allows the parents to keep an eye on them without compromising their consultations. This clinic aims to provide a relaxed environment with couches where the pharmacist and clients can communicate comfortably and openly. The pharmacy also has a layout which can be easily navigated and is wheelchair friendly. We have integrated natural supplements within our standard OTC section, which is a layout that is unique to NaturEd. For example, our vitamin C products are available with our cold and flu products and lysine in our cold sore section. We also have season appropriate low rise shelving, with corresponding natural health products. These are stored in a specific section of our Pharmacy, which improves customer navigation and understanding of suitable natural treatments. For example, during winter our seasonal shelf contains vitamin C products, horseradish and garlic, echinacea and immune support next to our cough and cold section. Specific promotions can also be utilised to increase sales and provide affordable healthcare. Natural products are also grouped according to their indication to help staff and patients to easily find the solution they are looking for. For example, we display our sleep support products together to enhance selection.

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b. Informations Technology: The pharmacy operates on the LOTS dispensing and retail system. We have two computers in the dispensary, two in retail and one for office use. We have one iPad in the consultation room to access the EduCare programme for education and the NaturEd application to record the patient's consultations and test results. This can be accessed by both the patient and the pharmacist. The NaturEd application is integrated into the LOTS system for easy monitoring and cross-checking for the pharmacist. We also have an iPad pod in our vitamins section which contains the EduCare programme with information about various medical conditions and their corresponding beneficial natural and herbal health products for the clients' independent access.

c. SWOT ANALYSIS

A comprehensive SWOT analysis was initially undertaken to determine the overall advantages and disadvantages of our business model, showing how it is affected by both internal and external variables. The SWOT analysis was used to determine effective strategies to improve our model. Key Performance Indicators (KPI) were established to continually monitor the progress of the business.

	Helpful to achieving the objective	Harmful to achieving the objective
Internal (attributes of the organisation)	<p>Strengths</p> <p>Human: Four experienced pharmacist proprietors. Staff reduction to save costs but adequate training available.</p> <p>Location: High accessibility</p> <p>Equipment: All the equipment necessary is held to aid health investigations.</p> <p>Culture, reputation: Collaboration with patients. Philip is fluent in Mandarin and can easily communicate with the Chinese tourist population</p> <p>Finances: Good cash flow and financial assets.</p> <p>Innovative idea: Individualised with regular follow-ups to establish a steady clientele.</p> <p>Communication: The application and programme include multiple language options and interactive interface.</p> <p>Network: Friendly service, undivided attention, follow ups and repeat reminders from the application.</p> <p>Competition: We are open longer hours.</p> <p>Convenience: Nature on wheels for delivery of medicines and counselling</p>	<p>Weakness</p> <p>Management: Potential of conflict and disagreement</p> <p>Staff: Potential for conflict and dispute in embracing new ideas or work hours.</p> <p>Customers: May not want to take part in the new initiatives. Could view more time at the pharmacy as a waste of time. The tourists are not a steady clientele and usually leave the city after a few days.</p>
External (attributes of the environment)	<p>Opportunities</p> <p>Reducing Competition: Service and social outreach ideas are new and individualised</p> <p>Customers: Deprived area so making a positive difference in health outcomes.</p> <p>Community: Residents are community orientated with strong familial bonds</p> <p>Education: Improve health-care and increase clientele with education nights</p> <p>Network: Education nights outside of pharmacy thus interaction with the residents and health professionals</p>	<p>Threats</p> <p>Location: Affordability could affect quality health-care. People may not want to attend the education nights. Large Maori population, some of whom may have low literacy.</p> <p>Other pharmacies: Increasing competition</p> <p>Staff: May not want to give up their out of work time to take part in the social outreach programme.</p>

d. Management Information System

The LOTS system is used in the management of staff. It provides a useful clocking in and out component through which hours, thus pay can be tracked easily. The sales output of each staff member and the number of customers served each day can also be analysed. This enables us to determine if our goals are being met and our service is effectively reaching our clients. More specifically, there are sales that can be viewed for each department of the pharmacy, so a direct increase in natural health sales indicates a positive performance. Customer feedback surveys are utilised to assess and manage the quality of the service and staff that we provide. The LOTS system indicates the most widely purchased items, those that haven't been sold in a long time and out of stock products to aid in stock control. In low performing areas, there are discussions with appropriate staff and implementation of strategies such as more training to increase sales. Any staff members that contribute to the social outreach programme are paid for their valuable time.

e. Risk management outline

Each of the proprietors holds an equal stake in the business. The ideas and any new initiatives have been discussed collaboratively with each of the proprietors to minimise dispute and are only implemented when all of the proprietors agree. This information is shared selectively with the staff on a need to know basis to make sure everyone is in agreement and can work unitedly to deliver the best service. The work hours are not forced upon the staff but are settled through discussion between the pharmacist in charge and the staff. Although the pharmacy is located in a low socioeconomic area, NaturEd believes that as long as best and quality healthcare is provided with dignity, the customers are drawn to our service and our EduCare clinic is free of charge. We also have the interactive applications available in multiple languages to minimise communication and low health literacy being a barrier and make conversing more comfortable. The customers' convenience is also our priority and they are more than welcome to come back at a suitable time to take part in our service. Health literacy and motivation to improve health outcomes are improved during our education nights. Some of these are hosted at the local Marae, making healthcare more accessible and increasing our bond with the community and making them feel more comfortable.

Key Performance Indicators are used to assess the performance of our business.

Staff: Regular staff meetings for feedback, trainings, complementing and acknowledging areas of success, sales made, customer feedback surveys.

Customer satisfaction: Improvement in health, customer feedback surveys, increase in people using the app and consultations. The extended families of clients will come to use our services.

Financial Performance: gross profit, sales, number of prescriptions, net profit, expenses, number of customers

Quality of service: Every customer gets attended to within a minute of entering, we call up customers if their repeats are about to expire, regular follow ups with patients to assess adherence and improvement in conditions, delivery of prescriptions and other items to customers that cannot make it to the pharmacy themselves, knowing most customers by name, unrushed consultations, increase in number of prescription sales of essential medications.

Natural Health: sales, good rapport between customers and the trained staff,

Social outreach: The community members at these nights will be spotted in the pharmacy and volunteer to take part in the service. Our relationship with the healthcare providers will also be increased.

5. MARKETING AND SALES STRATEGIES

a. Marketing strategies

Various marketing strategies are employed to get recognition from our community. There is a wide range of population targets such as tourists, the elderly and patients from low socioeconomic areas. The challenge is reaching out to the different populations as we have to apply different strategies to get to them.

Regular Newspaper advertising in the “Daily Post” provides information about our services, products and upcoming events. 10% discount vouchers are included for natural health products related to the health topic of the month. We also advertise our health topic of the month using posters, which we display in the shop, the local maraes and on community notice boards. This form of advertising allows us to reach a wide range of clients.

A company car is available for convenient delivery services. This car is also used as transportation to education sessions. The car is personalised with our logo and company name enhancing our visibility in the community.

b. Online Presence

Free Wi-Fi is used to attract most patients but mainly the tourists. The process to connect involves a questionnaire requesting name, email, mobile number and indication of tourist or local. These contact details are used as an advertising medium where emails or texts about promotions, information about products, upcoming education nights and tourist guides and tips can be sent. The former is more useful for maintaining and increasing our clientele with information about upcoming events.

We also increase our online presence through the NaturEd website where updated information about products, opening hours, our friendly team, EduCare clinic, NaturEd app, other services provided, monthly education theme and education sessions is available. Our contact details are available and an automated email form is also available for quick communication. Customer service questionnaires are also available where participants go into a draw and are eligible to win natural health products - individualised to them following a consult. These questionnaires aid us in improving our services and allow us to gauge the attention we are getting.

6. FINANCIAL FORECASTS

Cost of the pharmacy

EBITDA	\$243,149
*5	<u>\$1,215,745</u>

The pharmacy will be initially bought for **\$1,215,745** by the four proprietors.

	2016	2017	2018	2019
INCOME				
TOTAL SALES	\$2,709,936	\$3,024,010	\$3,149,864	\$3,247,033
COGS	\$1,791,894	\$1,773,877	\$1,756,041	\$1,738,384
GROSS MARGIN	\$918,042	\$1,250,134	\$1,393,824	\$1,508,649
Other Income eg. GOVT	\$49,243.50	\$54,327	\$59,935	\$66,122
GROSS MARGIN PLUS OTHER INCOME	\$967,285	\$1,304,460.34	\$1,453,759	\$1,574,770
TOTAL REVENUE (Sales plus other	\$2,759,180	\$3,078,337.11	\$3,209,799	\$3,313,154

income)				
EXPENSES				
Salaries and Wages	\$359,614	\$402,750	\$404,100	\$406,600
Rent Paid	\$146,128	\$147,589	\$149,065	\$150,555
Outgoings - Rental & Rates	\$6,715	\$6,782	\$6,850	\$6,918
Accounting	\$11,739	\$5,500	\$5,500	\$5,500
Advertising *If a member of a banner group this would be higher as group	\$46,206	\$51,408	\$53,548	\$55,200
Bank Charges	\$7,591	\$9,072	\$9,450	\$9,741
Computer Expenses	\$13,128	\$23,120	\$15,749	\$16,235
Depreciation	\$33,392	\$32,691	\$32,004	\$31,332
Electricity, Water, Heating	\$14,476	\$16,811	\$15,749	\$16,235
Insurance	\$9,204	\$9,072	\$9,450	\$9,741
Interest Paid	\$74,789	\$72,389	\$70,065	\$67,816
Leasing Expenses	\$3,253	\$3,286	\$3,150	\$3,247
Motor Vehicle Expenses	\$3,875	\$5,024	\$5,150	\$5,247
Postage, Freight, Printing	\$9,664	\$6,600	\$6,500	\$7,200
Repairs, Maintenance, Service	\$4,374	\$4,418	\$4,618	\$4,768
Subs and Registrations	\$15,594	\$1,480	\$1,630	\$1,830
Superannuation	\$32,307	\$36,182	\$36,304	\$36,406
Telephone	\$6,015	\$6,048	\$6,300	\$6,494
Training	\$2,375	\$2,660	\$2,660	\$2,660
Abnormal Expenses	\$7,115	\$3,024	\$3,150	\$3,247
Payroll Tax	\$6,004	\$6,724	\$6,747	\$6,724
Workers compensation	\$3,024	\$3,387	\$3,387	\$3,408
Other Expenses	\$15,736	\$17,539	\$18,269	\$18,833

Total Expenses	\$832,318	\$873,556	\$869,393	\$875,938
Gross income	\$134,968	\$430,905	\$584,365	\$698,832
Tax (28.5%)	-	\$122,808	\$166,544	\$199,167
Net income	<u>\$134,968</u>	<u>\$308,097</u>	<u>\$417,821</u>	<u>\$499,665</u>
Revenue analysis				
Prescription	\$1,698,799	\$1,797,438	\$1,842,374	\$1,888,433
Other Sales	\$1,011,137	\$1,177,329	\$1,253,165	\$1,298,666
Other Income	\$49,243	\$49,243	\$54,326	\$59,933

*Retail sales have been calculated as a 50% increase in the natural health section which makes up 30% total retail in the first year, 25% in the second year and 15% in the final year

*An increase in prescription sales due to increased opening hours. Medical practices have late nights in Rotorua, therefore we are going to take advantage of extended hours. An increase in prescription growth averaged at 2.5% thereafter.

*Salaries and wages cover the roster of four pharmacists working an average of 30 hours per week, one time technician, 2 full time retail assistants, one part time retail assistants and coverage of locum costs

*Negotiation of the leasing contract led to an extended term with annual CPI adjustments of 1%.

*Rates has similarly been adjusted to local long term rate adjustments of 1%

*Accounting costs adjusted to \$5500 using the zoom package from Wiseadvice accounting firm.

*The advertising budget has been kept proportional to sales at 1.7%

*Bank transaction fees have been taken 0.3% of total sales

*Computer expenses in 2017 year have taken into account \$8000 in upgrading computer systems. See project for further details

*Depreciation has been taken from the 2014-2015 average. Depreciation should not increase in 2015 unless as there were no further buying of assets

*Electricity and water have taken into account the increase in opening hours from 62 to 74 hours

*Insurance has been calculated from the average of the 2016 year of 0.3%

*Interest has been calculated on the pay down average of 2014-2016

*Postage freight and printing has been taken as an average pharmacy cost of 6600

*Motor vehicle expenses have been kept at +/- 3000 taking into account the company car

*Subs and registrations have been calculated using Australian pharmacy guidelines of \$320 annually, for four pharmacists.

*Superannuation, training, payroll tax and workers compensation has been taken as the 2016 proportion of wages.

*Telephone expenses have been taken at the 2016 rate as a proportion of sales.

*Abnormal expenses have been taken as the 2015 proportion. 2016 was taken as an outlier.

Other expenses have been calculated from the 2016 proportion.

*A tax rate of 28.5% has been used.