

## Before Closing, Pay Attention to the Details



The basics of joining the ranks of pharmacy owners have been discussed in the past six columns in this series. They include deciding to become an owner, locating a pharmacy, doing financial and operational homework to determine the value of the business, negotiating the final price and terms, arranging the financing, and contracting with the current owner to purchase the business. After dealing with all these complex and weighty issues, the rest should be simple, right?

Wrong. The events leading up to the closing of a pharmacy acquisition, and those that take place immediately post-closing, will have a significant impact on both short- and long-term success. To deal with all the issues in the critical period leading up to and immediately after the closing, you will need competent professional guidance, to pay significant attention to detail, and a fair amount of time. Among the many things to attend to are:

- **TAX NUMBERS.** Identifiers are required for federal, state, local, sales, and unemployment tax matters. Usually, your accountant and/or your attorney can help you get them.
- **REGULATORS.** Contact the state board of pharmacy for your pharmacy operating license or certificate, the Drug Enforcement Administration for your controlled substances authority, and the National Council for Prescription Drug Programs for your NCPDP number (formerly known as NABP number), essential for billing third-party payors.
- **THIRD-PARTY PAYORS.** Many of them require notification or new contractual arrangements when there is a change of ownership. It is crucial that your payor arrangements are in order before you take over. This includes your state Medicaid provider number, which in certain states is not that simple to obtain. If the pharmacy you are buying does a significant amount of Medicaid business, make sure you deal with this issue well in advance of the closing.
- **CONTRACTS.** See what ones the current owner has with outside vendors. Determine if you want to continue them and/or if they'll be transferred. This is particularly important with the pharmacy dispensing computer system.
- **SUPPLIERS.** Maintaining good relationships with suppliers, particularly a full-line wholesaler, is an essential component of any transition. Don't just assume that the pharmacy's current wholesaler will welcome you as a customer with open arms. Arrange for the current owner to provide an introduction to your sales rep, and possibly the credit manager, to insure that the flow of merchandise to the pharmacy

will not be interrupted. It is also important to insure that any direct accounts with suppliers can be easily transferred and any special/franchise supplier arrangements maintained.

- **INVENTORY.** Someone must arrange for the value of the inventory to be measured on the closing day or shortly before. You and the seller need to agree on who the inventory taker will be (this cost is usually split between buyer and seller in a transaction), what day and time the inventory will be taken, what pricing formulas will be used to determine its value, and how to deal with outdated merchandise that must be returned.
- **PERSONNEL.** Who on the existing staff do you want to stay? Once the transaction is on the way to closing, meet with each of the key employees and discuss the transition with them in detail: pay, benefits, assignments, and expectations. Bringing them in on your plans in the beginning will make for a much smoother operation after the deal closes.
- **FORMER OWNER.** How long he or she will stay? How long do you want them to? What will they do? How much will it cost you? If they plan to relocate or take a lengthy vacation, how you can contact them if it is a critical piece of information you need?

So, before you fill your first prescription as an owner, there is a lot to be done. Seek out professional advice and ask friends and colleagues who have already gone through the process for their suggestions. But most of all, keep on top of the details, stay organized, make lots of lists, and be sure to cross everything off each and every one. □

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