



Enterprising women

Prescription for growing success



Anne Fulwood

Following a successful history supplying pharmacy services to hospitals and aged-care providers, Cathie Reid launched a manufacturing business that has made patients' complex medicinal regimes easier to swallow.

Reid uncovered technology from Korea that allows automatic packaging of pills and tablets into plastic sachets that separate doses by date and time of day. If a person needed, say, six different tablets in the morning, each from its own bottle, it could lead to confusion and the wrong doses. Instead Reid's product allows each dose to be delivered in a clearly labelled packet, and she says it is more efficient and has fewer errors than manual packing.

"The error rate of manual packing is about four in 100 whereas our error rate is about one in 100,000," she says. "As a patient what would you rather swallow?"

The technology has been eagerly taken up by pharmacies and patients. More than 160 pharmacies use the service, a number that rises by about 20 a month, Reid says.

The financials of APHS Packaging, of which Reid is chief executive and co-owns with her husband Stuart Giles, back up this rapid growth. Although it launched only in October 2010, by the end of that year it had turned over \$2 million. In the 2011 calendar year it turned over \$12 million and Reid says the company is on track to reach revenue of \$20 million this year.

Out of factories in Brisbane and Perth, APHS Packaging manufactures more than a million sachets a month. But it is only a small part of the wider APHS Group that Reid and Giles operate, which turns over about

\$250 million annually.

Their story underlines the potential that businesses operating in a distinct sector have when it comes to diversifying for growth.

For many companies, start-up capital is hard to come by. But Reid had the good fortune of being able to start APHS Packaging by drawing on about \$10 million in profit from APHS Group, a diversified pharmaceutical services company that she has operated with Giles for the past 12 years. The manufacturing arm of the group is now its own company and earlier this year received a "significant investment" from pharmaceutical conglomerate Symbion.

Her passion for the industry was ignited when as a teenager Reid stacked nappies in the local pharmacy in Morwell in Victoria's La Trobe Valley where she grew up. Retail pharmacy was where she wanted to be but in 1998 she felt the zeitgeist and embraced the change.

"I loved retail pharmacy," she chuckles, in her characteristic smiling voice: "If you had told me I would be the co-owner of a very sizeable business involved in significant health care service across the country, none of which is related to retail pharmacy, I would have been gobsmacked."

Serendipitously, Reid met Giles as her transition plan was under way. He had studied pharmacy at Monash University in the late '80s about the same time as Reid. They got engaged, she mortgaged her house and together they bought three pharmacies in Melbourne, Sydney and Brisbane.

"We wanted to start with an eastern seaboard business with a view to becoming a national chain," Reid says. "The pharmacies we bought were the

cheapest on the market."

Reid spotted one simple gap in the market that would be her opportunity to set a new course and capitalise on her experience as a pharmacist.

Her moment came when the federal government, through the Aged Care Act of 1997, introduced accreditation standards for residential aged care where operators would be required by law to manage medication safely and effectively. The aged-care providers needed a solution and Reid would create it – to deliver those aged-care pharmacy services in one simple, cost-effective and transparent way to make it easier for providers to "tick the box" and fulfil government requirements.

From their retail pharmacies Reid delivered those aged-care services she had envisaged. In 2000, just two years later, they had a staff of about 150 and revenue of about \$10 million from the aged-care division.

Reid and Giles took the same model of transparent costing and managed services to private hospitals. They developed sophisticated technology systems to deliver cost management reports in line with hospital reporting needs. It was well-received and opened up another revenue stream. They won a contract to provide pharmacy services to Health Care of Australia, and expanded services through this group as it became Mayne Health, privatised as Affinity and eventually rolled into Ramsay Health Care and Healthscope when this sector consolidated in about 2005.

"We went with a much more open-book method – we showed the cost and the mark-up method for our prospective clients and if we negotiated better deals based on volumes they would share in the



benefit of those lower costs," she explains.

That contract underpinned the APHS business, which grew rapidly in south-east Queensland and NSW. Reid and Giles followed the growth and settled in Brisbane, where they have two children, 10 and 7, and a nanny "without whom we could not manage".

In 2007 Reid faced a huge challenge – 50 per cent of APHS Group's profitability was lost when Ramsay Health Care, decided, post industry consolidation to bring its pharmacy services in-house. Undeterred, and always alert to a new opportunity, Reid could see another revenue stream arising from the private hospital pharmacy work, involving a niche specialisation in cancer-care pharmacy services. With expansion to

new markets in the other states of South Australia, Western Australia, Victoria and the ACT, APHS soon became the pharmacy provider of choice for a number of cancer care facilities across the country. Reid says she travels somewhere in the country every other week.

Reid and APHS achieved much of this repositioning on the strength of their reputation. "Healthcare is a relatively small industry and you never burn your bridges because you never know where people will pop up," she chuckles. "We have always been very conscious of delivering high quality and high level of service and that is our key value proposition."

APHS won more work through tenders, acquisition and previous contacts. Turnover by the 2009

financial year exceeded \$120 million.

The newest business the Integrated Clinical Oncology Network (ICON) was launched in early 2012. It runs day cancer centres under a separate CEO, the ex-Wallaby Brett Robinson. They started by buying four south-east Queensland centres, plan a greenfield centre for far north Queensland based in Townsville, and have since acquired another Brisbane-based business and announced on May 8 that the Adelaide based Tennyson Infusion Centre will join the ICON Group.

Reid says growth will come from Australia's rising ageing population.

Anne Fulwood has 30 years' experience as a journalist. She works with small businesses through the Telstra Business Awards.



Cathie Reid has capitalised on her experience as a pharmacist.
Photo Glen Hunt

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