Location Analysis

- Population: 30,546
- 44.5% of population is over the age of 65
- Estimated 19% growth rate over 5 years
- Rural remote setting
Junior Partnership Agreement

- Frick’s Drugs purchased outright by current owner of Jim’s Pharmacy for purchase price of $1 million
- Junior Partnership with new owner including joint venture
- Pharmacy purchased over 7 year period
- Total accumulated payments to Jim’s Pharmacy: $1,687,522
Why would Jim’s Pharmacy take this risk?

- 68% return on investment
- Jim’s Pharmacy expanded through joint venture
- Joint venture assures financial commitment of junior partners
Description of Business

Joint Venture

- DME Billing
- Compounding
- Employee & Business Insurance
- Staffing
Loan Request

- **Loan Amount:** $120,000
- **Purpose:** Capital for pharmacy remodel
- **Repayment:** Monthly payments of $3,734 over three years
- **Collateral:** Personal property
Description of Business

Management Structure

• Dana Ling
  ○ Pharmacy manager and compounding pharmacist

• Store Manager

• Advisory board:
  ○ Dana Ling
  ○ Tribal Physician
  ○ Rachel Merrill
  ○ Nursing Home Representative
  ○ Joe Cammack
  ○ Customer
Description of Business

Insurance
• Fire, earthquake, and theft
• Professional liability
• Key person insurance for Dana

Security
• Burglary alarm
• Sprinkler system
• Police department located in same shopping center
Service Mix

Current Services
- Photo Supply and Services
- Medication Delivery
- Drive Through Pick Up
- Durable Medical Equipment Sales and Consultation

Added Services
- Compounding
- Immunizations
- Long Term Care Packaging
- 340B Contracting
- Medicine Return Program
Description of Business

Compounding

- Joint venture with Jim’s Pharmacy
- Increase patient population and gain significant margins
- Veterinarians, Olympic Game Farm, rural farmers
Immunizations

• Collaborative agreement protocol
• Travel clinic
• Marketing to doctors, assisted living homes, and general public
340 B Contracting

- S’Klallam Tribe’s Jamestown Family Health Clinic
- Medication costs less than 50% AWP
- Educating clinic prescribers
- Beneficial to clinic and offers additional pharmacy clientele
Description of Business

Product Mix

Current Products
- Prescription Medications
- OTC Medications
- Durable Medical Equipment
- Diabetic Supplies

Added Products
- Alternative Medications
- Foot Care Products
- Travel Products
- Local Lavender Products
Description of Business

Alternative medicine
• Evidence based medicine
• Patient education workshops
• Herbal of the month promotions
• Network with local practitioners

Foot care products
• Close relationship with local podiatrists
• Treatments for most common geriatric foot ailments
Travel Products

- Optimize comfort, convenience, and aesthetics

Local Lavender Products

- Ideal souvenirs
- Shipping and delivery services offered
- Bath and shower items, comfort items, and essential oils for aromatherapy
Marketing Plan

Competition
Marketing Plan

General Promotion

- Digital marquee
- Tribal connections
- Sequim Gazette
- Sponsor local events and promote MTM
Target Market
• Patients seeking individualized care
• Customers needing compounding services
• Assisted living homes
• Jamestown S’Klallam tribe members

Potential Market
• Incoming new residents
• DME services
• Current residents going to other pharmacies

Marketing Plan
Physical Description
Financial Information

Sales Projections

- Non-RxSales
- RxSales
Financial Information

Short Term Sales Projection

- Monthly Sales 2010
- Monthly Sales 2013
# Financial Information

## Cash Flow Projection

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash From Operating Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Operating Profit</td>
<td>11,784</td>
<td>-98,004</td>
<td>15,426</td>
</tr>
<tr>
<td>Increase In Accounts Payable (+)</td>
<td>8,215</td>
<td>8,709</td>
<td>9,231</td>
</tr>
<tr>
<td>Increase In Accounts Receivable (-)</td>
<td>7,277</td>
<td>7,714</td>
<td>8,176</td>
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<tr>
<td><strong>Net Cash Flow From Operating Activities</strong></td>
<td><strong>12,722</strong></td>
<td><strong>-97,009</strong></td>
<td><strong>16,481</strong></td>
</tr>
<tr>
<td><strong>Cash From Financing Activities</strong></td>
<td>0</td>
<td>120,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Cash From Financing Activities</strong></td>
<td>0</td>
<td>120,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Change In Cash</strong></td>
<td>938</td>
<td>995</td>
<td>1,055</td>
</tr>
<tr>
<td><strong>Cash Balance End of Year</strong></td>
<td><strong>12,722</strong></td>
<td><strong>22,991</strong></td>
<td><strong>16,481</strong></td>
</tr>
</tbody>
</table>
Summary of Loan Request

- **Total Assets:** $60,000*
- **Debt to Equity Ratio:** 0.5
- **Collateral:** Personal Property*
- **Personal Guarantees:** Dana & Rachel liable for all loan terms
- **Special Conditions:** Joint venture with Jim’s Pharmacy

* See Addendum to Loan Request in Handout
University of Washington pharmacy students Alisha Fewins, left, Rachel Merrill, Dana Ling and Zsolt Hepp show off their business plan that would include a cooperative agreement between Frick’s Rexall Drug Store in Sequim and Jim’s Pharmacy in Port Angeles.

Frick’s pharmacy serves as students’ model

by BRIAN GAWLEY
Sequim Gazette

Four University of Washington pharmacy students are using Frick’s Rexall Drug Store and Jim’s Pharmacy in Port

“I’m sorry I missed them. I’m really proud of those kids,” he said.
Frick has worked with University of Washington pharmacy students and has served as a preceptor in the pharmacy school, teaching interns and techni-

The contest is open to pharmacy schools across the country. Students develop a business plan to buy or build an independent pharmacy.

Plan envisions partnership
Acknowledgements and Questions

- Don Downing
- Jackie Gardner
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- Steve LaFever
- Linda Herzog, Sequim City Manager
- Laura Dubois, Sequim Mayor