

Buying Or Selling A Pharmacy Tests Rarely Used Negotiating Skills



When it comes to buying and selling businesses, pharmacists just don't engage in the process all that often. The first time, of course, is when you purchase your own community pharmacy. The second time, and often the only other time you are involved in this type of major business negotiation, is when you sell your pharmacy. For many, many pharmacy owners, this process only happens twice—once on either end.

When you reflect on the previous paragraph it is easy to understand why business people, pharmacists in particular, can become very emotionally involved when engaged in the process of buying or selling a pharmacy. When you are a buyer, you are spending your own money, money you worked hard to accumulate, money you may have borrowed to make the acquisition. As such, you are extremely protective of this money, your investment in a business, and are anxious to get the most value for your money when buying a pharmacy.

As a seller, you are selling something that has provided for you and your family for many years, helped you live your life

as comfortably as possible, acquire your home, educate your children and in general, has been your sole source of income. I have often observed that for many pharmacists, the vast majority of their personal net worth is tied up in their business. One can easily see how a pharmacist can become emotionally attached to his or her business, given all that it has provided for them over the years they have owned it.

What this emotional involvement on both ends often leads to is either or both parties adopting less than reasonable positions in the course of trying to negotiate the purchase and/or sale of a pharmacy. Translated this means that sellers often ask too much for what they have to sell and buyers often

offer too little for what they want to buy, regardless of what value either party has put on the business and how they arrived at that value. When this happens, negotiations, such as they are, break down and deals do not get made.

Having been part of many negotiations, both as a principle, buyer and seller, and as an advisor, I believe that the basics of effective negotiating are few, and really quite simple, mostly based on good common sense and communications skills. Here is my short list of those basic premises:

- **BE OPEN AND COMMUNICATIVE AT ALL TIMES.** Refusing to discuss issues that are raised is not a sign of good faith, a term that is often applied to the process of negotiating.
- **BACK UP YOUR STATEMENTS AND PREMISES WITH FACTS.** If you are asking for a price for something, be prepared to substantiate what you want with facts. And conversely, if you are offering a lower price than the seller is asking, be prepared to prove, on paper, why you feel your offer is fair.
- **TRY HARD NOT TO GET EMOTIONAL ABOUT THE CONVERSATIONS.** This is often difficult when it is your money on

the line, either way, but it is, in my opinion, critical to successful negotiations.

- **REMEMBER THE WIN-WIN CONCEPT.** If you try to take everything and give nothing in a negotiation, the deal will probably fall apart at some point. It is often said that a good business deal is one where neither party leaves totally happy with the outcome, each side feeling they left a little something on the table.

If you have identified a buyer for your pharmacy, or the seller of a pharmacy that you would like to acquire, and do not feel totally qualified to negotiate the transaction yourself, don't be bashful to seek professional assistance. This assistance may come from accountants, attorneys, brokers, consultants, or a family member with more experience than you have.

If you do seek out and retain professional/outside assistance with the process, it is absolutely essential that you provide your advisor(s) with a clear understanding of your goals and parameters. In my long experience with the buying and selling of pharmacies, I have seen far too many deals break up because an aggressive (or not so aggressive) outside professional doesn't represent his or her client's interests effectively. The client shoulders the responsibility to express his or her wishes and needs for the prospective outcome when the negotiation begins.

Understanding your goals for the sale or purchase of your pharmacy is crucial to the success of your negotiation. Setting aside the emotional elements of the transaction will help you or your designated agent negotiate a fair deal in which you will be satisfied. □

TONY DE NICOLA, R.Ph., is president of Buy-Sell A Pharmacy.com, which is affiliated with NCPA's Independent Pharmacy Matching Service. If you are thinking about buying or selling a pharmacy, call 800-296-IPMS or go to www.ncpanet.org.