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I. Mission Statement:

To be the primary provider of pharmaceutical services to the Park La Brea community by establishing long term relationships with our customers through effective disease state management, and superior consultative services in a compassionate environment.

Vision :

We will achieve our goals by :

- Providing the highest customer service to our internal and external customers
- Offering innovative ways of providing pharmaceutical care with knowledgeable and compassionate pharmacists, and
- Continuing to grow and be profitable in an ever-changing health care environment.

II. Description of Business:

Legal Structure:

Park Plaza Pharmacy will operate as a Subchapter S corporation. The corporate officers will be Raffi Svadjian (Co-President) and Galen Bernstein (Co-President). Raffi Svadjian and Galen Bernstein will be the two shareholders of the corporation – each owning 50 % of the corporation.

Product Mix:

Park Plaza Pharmacy will offer the following products at competitive prices :

- 1) Prescription medication, including generic equivalents
- 2) Over The Counter products including :
 - a. Nutritional Foods
 - b. Herbal Medications
 - c. Kosher vitamins and minerals
 - d. Wide selection of diabetic testing kits and accessories (lancets and strips)
 - e. Peak flow meters, spacers and other devices for asthma management

Services Mix:

Park Plaza Pharmacy will offer the following services to our customers :

- 1) Diabetes education and management – working with the distributor (Amerisource Bergen) to establish Park Plaza Pharmacy as an official Diabetes Shoppe – which provides us with better pricing on diabetes testing devices
- 2) Asthma education and management

- 3) HIV wellness consultation which includes working with local physicians to ensure optimal therapeutic outcome while minimizing adverse effects of HIV medications
- 4) Community consultation services – working with local continuing care facility (Monaco) to provide once a week brown bag, generic awareness, and question and answer sessions in order to build customer relations
- 5) Immunization services
- 6) Compounding – we will secure a franchise license from the professional compounding centers of America (PCCA)
- 7) Safe Senior Home Consultation (SSHC) program – Park Plaza Pharmacy will specialize in helping seniors in the Park La Brea community make their homes safer by preventing falls and common injuries to seniors. Park Plaza Pharmacy will provide this service by offering consultation and installation of rails, raised toilet seat, etc. to seniors in the Park La Brea community.
- 8) Blister pack service – Park Plaza Pharmacy will provide sealed blister packs for seniors in order to make timely medication administration a more simple process. Blister packs will also simplify the medication administration process by allowing seniors to have access to medications without needing to unscrew prescription vial caps.

Location Analysis:

Description:

The proposed site for Park Plaza Pharmacy will be 6077 3rd Street (at the corner of 3rd street and Gardner Avenue). Traffic flow around and leading into the pharmacy parking lot is adequate and unimpeded. With the recently completed construction of the Grove shopping mall, the nearby farmer's market, and the strip mall at 3rd and Fairfax, there is a considerable amount of foot traffic and temporary consumers not from the trade area that will be visiting. There are also several bus routes on 3rd, La Brea, and Fairfax which are within walking distance of the proposed site.

The designated trade area (a 1 mile radius) has a current population of approximately eighteen thousand residents as of Census 2000. There will be a projected increase in the number of residents of at least 2000 residents due to the construction of the Villas at Park La Brea, Palazzo at Park La Brea, and the Monaco luxury suites for senior citizens on Wilshire. The approximate annual income per family of the three Census 2000 tracts that comprise our trade area is \$ 62,500. The age composition of our trade area is a median age of 33.4 years old.

Analysis:

The trade area is bounded by Wilshire Boulevard to the south, Beverly Boulevard to the north, La Brea to the east, and Fairfax to the west. The three census tracts within this area have a population of 19,933 residents.

Census Tract	Total Population*	Percentage in trade area	Household with individuals ≥ 65 y/o	Median age in years	Potential Sales**
2140	3734	100 %	26.1 %	33.1	1,493,600
2145	10169	100 %	25.3 %	35.4	4,067,600
2151	6030	100 %	6.8 %	30.6	2,412,000
Total	19933				7,973,200

Table 1 : Potential Sales Volume for the Trade Area

**Includes the post Census 2000 addition of 821 new households multiplied by the average number of members in each household within the trade area (1.87 persons)*

***Based on estimated annual per capita pharmacy purchases of \$ 400*

Assessment of the Competition

Competition for Park Plaza Pharmacy will come from 4 chain drug stores (2 Sav-On, Rite-Aid, Walgreens), 2 Supermarket Pharmacies (Ralphs), and 1 Independent Pharmacy (Farmer’s Market Pharmacy). All of the competition will come from these 7 pharmacies. 4 of the above listed stores are located on the south end of the trade area on Wilshire Boulevard. The majority of the competition will come from Sav-On, Farmer’s Market, and Ralphs located on 3rd street.

Name	Location	Type
Sav-On Drugs	3 rd St. and Fairfax Ave.	Chain
Farmers Market Pharmacy	3 rd St. and Fairfax Ave.	Independent
Ralphs Pharmacy	3 rd St. and LaBrea	Chain
Ralphs Pharmacy	Wilshire Blvd. and Ridgeley Ave.	Chain
Sav-On Express	Wilshire Blvd. and Ridgeley Ave.	Chain
Walgreens	Wilshire Blvd. and Dunsmuir Ave.	Chain
Rite-Aid	Wilshire Blvd. and Ridgeley Ave.	Chain

Table 2 : Established Pharmacies in Primary Trade Area

Estimated sales volume captured by the existing pharmacies in the trade area is approximately \$ 9,879,400. Not all of this amount is generated solely by residents within the trade area. Listed in table 3 is an estimate of total sales for each pharmacy within the trade area and the amount (as a percentage) of that sales figure that is generated by residents in the trade area. This figure represents the degree to which competitor drug stores have trade areas that overlap with the trade area of our proposed pharmacy.

Annual sales for each pharmacy was estimated by visits to each pharmacy noting the number and type of each employee, estimating their annual salaries, summing them and multiplying by 10. Employee wages in a retail pharmacy make up about 10% of annual sales, therefore 10 times total wages approximates annual sales.

Name	Annual Sales (dollars)	Overlap	Amount (dollars)
Sav-On Drugs	2,435,700	100 %	2,435,700
Farmers Market Pharmacy	1,044,100	100 %	1,044,100
Ralphs Pharmacy	1,231,400	50 %	615,700
Ralphs Pharmacy	1,231,400	50 %	615,700
Sav-On Express	1,231,400	50 %	615,700
Walgreens	1,331,400	50 %	665,700
Rite-Aid	1,231,400	50 %	615,700
Totals	9,736,800		6,608,300

Table 3 : Survey of Competitive Drug Stores

Reduction of the total pharmacy expenditures (\$ 7,973,200) generated in the trading area by this figure (\$ 6,608,300) produces an approximation of the market share that could be captured by an ideal pharmacy in this location. This figure for Park Plaza Pharmacy is approximately \$ 1,364,900. The estimated efficiency of the proposed pharmacy is approximately 90 %*. The anticipated potential sales volume for the proposed pharmacy is, therefore, \$ 1,228,410. From this figure, it is estimated that first year sales will be approximately \$ 985,474.

* Based upon evaluation of each of the following :

- 1) Size
- 2) Parking
- 3) Close proximity to new resident structures
- 4) Nearness to traffic pulling merchants (Grove)
- 5) Foot and Auto Traffic
- 6) Proximity to bus stop

Organizational structure and management

Park Plaza Pharmacy will have co-presidents, Galen Bernstein and Raffi Svadjian, with Raffi Svadjian serving as store manager and Galen Bernstein serving as pharmacy manager. During the initial year, a full time clerk will serve as the only other employee. As sales increase, additional personnel will be added.

Insurance

Appropriate Fire, Earthquake, and Theft will be secured for the inventory, fixtures, and equipment. Further, professional liability insurance will be obtained for the pharmacy and the individual pharmacists who work in the pharmacy.

Security

In addition to usual precautions in design and lighting, special measures will be taken to provide for the safety of employees and security of property. A burglary motion sensor alarm will be installed for prevention. The alarm will be audible as well as notify the local authorities. A silent alarm connected to the pharmacy and central register will notify the local authorities when activated. A sprinkler system will also be installed that will aid in the unfortunate circumstance of a fire. Further, a roll down metal door will be installed just interior of the front door for the burglary prevention while the pharmacy is closed. Lastly, the rear delivery door will have a peephole, buzzer and modern lock system (code – activated).

III. Marketing Plan

Potential Market:

The trade area described above currently has an estimated population of 18,000. Due to three major construction projects, the population is expected to increase by 2000 new residents. Projected annual prescription spending in the area is expected to increase by approximately \$ 800,000. Considering that two of the three new projects, which will be totaling 1600, new residents are located within two blocks of the projected site. This closeness of location gives us greater access and visibility to these new residents compared to the large chains on Wilshire.

Target Market:

The target market for Park Plaza Pharmacy will be those customers in the Park La Brea community who seek to get their pharmaceutical services from a Pharmacy which stresses a higher level of customer service regardless of price. The community targeted has a median income high enough to expect residents to be price insensitive. Since our focus is on services and quality of care, our target market will be expanded to include those customers of chain drug stores who have become disenfranchised due to lack of customer service, long waiting lines, and an the impersonal / generic quality of chain drug stores.

A potential target market that Park Plaza Pharmacy will target is the high HIV population in the trading area. Since these customers use a significant amount of high end medications, and require a great deal of drug therapy services, they can be a profitable target market. Furthermore, the service oriented nature of Park Plaza Pharmacy fits well with the type of drug therapy management required for an HIV population because patients with HIV take a considerable interest in their pharmaceutical care.

Another group within our target market that will advertise greatly to are the 25-34 year old young professionals in the Park La Brea community with a median income of \$ 62,500. These customers who tend to be more interested in preventive and alternative means of health care, will be attracted to Park Plaza Pharmacy which will house a wide selection of nutritional supplements, herbal medication, vitamins, and homeopathic medications.

Senior living in the Park La Brea community will constitute our last target market. Since there are 25 % or more households with an individual over 65 years of age in 2 of the 3 census tracts covered, we will attempt to attract them and secure their business with our Safe Senior Home Consultation (SSHC) program. This program will acquaint them with our pharmacy and the superior service and quality of care we provide as opposed to our competitors.

Competition:

Competition for Park Plaza Pharmacy will come from 4 chain drug stores (2 Sav-On, Rite-Aid, Walgreens), 2 Supermarket Pharmacies (Ralphs), and 1 Independent Pharmacy (Farmer's Market Pharmacy). All of the competition will come from these 7

pharmacies. 4 of the above listed stores are located on the south end of the trade area on Wilshire Boulevard. The majority of the competition will come from Sav-On, Farmer's Market, and Ralphs located on 3rd street.

All of the above pharmacies combined have an annual estimated sales volume of \$9,736,800. Not all of this volume is generated by sales from residents in the trade area. Most of the pharmacies overlap with other trade areas. 6 out of the 7 pharmacies are chain drug stores, which use low prescription prices to attract customers. Therefore they are not targeting the same market as we are. As a result, with our service oriented approach, we expect to have a significant advantage over the competition in the trade area.

Advertising and Promotion:

The primary groups that Park Plaza Pharmacy will be advertising and promoting to will mainly include the target markets identified above. We feel that those markets are within capture and are the groups which are most likely to shift their business to our pharmacy away from larger chain stores.

The advertising strategy will include the following :

- 1) Once a quarter circulars to the trade area emphasizing services offered rather than simply listing prices
- 2) An advertisement banner and a listing on "The Pallazo" and "The Villas at Park La Brea" websites.
- 3) Advertise in the local newspapers once a week highlighting events such as screenings, immunizations, and our ongoing services.
- 4) Large sign on the corner of 3rd Avenue and Gardner Street attracting foot and auto traffic.
- 5) Park Plaza Pharmacy will advertise in the local Yellow Pages, securing a half page advertisement.
- 6) Fliers will be distributed at local Jewish centers, emphasizing the availability of Kosher Vitamins at Park Plaza Pharmacy, with coupons available in them.
- 7) Posters in individual apartment buildings highlighting our Safe Senior Home Consultation (SSHC) program, which will include a front side pocket with informational leaflets.

The promotion strategy will include the following :

- 1) Contact and meet with local HIV specialty physicians to form a health care team in the lives of HIV infected patients, whereby the physician will refer patients to Park Plaza Pharmacy for drug therapy management. Park Plaza Pharmacy will provide a HIV drug therapy specialist once a week for difficult cases.
- 2) On occasion, either Galen Bernstein or Raffi Svadjian will visit local community centers, such as the Freda Moore center, to promote the services offered at Park Plaza Pharmacy. In particular, the Monaco continuous care living facility will be visited at least once a month in order to maintain a strong relationship with the residents.

- 3) Contract with local and regional HIV clinics to be listed as a provider of pharmacy services. Those clinics that make agreements with us, we will advertise heavily to those centers in order to secure a large portion of their business.
- 4) One of the important promotional activities that Park Plaza Pharmacy will partake in is the Blister Pack Program. First, the packs will have the name of the pharmacy preprinted on them as a form of advertisement. Secondly, blister packs will be used as a promotional tool to seniors in the community.

IV. Physical Description of Business

The size of the lot where Park Plaza Pharmacy will be located is 100 ' by 50 ' lot totaling 5000 square feet. The interior of the pharmacy will be 50 feet by 40 feet for an approximate size of 2000 square feet and the land will be leased at the current rate of \$ 2.30 per square foot. At this rate, we expect the monthly lease to be approximately \$4600. There will be parking available in the front for approximately 6 cars.

The hours of operation for the Park Plaza Pharmacy will be Monday – Friday 9:00 a.m to 6:00 p.m , Saturday 9:00 a.m to 1:00 p.m, Sunday 9:00 a.m to 1:00 p.m.