

Owning an Independent Pharmacy Can Be a Fulfilling Experience



In the last eight months we have discussed the many factors involved in acquiring an independent community pharmacy. From reviewing the articles, it's easy to realize that the purchasing process can be difficult, time consuming and costly, both from a financial and a personal/psychological point of view. It can seem to be a daunting task. Accordingly, many first-time buyers can become dismayed when it is difficult to find and acquire a suitable business, given all the many variables and risks involved.

However, with that said, from personal experience I can assure you that many independent pharmacies are changing hands on a regular basis each year. These stores are the independent pharmacy community's backbone. They have grown dramatically in sales volume and prescription activity, to the point where this year's *NCPA-Pfizer Digest* will undoubtedly show an average sales volume of more than \$3 million dollars annually. This is not an insubstantial figure.

Despite the intense pressure on prescription department profit margins, the more than 24,000 independent owners in the United States continue to earn a substantial living, which, based on re-

cent reports, far exceeds that of the average employed pharmacist. In fact, it places these owners in the top 4 percent of all U.S. wage earners. While many pharmacists aren't in that earnings category, they still continue to be fairly prosperous, and, as owners, are in control of their own destiny.

Given the constant pressures the profession faces from a regulatory, legislative, and competitive standpoint, one might wonder just exactly where the business opportunities are in community pharmacy. It is just waiting for you to take advantage of it. Almost every day I speak with pharmacy owners, many of them poised for retirement, who have built good businesses, earned significant livings, educated their children, and created pleasant lifestyles by virtue of their efforts as pharmacy providers to their local communities. These stores are as different as any two people in this world and are located in all types of communities, large and small, urban, suburban, and rural. But they do have one common thread; they have survived and prospered through the most difficult two decades that independent pharmacy has ever experienced.

Time Is Right for Ownership

Given the demographics of the independent owners of today, more than 60 percent of them over the age of 50, there couldn't be a better time to address acquiring a community pharmacy. With so many new and exciting market niches and opportunities presenting themselves, independents will not only maintain their current share of the market, but be able to grow it by being innovative, changing with the times, and using an old fashioned business tactic—competing for the customer. Senior executives in large drug chains are constantly expressing their fear of competing against the “new” independent. They are comfortable competing against each other, since they are all more or less alike in product mix and service offer-

ings. What they can't compete successfully against is an aggressive, service-oriented on-site pharmacy owner who is aiding the customers.

I believe that this combination of factors, coupled with the increased prescription use and an aging population, will lead to higher volumes and more gross profit dollars than historically seen. In fact, a brief look back over the past two decades indicates that despite margin pressures (which will continue, no doubt), despite mail order (which clearly has a place in the market), despite the mergers of the giant chains (which can only continue for so long and, in fact, are probably good for independents), sales volume and gross profit dollars continue to increase.

Selling or purchasing a pharmacy is never a simple matter. But, at the end of the day, it can be most rewarding for a buyer and a seller. If you're an owner who is contemplating retirement, or is simply ready to move on, I urge you to explore your options, plan your exit carefully, and seek out an independent buyer. If you are a prospective owner, be diligent in seeking a pharmacy to acquire. There are many options for you, depending upon a multitude of factors.

As always, I support enlisting the aid of qualified professionals when contemplating this process. Attorneys, accountants, consultants, and other professional advisors are required and often invaluable in guiding a community pharmacy transaction. If you remain focused on the task at hand, and have access to the required advice and input, you can successfully partake in the transition to ownership of a community pharmacy, a process that can be a win-win for everyone involved. □

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