



Cook's Pharmacy Boosts Margins and Streamlines Billing Using Epicor® Eagle®

Company Facts

- Headquarters: Eminence, Kentucky
- Industry: Pharmacy
- Number of Stores: 3
- Number of Employees: 54



Executive Summary

Three Cook's Pharmacies serve customers in Kentucky with full-service pharmacies and retail merchandise including hardware, health and beauty, toys, greeting cards, and other variety items. Cook's has balanced shrinking pharmacy margins—a problem challenging many independent pharmacies today—by relying more heavily on their retail business and streamlining pharmacy accounts receivable processes. Cook's Eagle system has expanded and grown along with Cook's changing business to help Cook's grow, while increasing margins.

Cook's Pharmacy Earns Healthy Profit Using Eagle

Cook's Pharmacy, located in Henry County, Kentucky, is a "Main Street" pharmacy, offering locals the right mix of friendly customer service and convenience that comes from shopping at a pharmacy with a large retail offering. While their pharmacy management system handles prescriptions, the Eagle system works tirelessly to smoothly run inventory, point of sale, accounts payable, and accounts receivable operations. Though Cook's customers may only experience convenient product offerings and fast checkout, Cook's knows that their success is also due to a tightly run inventory operation, streamlined pharmacy accounts receivable processes and higher retail gross margin—all made possible by Eagle.

Integrating Retail and Back Office with Pharmacy Operations

Cook's uses QS/1 as its pharmacy management system for all prescription ordering, tracking and pricing. Eagle is used for everything else. "We use a QS/1 pharmacy management system for our back of store operations, and our Eagle system to manage our retail and back-office financial operations. We've had no trouble integrating our pharmacy management system and Eagle," explains Melissa Young, CFO, Cook's Pharmacy. "When a customer checks out, we ring the prescription cost and co-pay information into Eagle. Eagle then generates invoice information, and we bill the appropriate third-party insurance company. It's that simple."

Success Quote

"We have a pharmacy and front of store retail. Front of store is our future for growth and margin, and that's why we rely on Eagle."

Melissa Young, CFO | Cook's Pharmacy

Solution

- Epicor Eagle

Faster, More Efficient Accounts Receivable Operations

The pharmacy industry has had to adapt to complex third-party insurance billing. Having the Eagle Accounts Receivable software, which can handle insurance billing complexities, has fine-tuned Cook's Pharmacy back-office operations and made it possible to better control outstanding invoices. "Third-party billing is the most important element of managing profit in pharmacy. Since costs don't fluctuate much, controlling billing becomes the number-one way to increase margins in pharmacy," describes Melissa. In fact, Cook's has seen a 1.5% reduction in AR—something Cook's could not have done without their Eagle system. "Epicor's Account Receivable and Accounts Payable modules work better than those in the pharmacy management systems I've seen," asserts Melissa.

Improving Business Understanding

Cook's relies on the robust reporting solution, Epicor Business Advisor™, to monitor the business and highlight opportunities for improvement. Business Advisor offers greater visibility into pharmacy and retail sales than is possible with the pharmacy management system alone. "Business Advisor captures everything! We know exactly what's going on in the business with just a few clicks. Most importantly, we see margins in all the departments and can assess the financial health of our pharmacy operation versus the rest of the store," describes Melissa. "I can also better anticipate cash flow on the Accounts Receivable/Accounts Payable side of the business and be prepared for future expenditures."

In conjunction with Business Advisor, Cook's uses Epicor's System Auditing and Reporting Tools (SART) to find and resolve inventory inaccuracies. "With the Eagle system's auditing and reporting tools, I can find the source of incorrect quantities-on-hand, whether a product was received incorrectly or sold incorrectly." SART has also been critical in controlling loss. Cook's can use SART to track the flow of the product from receiving to final sale. "We can see which products are most susceptible to theft. One example is

pseudoephedrine. We moved them behind the counter even before the Federal Government regulated it. SART has been critical in reducing internal and external loss."

Epicor Document Management is another tool Cook's uses, especially for contractors that buy from its hardware division. Before, Cook's used carbon-copy tickets which were difficult to read and cumbersome to file. With Document Management, all documents are available electronically. "We now offer our customers billing statements online, or we can e-mail or fax statements to them," continues Melissa. "Our customers like the speed, and convenience, and we get paid faster."

Making Margin in Retail

With shrinking margins in pharmacy operations, an efficient front-store or retail operation is important for retail pharmacy health. "We have pharmacy and front of store retail. Front of store is our future for growth and margin, and that's why we rely on Eagle," says Melissa. "Epicor Eagle helps us control costs and run more efficiently. It's much easier to order products and maintain an accurate inventory. Since we began using Eagle, we've increased our overall margins by 10% with the same sales volume and increased our retail GMROI by about 1.2%. It's a great system for us."

About Epicor

Epicor Software Corporation is a global leader delivering business software solutions to the manufacturing, distribution, retail, and services industries. With 40 years of experience, Epicor has more than 20,000 customers in over 150 countries. Epicor solutions enable companies to drive increased efficiency and improve profitability. With a history of innovation, industry expertise, and passion for excellence, Epicor inspires customers to build lasting competitive advantage. Epicor provides the single point of accountability that local, regional, and global businesses demand. For more information, visit www.epicor.com.



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