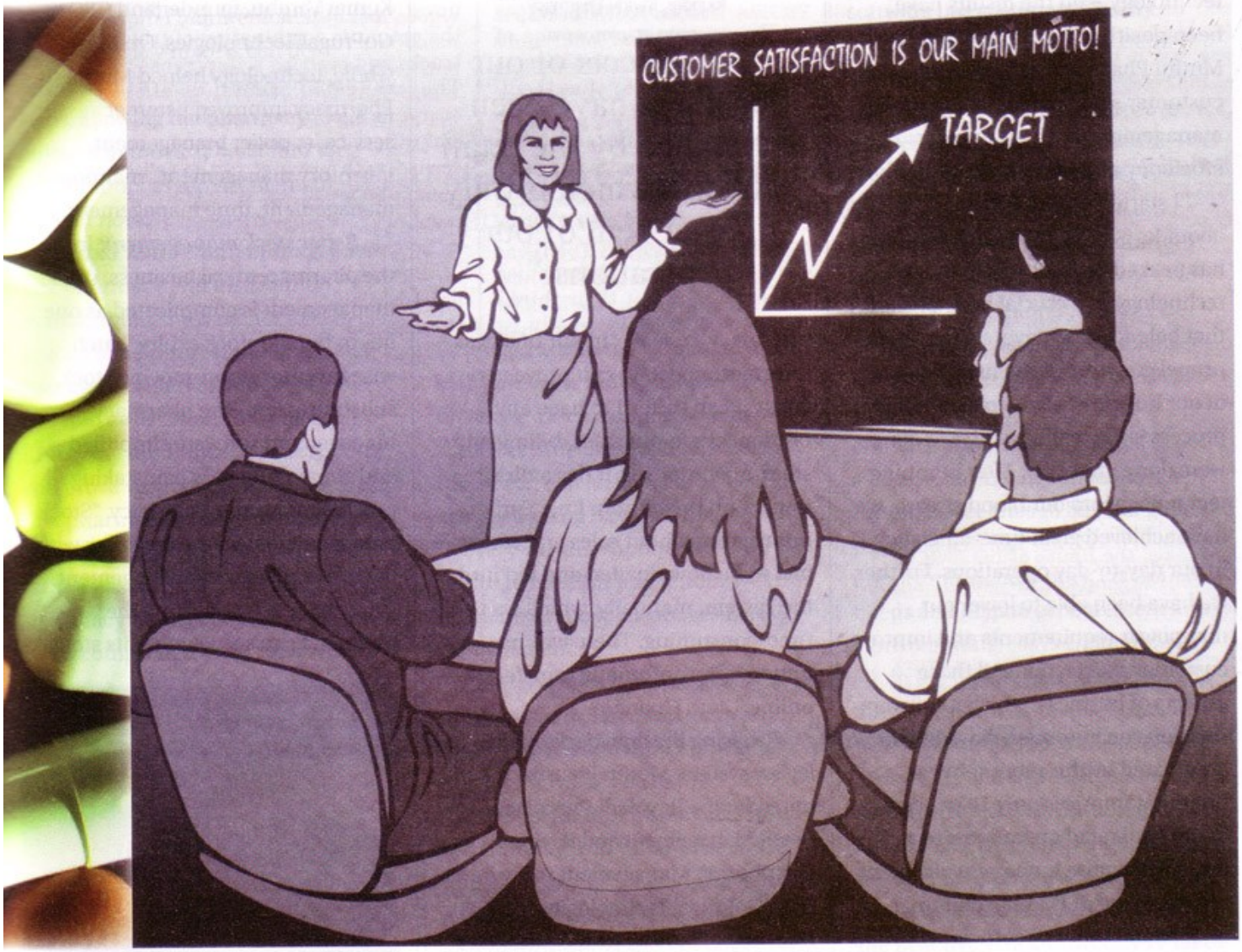
A Dose Of Technology Improves A Pharma Co's Health



Chennai-based Muthu Pharmacy's adoption of technology improved productivity, customer satisfaction, time management, manpower management and fostered growth.

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'Make your own recovery the first priority in your life,' said Robin Norwood, bestselling author of self-help books. This maxim is also commonly preached by the medical fraternity – doctors, pharmacists, etc. Muthu Pharmacy, a Chennai-based pharmaceutical company that started with a single retail outlet in

1970 and grew into a 65-store (retail and wholesale) pharmacy chain, went a step further by practising what it preached. Foreseeing the possibility of its business deteriorating without automation, the firm revitalised operations through a timely adoption of technology. And the results have been positive. Technology has helped Muthu Pharmacy achieve foolproof customer satisfaction, better time management, high manpower efficiency and improved productivity.

"I started Muthu Pharmacy with about Rs 60,000. Today, our turnover has peaked at Rs 180 crore. We see technology as a crucial booster shot that helped us achieve, sustain and propel growth. For the first 20 years of our business, all operations and processes like billing, delivery, etc were done manually. After pumping technology into our blood stream, we have achieved great time-efficiency in our day-to-day operations. Further, we have been able to lower our manpower requirements and improve customer satisfaction. All those aspects of business, which a software solution can automate, have been automated by this retail software. But this comprises only 10 per cent of the total retail operations; rest of the tasks require human involvement and handling. It is important to understand that any software solution cannot replace people 100 per cent," says E Gnanam, managing director and founder, Muthu Pharmacy.

The pulse of technology

Muthu Pharmacy's first brush with technology was in 2005 when it adopted an end-to-end solution for pharmaceutical retailing from a Bangalore-based retail solutions provider. However, the traditional retail software fell short of the

E Gnanam, managing director and founder, Muthu Pharmacy

"All aspects of our business have been automated by the retail software which is only 10 per cent of our operations."

pharmacy's needs. "In our business, information delays can prove very costly. I can't afford to have any bottlenecks in our sales, billing and stock operations as it has a direct impact on the bottom line. Earlier, information about sales and stocks had to be downloaded and fed into the system, manually, which was time-consuming. There was no option of an automatic transfer, online," says Gnanam.

Realising the drawbacks of the legacy system, Muthu Pharmacy opted for the RayMedi Pharmacy Retail Management and RayMedi Distribution Management software from GoFrugal Technologies in December 2007. While the pharmacy management software integrated inventory control management, billing and smart purchasing with accounts, distribution management software helped Muthu Pharmacy manage its wholesale operations spread across 65 stores, quickly and accurately.

A booster shot for business

So, what were the benefits that Muthu Pharmacy got from technology? "Our solutions helped Muthu Pharmacy reach more customers and serve each one of them better. We have always been excited about participating in the growth of passionate entrepreneurs like Gnanam, to help expand the reach of their business; encourage them to dream big and help them achieve their goals," says Kumar Vembu, founder and CEO, GoFrugal Technologies. On the whole, technology helped Muthu Pharmacy improve customer service, supplier management, inventory management, manpower management, time management, etc.

Better stock management: In the pharmaceutical business, stock management is complicated as one has to handle stock expiry, batch wise inventory, non-moving stock, substitutes, etc. The pharmacy management software simplified and streamlined this painstaking process for Muthu Pharmacy. "Stock management became very easy with the use of pharmacy management software. Just by selecting the product, I can see whether its stock

Muthu Pharmacy's headquarters

Management

is low or not. I can also manage drug expiry as the system doesn't allow an expired product to be billed. The entire drug index is also incorporated in the software," says Gnanam. Vembu adds: "Stock age analysis allows tracking the age of a batch of stock, which in turn helps in knowing working capital requirements. Further, expiry reports can be received on a daily, weekly or monthly basis, allowing the pharmacy to either adjust it in the next bill; order for a new product as replacement; or raise a credit note."

Sound retail chain management: The pharmacy and distribution management software has also been crucial in helping Muthu Pharmacy manage its chain of outlets. "I have 50 retail outlets and 15 wholesale units. Any hindrance in sales/billing will prove very costly to our business. The pharmacy management and distribution software helps us avoid such a fiasco," says Gnanam. The pharmacy management software has a comprehensive built-in drug database of about 36,000 items with the MRP, tax rate, and other details of any medical product. "In a nutshell, the distribution management software is like *varaprasaatham* (a boon) for us. The options of online purchase, inventory feeding, new product updates, and immediate stock availability are extremely useful.

A look into a retail outlet run by Muthu Pharmacy

Kumar Vembu, founder and CEO, GoFrugal Technologies (www.gofrugal.com)

"The ERP solutions helped Muthu Pharmacy reach more customers and serve each one of them better."

Further, the pharmacy management software has a wide customer database. Doctor appointments, the exact time the tablet has to be taken, etc, can all be recorded and accessed using RayMedi Alert. The delivery-on-time option too is very useful to monitor and it improves our efficiency in door-to-door delivery," says Gnanam.

Better time and manpower management: The pharmacy management software helped Muthu Pharmacy save time. "Previously it took three days for order taking and other procedures. The same work can be done in a few hours now. A lot of time and manpower is saved," says Gnanam. Efficient time management has had an impact on manpower management too, helping Muthu Pharmacy reduce manpower requirements for day-to-day manual processes. "For instance, in the distribution business, about 500 to 600 bills are passed every day. We earlier needed 10 people to work on this. Today, only 2 people are sufficient to complete this work," says Gnanam.

Improved customer satisfaction: Further, the pharmacy management software has customer friendly options. It also helps understand customer behaviour and takes appropriate decisions to improve the overall customer experience. For instance, the software allows one to put a bill on hold for a customer while he is busy, thus preventing other customers from waiting. "We can track the customer's behaviour and improve customer satisfaction. For instance, the option to track a lost sales opportunity when a customer enquires about a product that is not available, is very beneficial. When the employee tries to bill it, it gets recorded as a lost sale. Such lost sales opportunities help track customer needs and help in procurement and store planning," says Gnanam.

In the future, Muthu Pharmacy's ambitious expansion plans include new distribution networks, opening new shops and increasing manpower. And the firm views technology as a key driver. "We plan to increase the number of outlets to 100 shops and achieve a turnover of Rs 1,000 crore in the next five years. Currently IT takes up only 0.03 per cent of our budget. In the future, we see technology playing a greater role to meet our growth targets and in maintaining our competitive edge. We plan to go with RayMedi's Head Quarter (HQ) solution for the centralised management of our sales, stocks, purchases, bill reports, etc, for 50 of our outlets," says Gnanam. Thus, technology is set to soon become the heartbeat of Muthu Pharmacy. ■