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community
pharmacist.

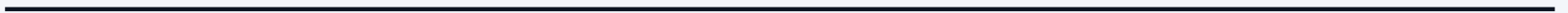
The Road to Pharmacy Ownership

Hashim Zaibak, PharmD

Hayat Pharmacy

Learning Objectives

- 01.** Describe one pharmacist's challenges to pharmacy ownership and steps to overcome them
- 02.** Outline three key strategies to assist with moving from pharmacy management into pharmacy ownership
- 03.** Discuss how expansion into niche services can increase financial success of a new pharmacy



Failures



- Zaibak PRN Staffing
- Vytamine
- Pet Compounding



Life Before Pharmacy



-
- Born in Gaza, Palestine
 - Parents are Palestinian refugees
 - Moved to Chicago in 1992 for pharmacy school



The Beginning

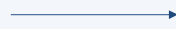


Education



Graduated in 1999 from University of Illinois at Chicago

Career



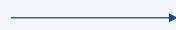
Worked at CVS from 1999-2011

Hayat Pharmacy



Opened first Hayat in 2011

Workshop



Attended NCPA's Ownership Workshop in 2011

First Hayat Pharmacy

Location

- Inside a health clinic in Milwaukee

Funding

- Initial investment came from selling CVS stocks
- Initial inventory financed through wholesaler line of credit at 0% interest for 12 months

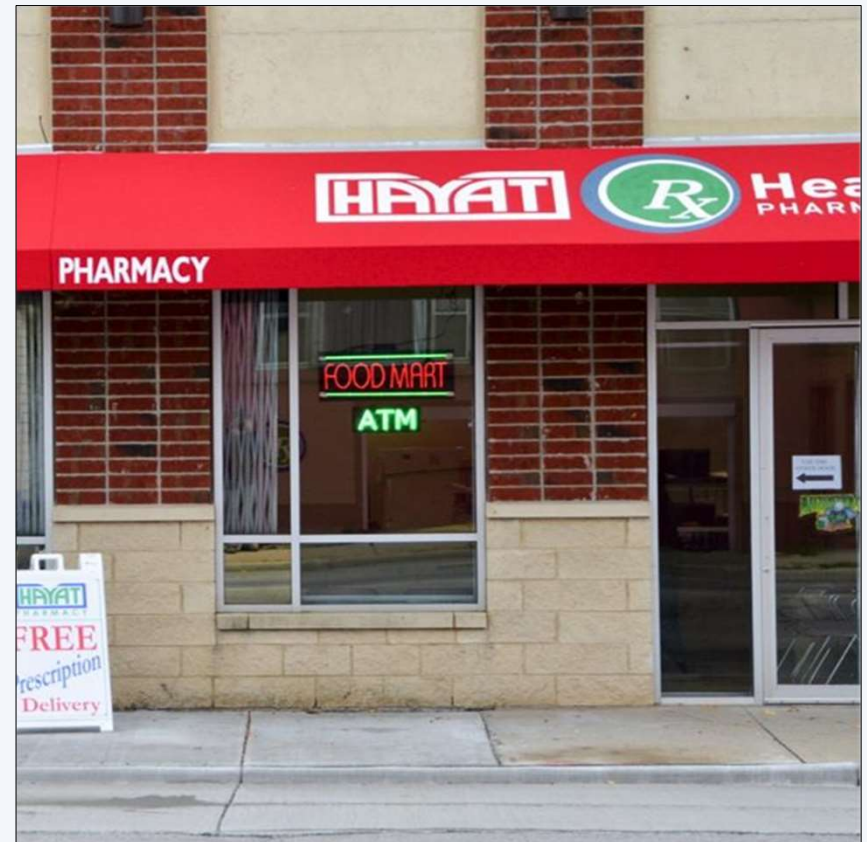
Expenses

- Fixtures
- Software/hardware
- Rent deposit
- Supplies
- Technician salary
- Licenses, fees, etc.
- Inventory

Growing



- 2012 - second location opened
- 2013 - opportunity to rent out entire first floor
 - 1,200 sq ft -> 4,800 sq ft
 - Remodeling cost



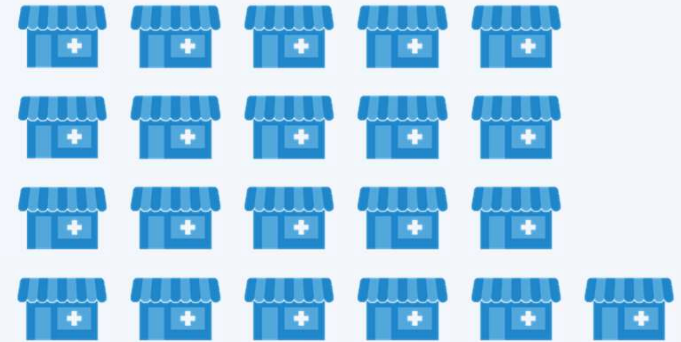
Growing



- Today - total of 21 in-clinic pharmacies, stand alone pharmacies, and telepharmacies

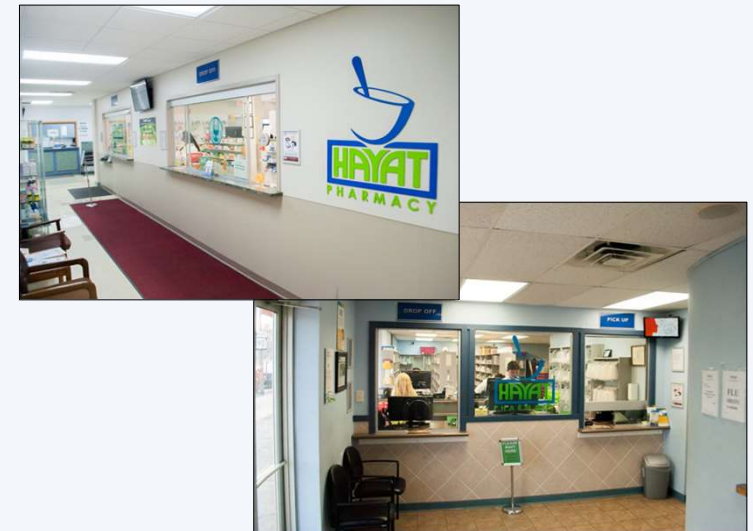


2011



2024

Pharmacies





**“Success happens when
preparation meets opportunity”**

– Roman philosopher Seneca

Be ready for opportunities that may come your way!

Laab's Pharmacy



- Acquired in late 2012
- Originally opened in the late 1800s
- Well-known in the community for excellent customer service

Carter's Drug Store



-
- Acquired in 2014
 - Herbal medications and remedies
 - Local community-wide known pharmacy since 1968

Niche Services

- Compounding
- Medication Disposal
 - All locations
 - first drop box in Milwaukee in 2017
- Immunizations
 - Covid19 and flu
 - International travel
 - Immigration vaccines



Niche Services

- Medication therapy management
 - Personal consult with a pharmacist
- Simplify My Meds
 - Medication synchronization
- Free Prescription Delivery
- LTC
- Point of Care testing



Hayat Giving Back to the Community



- Relationship with free clinic
- Community health presentations - Hayat Cares
- Free immunizations
- Training international pharmacy interns who are now fully registered pharmacists



Challenges to Ownership

- People will try to dissuade you
 - Negative comments
 - Realize you may encounter naysayers
- Mindset
 - Switch from employee to owner mentality
- Work-life balance

Challenges to Ownership

- Legal liability
- Partnerships
 - Be selective
 - Possibility of falling out
- Hiring
 - Who? How many? Which role?
- Finances
 - cashflow, accounting, taxes, etc.



Success Strategies

- Get to know yourself
 - Ownership requires long hours, little pay, and many hats
- Network
 - Continue to go to conferences and networking events
- Pay it forward



NCPA Engagement

- NCPA Vice President
- Hayat Pharmacy has been an active NCPA pharmacy since 2011
- NCPA annual convention

Accomplishments

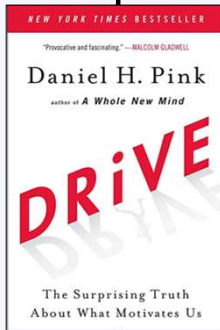
- First pharmacy to become the national Health Mart Pharmacy of the Year twice!
- Over 100,000 COVID vaccines during the pandemic
- Over 170 employees



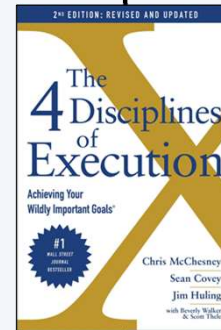
Know your why.



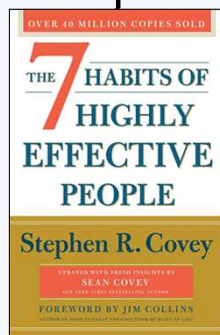
Recommended Books



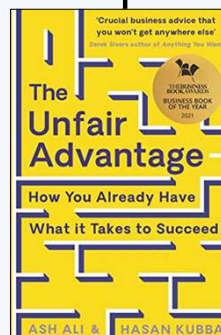
“Drive” by Daniel Pink



“The 4 Disciplines of Execution” by Chris McChesney, Jim Huling, and Sean Covey



“7 Habits of Highly Effective People” by Stephen Covey



“The Unfair Advantage” by Ash Ali and Hassan Kuba



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Community Pharmacy Valuation

J. Scott Weaver, R.Ph.
VP of Pharmacy, PRS Pharmacy Services



How to Determine an Equitable Selling / Purchase Price for a Retail Pharmacy

Introduction

- Valuation Process
- Formulas Used to Determine Fair Market Value
- Case Study
- Elements that Influence Selling Price
- Buyer Considerations



Pharmacist Are Health Care Professionals Not Buyers / Sellers

- One of the Most Important Professional Transactions
- Set Unrealistically High Sale Value
 - Emotion
 - Misinformation
- Buyers Want to Make an Educated Decision
 - Don't assume asking price is fair
 - Due diligence



Valuation Process

- Not an exact science, it is subjective
- Financial data to determine a Fair Market Value
 - 3 year tax statements
 - 3 year balance sheets
 - 3 year income statements
- Pharmacy Valuation Formulas to Determine Fair Market Value
- Raises Negotiations from Level of Personal Opinion to Rational Analysis
- Results in a Price Range



EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortization

- Net Income of Business from Income Statement
- Add Back (ANP):
 - Interest
 - Taxes
 - Depreciation
 - Amortization Expenses



Normalizing EBITDA

- Seller's Salary
- Other Salaries
- Rent
- Personal Expenses



Case Study – Main Street Apothecary

Financial Data	
Sales	\$5,800,000
Costs of Goods Sold	\$4,410,000
Gross Profit	\$1,390,000
Unadjusted Net Profit	\$119,250
Inventory	\$545,000
Owners' Salary	\$235,000 (63 hours per week)
Staff Pharmacist Salary	\$28,300 (10 hours per week)
Furniture/Fixtures/Equipment	\$10,000



Case Study – Main Street Apothecary

Financial Data (cont.)

Depreciation	\$14,300
Interest	\$11,125
Taxes	\$26,700



Normalizing Net Profit

• Unadjusted Net Profit	+	\$119,250
• Salary Adjustment *	+	\$32,056
• Owner Pension Plan	+	\$7,000
• Owner Life Insurance Premium	+	\$1,650
• Family Member Wage	+	\$24,255
• Depreciation	+	\$14,300
• Interest	+	\$11,125
• Taxes	+	\$26,700
• Rent Adjustment	+	\$24,000
• \$4,000 / month		
• \$2,000 / month area average		
“Normalized” Net Profit		\$260,336 (4.6%)



Normalizing Net Profit (cont.)

Salary Adjustment

Open 73 hours / week

Owner's salary - \$235,000 (63 hours / week)

Staff RPh salary - \$28,300 (10 hours / week)

Total: \$263,300

2023 Benchmarks

Owner's salary - \$130,000 (40 hours / week)

Staff RPh salary - \$101,244 (33 hours / week * \$59 / hour)

Total: \$231,244

$\$263,300 - \$231,244 = \$32,056$



Formulas

- General in Nature
- No Single, All Purpose Formula
 - Results in a price range
- Guide
- Assessment of Value



Formulas

Do Not Include

- Real Estate
- Automobiles
- All Liabilities



Formulas For Valuation

1. Percentage of Sales (20%) Approach
 $(.20) (\$5,800,000) = \$1,160,000$



Formulas For Valuation (cont.)

2. Return (Net Profit) on Investment (Purchase Price) and Net Profit Approach

Using 20% ROI = $\$260,336 / .20 = \$1,301,680$

Using 5 (Net Profit) = $5 \times \$260,336 = \$1,301,680$



Formulas For Valuation (cont.)

3. Direct Assessment (Tangible + Intangible Assets)

Tangible Assets	
Inventory	\$545,000
FFE	\$10,000
Total	\$555,000



Formulas For Valuation (cont.)

Direct Assessment (cont.)

Intangible Assets = (Extra Earning Power) x (Years of Profit Factor)

Extra Earning Power

Earning Power (10%)	\$55,500
Salary if PIC Elsewhere	\$120,000
Total	\$175,500



Formulas For Valuation (cont.)

Direct Assessment Intangible Assets (cont.)

Extra Earning Power

Net Profit of Business	\$267,200
New Owner Salary	\$130,000
Total	<u>\$397,200</u>



Formulas For Valuation (cont.)

Direct Assessment Intangible Assets (cont.)

Extra Earning Power

\$397,200

\$175,500

\$221,700



Formulas For Valuation (cont.)

Direct Assessment (cont.)

Years of Profit Factor

$$(\$221,700) \times (4) = \$886,800$$



Formulas For Valuation (cont.)

Direct Assessment (cont.)

Tangible Assets	\$555,000
Intangible Assets	\$886,800
Purchase Price	\$1,441,800



Formulas For Valuation (cont.)

4. Percentage of Sales (12%) Plus Inventory + FFE

$$(.12) (\$5,800,000) + \$545,000 + \$10,000 = \\ \$1,251,000$$



Formulas For Valuation (cont.)

5. Net Profit Approach

2.6 (Net Profit) + Inventory + FFE

$$(2.6)(\$260,336) + \$545,000 + \$10,000 = \\ \$1,231,874$$



Summary of Valuations

Percentage of Sales	\$1,160,000
ROI / Net Profit	\$1,301,680
Direct Assessment	\$1,441,000
Percentage of Sales + INV + FFE	\$1,251,000
Net Profit Multiple Approach	\$1,231,874

Range: \$1,160,000 - \$1,441,000

Average: \$1,277,111



Summary of Valuations (cont.)

- Amounts Represents a Fair Market Value for Main Street Apothecary
- Actual Selling Price Can Be Adjusted Upward or Downward Through Negotiation
- Subjective Values



Elements That Influence Selling Price

- Cash Flow
- Economic Trends
- Physical Appearance and Condition of Pharmacy
- Competition
- Inventory Composition and Condition
- Lease Terms



Elements That Influence Selling Price (cont.)

- Location
- Pharmacy Image
- Terms of Sale
- Number of Interested Buyers
- How Badly Seller Wants to Sell
- How Badly Buyer Wants to Buy



Buyer's Considerations

- Acquisition Price + Working Capital + Closing Costs
- Pay for Historical Financial Performance
 - NOT POTENTIAL
- Cash Flow Must Support Debt, Expenses, Salary and/or Return to Buyer
- Acquisition Is Not the Same Price to All Buyers
 - Associate of Pharmacy
 - Current Pharmacy Owner

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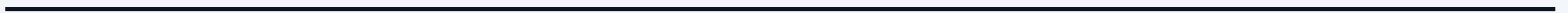


Technology to Improve Your Workflow

Hashim Zaibak, PharmD
Hayat Pharmacy

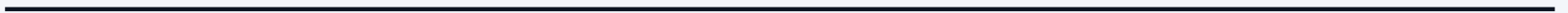
Disclosure

Hashim Zaibak, PharmD is the owner of Hayat Pharmacy. There are no relevant financial relationships with ACCME-defined commercial interests for anyone who was in control of the content of the activity.



Learning Objectives

- 01.** Discuss the different areas where pharmacy technology can improve efficiency of pharmacy operations
- 02.** Outline budgeting needs for the incorporation of pharmacy technology systems into your business plans
- 03.** Discuss how to phase in technology as the business grows



Before Opening



- Pharmacy management system
- Point of sale
- Phone system
- Security cameras and alarms
- Accounting software with cloud backup



Optional

- Pill counters
- Prescription dispensing systems
- Parata
- ScriptPro
- RxSafe

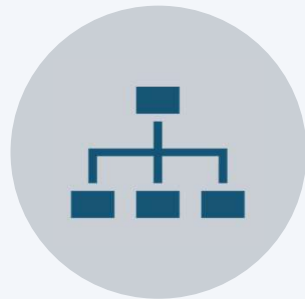


Medication Synchronization



- Why?
 - Increases workflow efficiency
 - Better inventory control
 - Improves adherence
- Pick pharmacy management system with good synchronization module

Employee Communication



Project Management



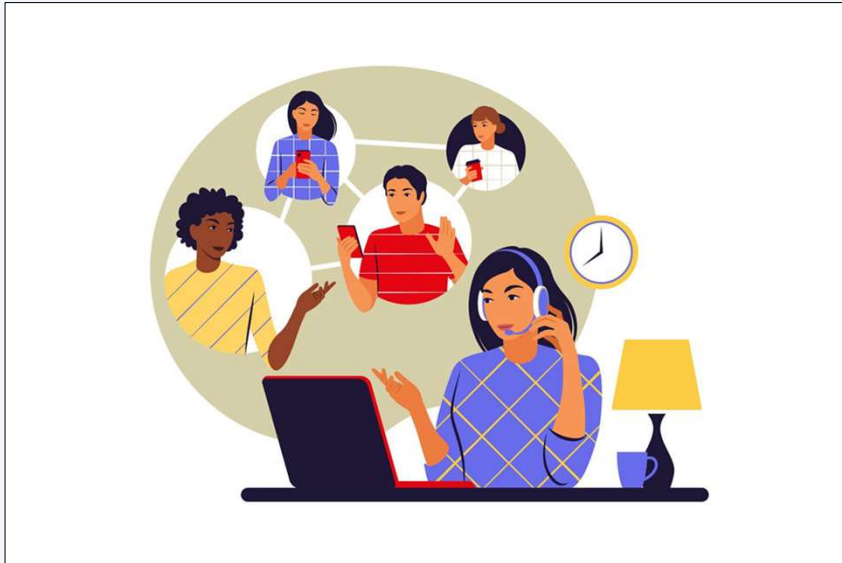
Chat App

Project Management



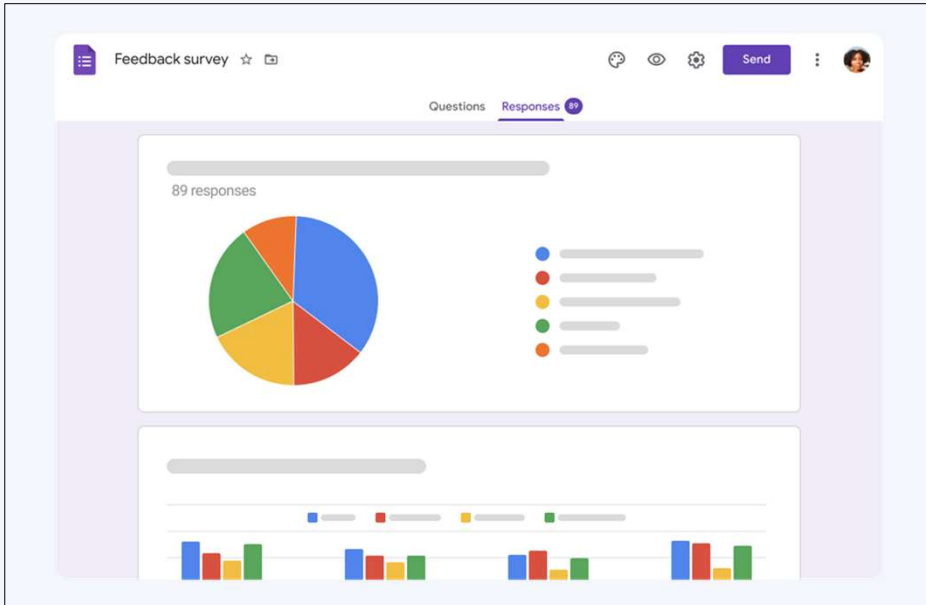
- Delegate tasks to teams and individuals
- Members can comment on tasks
- Tracking deadlines
- Mobile and desktop friendly

Chat App



- Can communicate with teams or individuals
- Mobile and desktop friendly
- HIPPA compliant

Google Form



- Tracks responses
- Ability to transfer data for charts and graphs
- Mobile and desktop friendly
- Free!

Mobile Apps



**Patient
Education**



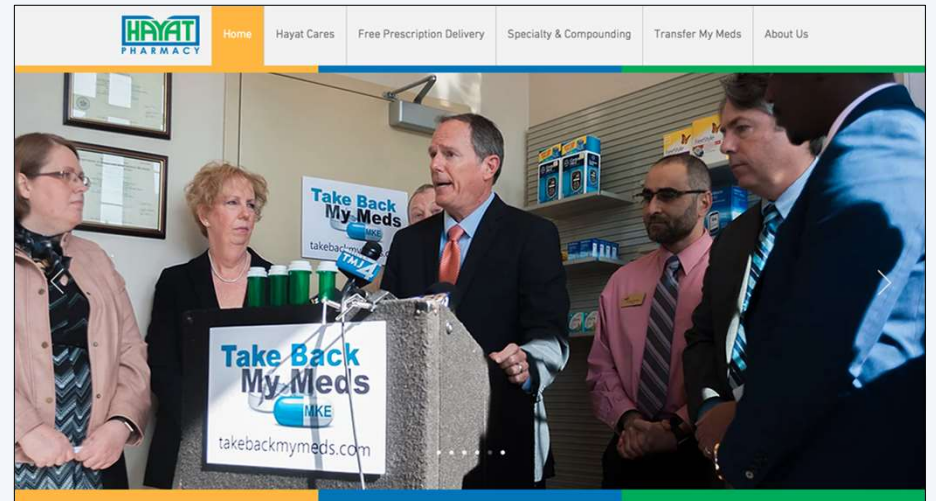
**Patient Rx
Refill**



**Delivery
(Internal)**

Marketing

- Website
- Social Media
- Google business profile



Budgeting for Technology

- Cash is king
- Many vendors provide lease options
- Ask about maintenance fees
- Check in with accountant before finalizing a deal
- Read the fine print



Other Technologies



- Adherence packing machines
- LTC technologies
 - eMAR
 - EHR
 - Online charting
- Compounding technologies
- Additional niche service technologies
 - Remote patient monitoring, etc.



One more thing....




**“In business you don’t get what
you deserve, you get what you
negotiate”**

Excerpt from Crucial Conversations by Kerry Patterson, Joseph
Grenny, Ron McMillan, and Al Switzler



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The How To's of Financing Your Pharmacy Deal

Schwanda Flowers, PharmD
Managing Director/ Loan Officer
First Financial Bank



Objectives

- Explain the different types of financing available to pharmacies.
- Discuss borrower eligibility for SBA loans.
- Describe the SBA loan process from application to funding.
- Describe cash flow of the business including a review of its impact on valuations.



What do banks offer?

Financing for:

- Acquisition and Real Estate
- Equipment financing
- Expansion & remodeling
- Business refinancing
- Start-up loans
- Working capital



Sources of Funding

- Conventional loans
- SBA loans – 7a and 504
- Private Equity Investor
- Family and Friends
- Seller financing
- Grants



SBA Guaranteed Loan Programs

Debt Financing

- SBA does not directly lend money
- SBA sets the guidelines for loans; the banks lend the money
- SBA partners with lenders to guarantee repayment of the loan
- The loan is a commercial loan structured according to SBA requirements with an SBA guaranty
- PLP – Preferred Lender Participant – Some lenders are preferred lender participants



SBA Size Standards

- Is your business considered to be “Small” by the Small Business Administration?
- You must be defined as a small business when submitting a proposal for SBA financing.
- SBA uses the North American Industry Classification System (NAICS) as the basis for its size standards.
- Usually, the number of employees or average annual receipts.
- For Pharmacies and Drug Stores (NAICS code 446110), the size standard is based on average annual gross income.
- The size standard for Pharmacies and Drug Stores totals \$30mm.



Planning to Buy?

- Where are you willing to acquire
- Target pharmacy requirements
 - Size, staffing, specialized markets/services
- Who is on your team
 - Attorney, CPA, Wholesaler, Business Partners, Banker

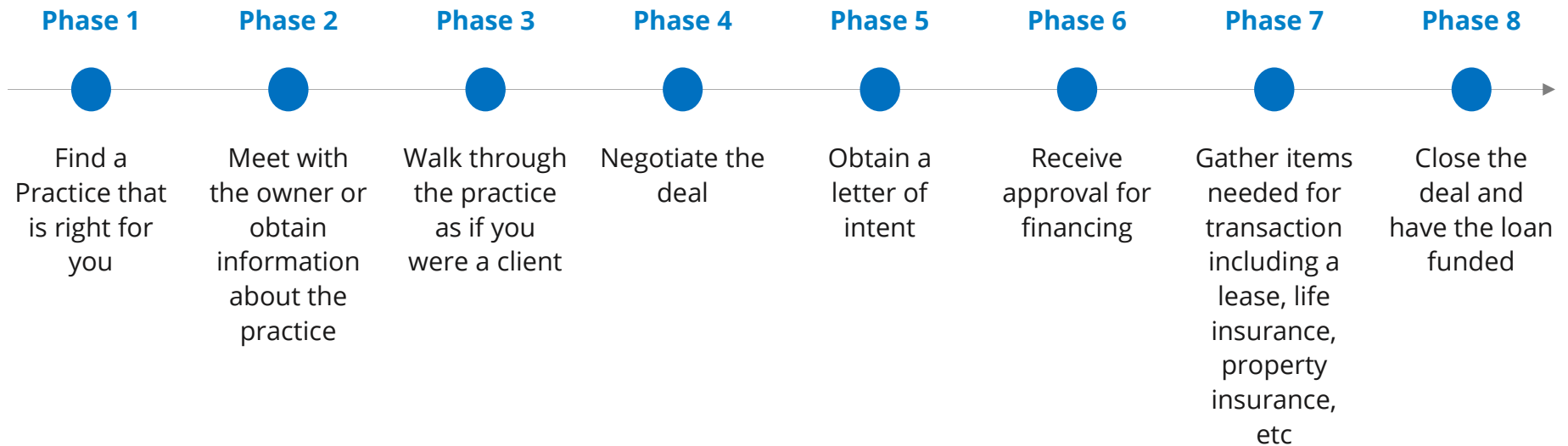


Buyers Must Have a Plan

- Good credit
- Valid Pharmacist License (or access to one)
- Passion & Desire to Own a Business
- Have a Great Mentor
- Cash Available for Equity
- Understanding of Financial Performance & Benchmarking
- Find the right pharmacy
- Understand the opportunity
 - Due diligence, valuation, business trends
- Negotiate
 - Term sheet/LOI, real estate, seller carry, bank, cash injection
 - Timeline for the above can take 3-12 months



The process start to finish...





Debt Service Coverage Ratio

Debt Service Coverage Ratio (DSCR): DSCR shows how healthy a company's cash flow is and can determine how likely a business is to qualify for a loan. The DSCR is calculated by dividing the operating income available for debt service by the total amount of debt service due.

What Lenders Look For: The minimum DSCR to secure SBA 7(a) financing is 1.15. However, most lenders want a borrower to have a DSCR of 1.3 or more.



A DSCR of 1 or higher indicates that an entity has a greater ability to service its debts.



A DSCR of less than 1 denotes a negative cash flow, and the borrower may be unable to cover or pay current debt obligations.





Cash Flow Simplified

- Cash flow = net operating income (NOI) of the business
 - The net operating income will tell us how much debt the business can afford
- The business debt service coverage ratio (DSCR) and the personal global debt service margin must be sufficient to support the loan request

$$\text{DSCR} = \frac{\text{Net Income}}{\text{Debt Payment}}$$



Performing a Valuation

What does a buyer, accountant, and lender need to review?

1

**YTD Profit and Loss
Statement and Balance
Sheet**

2

Pharmacy Prescription & Profitability Reports

- ✓ Rx Sales Report (Scripts & Payers by plan Code)
- ✓ Top 100 Drugs Dispensed
- ✓ Generic vs. Brand / New vs. Refill
- ✓ Seller's cost of goods, Gross Margin logs
- ✓ Rebates, % Medicaid, 3rd party
- ✓ Ability to recast/normalize financial statements accordingly for a new customer

3

**Three Years of Tax
Returns**



What is the Pharmacy Worth

What price a seller is willing to accept for the business?

What a buyer is willing to pay

What a lender is willing to invest

**All dependent upon the buyers' ability to generate a future ROI. Business evaluations need to be done.



The Pharmacy must...

- ✓ Enable a buyer to earn market compensation
- ✓ Allow for debt repayment on total project cost
- ✓ Appraise - lenders like a debt service margin of 1.3 or better





Identifying Value in a Pharmacy

Attractive

>\$3M Revenue

Good profitability

Balanced expenses

Good staff and location

Stable growth

Reasonable rent/lease

Differentiation

Competition

Not Attractive

<\$2M Revenue

Underperforming, limited growth potential

Overstaffed/extended hours

Declining revenue and/or scripts

Excessive rent

Unfavorable lease terms

Premium asking price

Poor/unclear/outdated financials



Pharmacy Valuation Formulas

Multiple of cash flow

- (EBITDA) + inventory
- Market is averaging 2.5 to 4x

% of annual gross sales + inventory

- Usually 15-25%

\$\$ multiple of annual Rx count + inventory

- Typically \$10-\$20 (chain method)



Valuation Example

\$4M total revenue, \$65k annual RX
Normalized EBITDA of \$315K



Option 1 (cash flow)

$\$315K \times 3 = \$945K +$
inventory

Option 2 (gross sales)

$\$4M \times 20\% = \$800K +$
inventory

Option 3 (\$/script)

$\$65k \times \$15/\text{script} = \$975K$
+ inventory



Sample Purchase Structure

Asset vs Stock

- Asset most common

90% bank loan

- SBA lends on total project cost

10% equity requirement

- Combo of: Buyer cash down payment, seller promissory note

Buyer needs working capital

- Cash (savings, 401k, family/gift)
- Added to loan
- Inventory



What can be used as a cash injection?

Cash in the bank...

Savings...

Investor dollars

Gift...

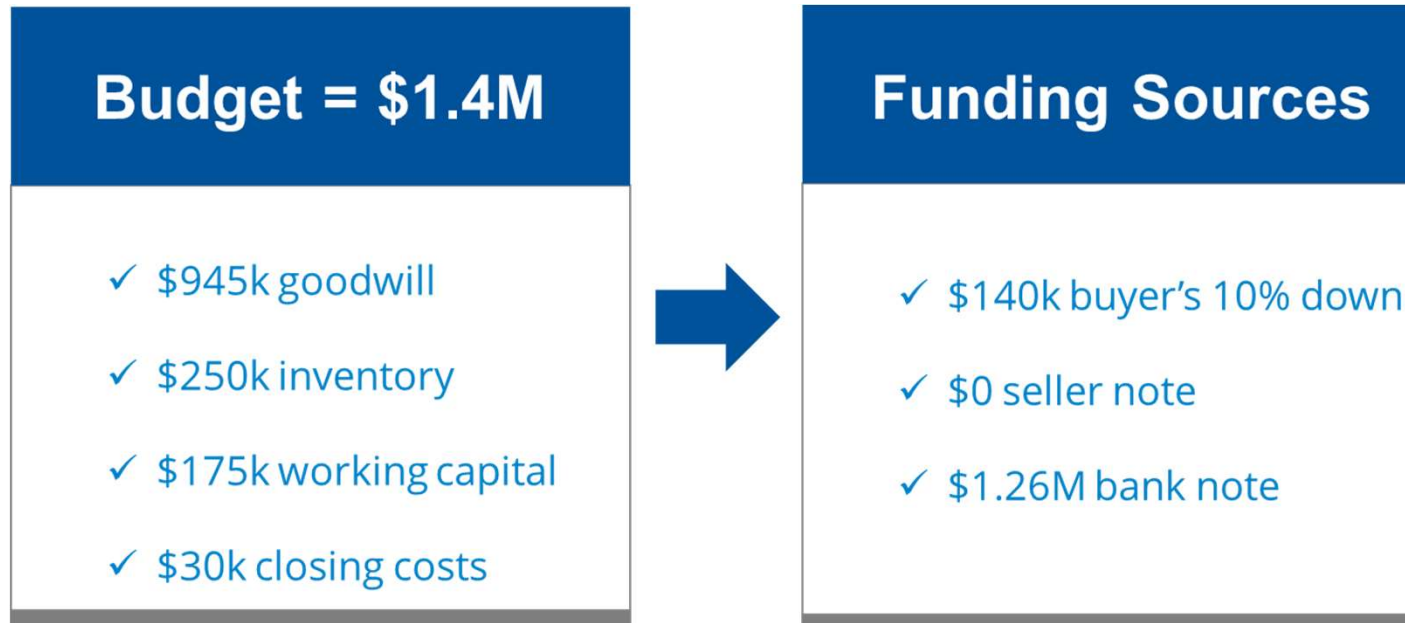
Borrowed funds? Must have another source of repayment

- 401k loans
- HELOC

Seller Note... New favorable SBA guidelines



Pharmacy Acquisition Loan Example





Acquisition Do's and Don'ts

DO

Understand business and its differentiators

Know current cash flow opportunity

Leverage pharmacy experts (Banker, CPA, Attorneys)

Expect the unexpected

Budget and forecast future performance

DON'T

Don't limit yourself based on what's there, see potential

Don't pay for potential

Don't be emotional, make a sound business decision

Don't assume bad trends are easily fixed, or good ones always continue

Don't get into a bidding war

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This presentation includes examples and does not guarantee identical outcomes. First Financial Bank does not guarantee loan approval, rates, or terms. Each situation must be evaluated separately. This presentation does not replace the use of an accountant. All financial statements should be reviewed or prepared by a CPA.





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Acquisition Target & Opening Timeline

J. Scott Weaver, R.Ph.
VP of Pharmacy, PRS Pharmacy Services



Introduction

Licensing and Third Party Enrollments

Start-up Pharmacy

Acquisition

Asset Purchase Review

Stock Purchase Review



START-UP



Licensing Sequence

- National Provider Identifier (NPI) Numbers
 - State permit
 - State controlled drug registration (if applicable)
 - Drug Enforcement Administration (DEA) registration
 - National Council for Prescription Drug Program (NCPDP)
-
- Third Party Enrollment Procedures



Timelines

- Be Prepared
- Adequate Time to Establish Opening Date
- Federal and State Licensing Requirements
- Third Party Enrollment

- Wholesaler(s) Accounts
 - Computer Selection

- Goal is to open with all third party insurances online



- If Not – It will cost you \$\$\$
 - Delays in Opening
 - Lost Revenues
 - Increased Business Cost
 - Frustration



National Provider Identifier (NPI) Number

- A unique identification number, for health care providers, (individuals, groups or organizations, such as pharmacy) that is used by all health plans.
- Apply upon receipt of your state pharmacy permit
 - <http://nppes.cm.hhs.gov>
- No enrollment cost
- Two weeks to obtain



State Board of Pharmacy Permit

- **Facility Requirements**

- Security, building requirements, Rx area size, counter length, phone operational, C-II storage requirement

- **Application Process**

- Blueprints, financial affidavits, article of incorporation, quality assurance program, lease agreement, fingerprinting, wholesaler affidavit, photos, schematic layout drawing

- **Inspection**

- Required pharmacy equipment and reference library
- Policies and Procedures

- **Timeline**

- New application approval
- Schedule inspection
- Receive permit number



State Controlled Substance Registration

- Adjacent to the pharmacy permit
- Separate registration and approval time



Drug Enforcement Administration (DEA)

- Cannot apply for new DEA registration certificate until the new pharmacy permit and controlled substance license (if applicable) are obtained
- Can register online at <http://www.deadiversion.usdoj.gov/>
 - \$888 for three year certification
- May take up to 6 weeks to obtain



National Council for Prescription Drug Programs (NCPDP) Provider ID

- A unique 7-digit, national identifier that assists pharmacies in their interactions with pharmacy payers and claims processors
- <http://www.ncpdp.org/Membership/Apply-Online>
 - Create a username and password account prior to application process
- Pharmacy Opening Date
 - Six (6) Weeks From the Date of Application
- Upon receipt of your NCPDP, you can apply for all your third party plans
- \$400
- Two weeks to obtain



Third Party Enrollment

- **Certificate of Liability**
 - Rider on your business insurance (store)
 - \$1 Million per incident/\$3 Million aggregate
 - PBMs require to obtain agreements
- **Surety Bond**
 - Medicare Part B
 - \$50,000
 - \$250 annually
- **Pharmacy Services Administration Organization (PSAO)**
 - Most buying groups or wholesaler networks offer
 - A must to obtain a majority of third party enrollments
 - Negotiates reimbursements from payers as part of large pharmacy network
 - Enrollment in conjunction with wholesaler approval (8-12 weeks)
 - Apply early (construction phase)



Third Party Enrollment

The following plans are not included:

- CVS/Caremark
- Humana
- Express Scripts
- Optum Rx
- Medimpact
- Prime Therapeutics



Third Party Enrollment

- Medicare Part B

- Drugs and Biologics - 855s
- Immunizations - 855b
- DMEPOS
 - Requires accreditation
 - 6 month process

- National Supplier Clearinghouse (NSC)

- www.palmettogba.com/NSC

- State Medicaid

- State Specific
- Requirements for Enrollment
- Timelines



Heat Zones

(Health Care Fraud Prevention and Enforcement Action Team)





Heat Zones

- Health and Human Services & Department of Justice
- Enhanced Levels of Credentialing Requirements Including Site Visits
- Caremark
 - Enhanced credentialing via portal
 - Unannounced Site Visit
 - Additional Fee
- Elixir
 - Pharmacy must be open for 18 months & under current ownership for 12 months
 - Exception may be made for pharmacies commonly owned with other in-network pharmacies
- Express Scripts
 - Enhanced credentialing via portal
 - Additional Fee



Heat Zones

- MedImpact

- Unannounced Site Visit
- Additional Fee

- Navitus

- Enhanced credentialing application delivered directly to the PBM
- Pharmacy must be in operation 18 months under current ownership
- Exception to waiting period if commonly-owned with another in-network pharmacy
- Pharmacy must be in good standing & open 18 months w/ current owner



Heat Zones

- Optum

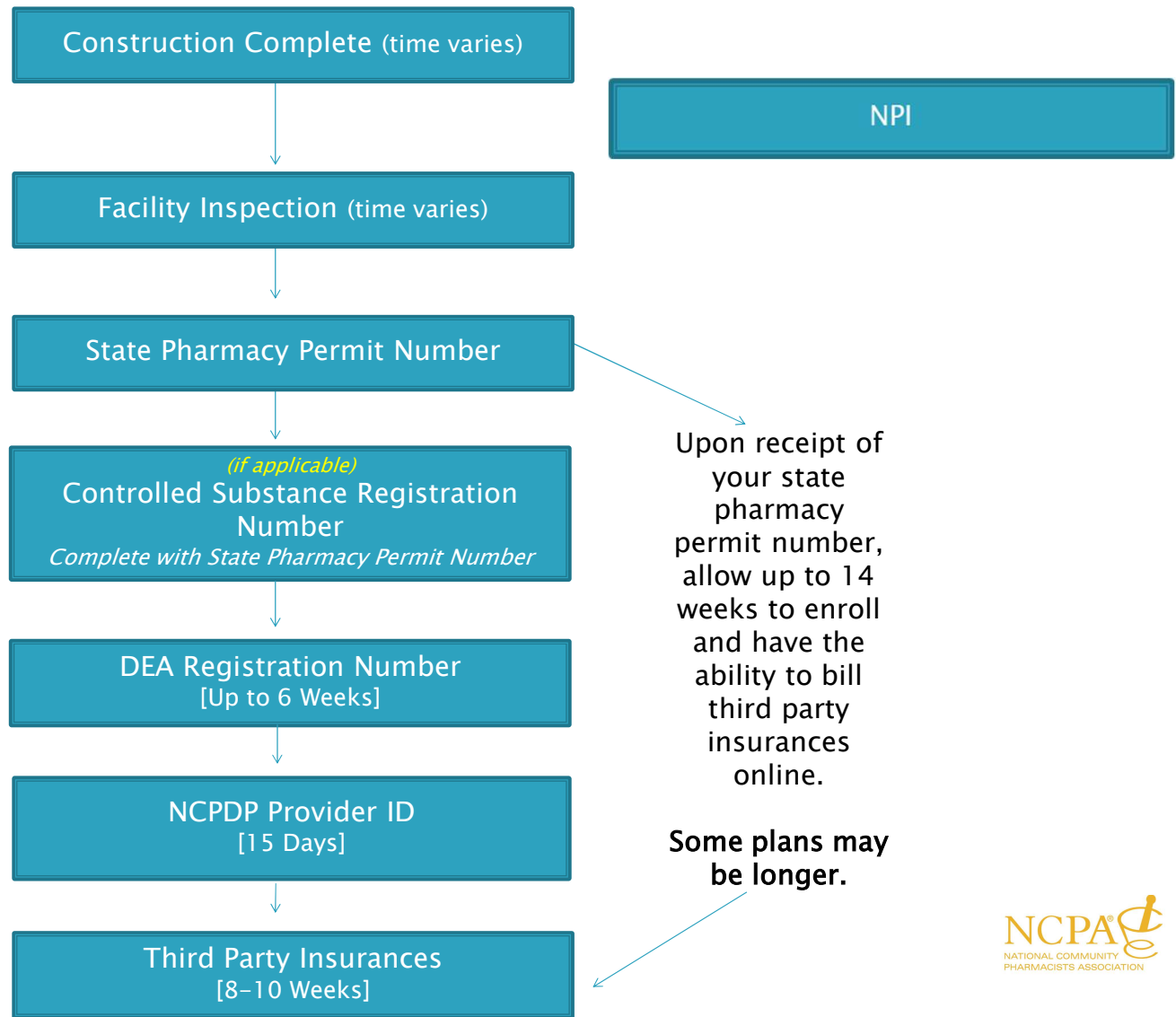
- Enhanced credentialing application delivered directly to the PBM

- Prime

- 12 months processing records under current ownership
- 6 months processing records if commonly-owned with in-network pharmacy
- Pharmacy must be in-network \geq 1 year & in good standing



START-UP LICENSING TIMELINE





ACQUISITION / PURCHASE



- **Asset Sale** – Seller retains possession of the legal entity and the buyer purchases individual assets of the company such as equipment, FFE, licenses, goodwill. Buyer must form their own legal entity and assumes no liabilities of the seller.
- **Stock Sale** – Buyer retains all company equity including all assets and liabilities. The buyer assumes the seller's corporation and FEIN.
- **Each State Board of Pharmacy determines a CHOW differently**
 - Asset is always a CHOW
 - Stock – investigate your state board of pharmacy rules and regulations and determine the CHOW requirements



Asset Sale

- Possession date – sole and complete operational control of business and employees
- Closing date - obtained all necessary permits, licenses, third party contracts, registrations, provider numbers or any other documents required by law to own the pharmacy
- It is imperative to avoid any interruption in licensing and third party billings until the buyer:
 - Obtains all federal and state licenses and registrations
 - Enrolled in all PBM / Third Party contracts

- Key is to avoid interruption in third party billings



Asset Sale

- The key problems typically occur between these two dates, if not addressed in the Asset Purchase Agreement
- Power of Attorney for Licenses and Contracts
 - Operate under seller's licenses and registrations
 - Pharmacy Permit
 - State Controlled Substance Registration
 - DEA
 - NPI
 - NCPDP
 - Operate under seller's third party contracts
 - Payment and Remittance Statements transfer to buyer within 7 days of receipt



Asset Sale

- Seller's Wholesaler / Buying Group / PSAO
 - Remain active
- Seller's Certificate of Liability
 - Remain active



Pharmacy Permit

- Investigate Requirements / Timelines for Application Approval
- Pre or Post Closing Approval
- Pharmacy Inspection Required?

State Controlled Substance Registration

(if applicable)



Drug Enforcement Administration (DEA)

- Similar to a new/start-up pharmacy – cannot apply for the DEA number until the pharmacy change of ownership permit and controlled substance license (if applicable) are obtained
- Once buyer obtains their DEA certificate
 - Conduct a complete controlled substance inventory
 - Buyer and seller keep copy for two years
 - Buyer transfers Schedule II inventory via 222 forms
 - Seller sends certified letter to local DEA field office
 - Location of inventory records
 - Registration certificate
 - Unused 222 forms with the word “VOID” written on each



NCPDP and NPI

- Apply for new enrollment or transfer seller's
- NPI Number Transfer (Obtain seller's password)

<https://nppes.cms.hhs.gov>

- NCPDP Number Transfer (Obtain seller's password)

www.ncdp.org

- The seller completes a notarized affidavit (available on the NCPDP website)
- Avoids disruption in processing third party claims
- Avoids disruption in third party processes



Third Party Enrollment

- Same Criteria as a Start-Up
 - Heat Zones
- Wholesaler / Buying Group / PSAO
 - Account must be established prior to Possession Date
- Certificate of Liability (On Possession Date)
- State Medicaid
- Medicare Part B



Stock Sale

- Do not assume during a stock sale that all pharmacy licenses and third parties are automatically transferred to the new buyer. Requires proper notifications.
- Every state board determines CHOW differently
- Pharmacy Permit
 - If CHOW, new application
 - Change in controlling interest
 - Notification requirement
 - Complete controlled substance inventory



Stock Sale

- **State Controlled Substance Registration**

- Follow state board of pharmacy determination
- Notification requirements

- **DEA Registration Certificate**

- Dependent on local field office determination and state board of pharmacy
- New enrollment?
- Certified Letter Notification?



Stock Sale

- **NPI**

- Requires notification
- Independent of state board of pharmacy determination
<https://nppes.cms.hhs.gov> or 1-800-465-3203

- **NCPDP**

- Independent of state board of pharmacy determination
- Requires notification and completion of NCPDP Authorized Official Signature Form
<https://ncdpd.org>



Stock Sale

- PSAO

- Requires notification and new application

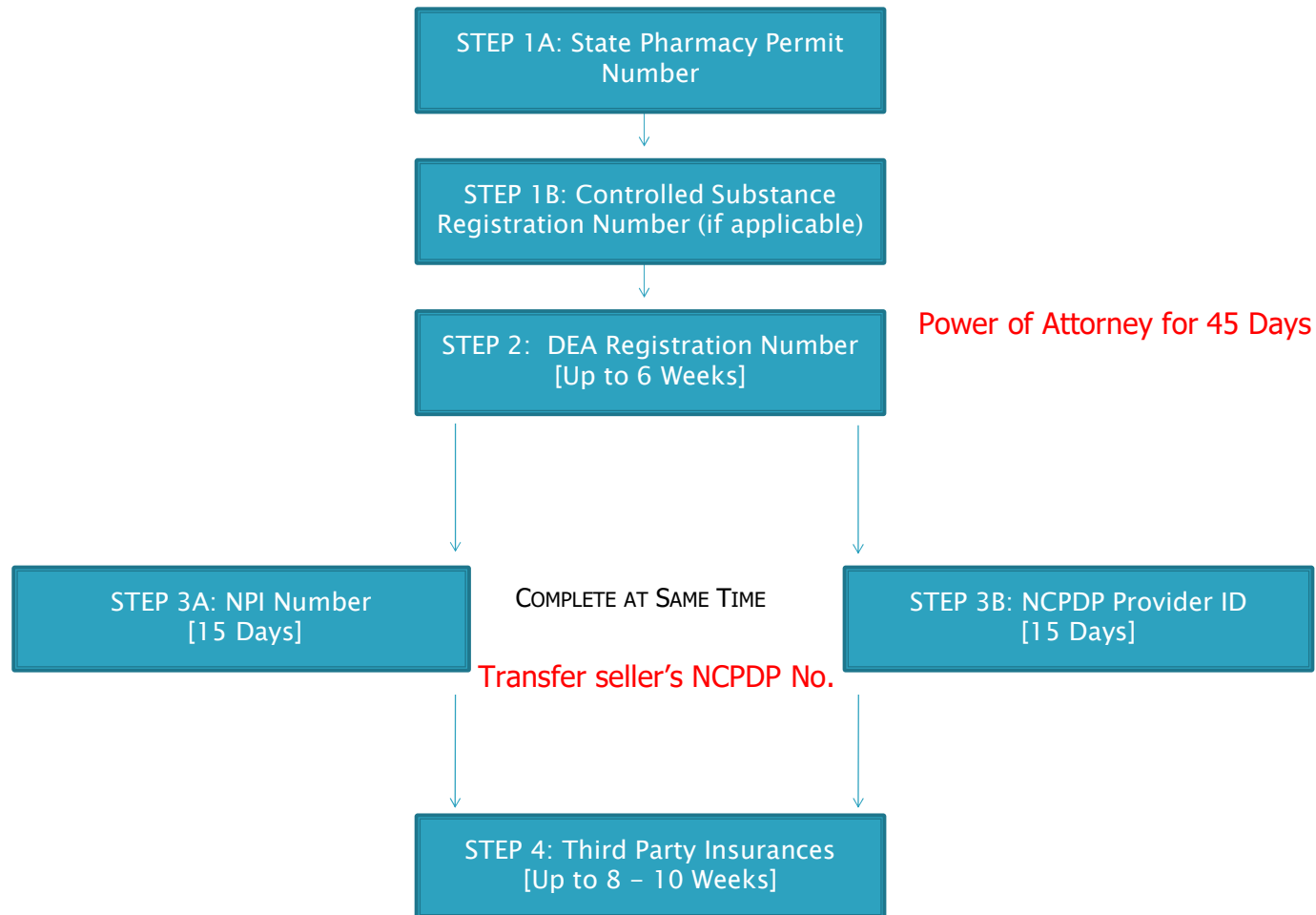
- Third Party Enrollments

*Requires notification and possible new applications within 20-30 days of closing date

- CVS/Caremark
- Humana
- Express Scripts
- Optum Rx
- Medicare Part B
 - Update online
- State Medicaid
 - Verify requirements per state



Asset Purchase Acquisition Pharmacy Licensing Timeline





Final Thoughts

PHARMACY IS A BIG INVESTMENT

- COMMIT TO DOING IT RIGHT FROM THE START
- BE PREPARED WITH TIMELINES & REQUIREMENTS
- SURROUND YOURSELF WITH PROFESSIONALS THAT HAVE EXPERIENCE IN PHARMACY START-UP AND TRANSITION

J. Scott Weaver, R.Ph.
VP of Pharmacy, PRS Pharmacy Services

scottw@prsrx.com
800-338-3688



—
The *voice* of the
community pharmacist.

www.ncpa.org

Follow us on social media





The *voice* of the
community
pharmacist.

**Shaping the interior and exterior of
a Community Pharmacy.**

Gabetrahan@gmail.com

This presentation contains photos where the product name may be visible. This presentation is not meant to be an endorsement or advertisement of any particular product or product categories. Photos are utilized throughout the presentation to further explain a particular concept, or demonstrate merchandising techniques, etc.

Three ways to attract new customers:



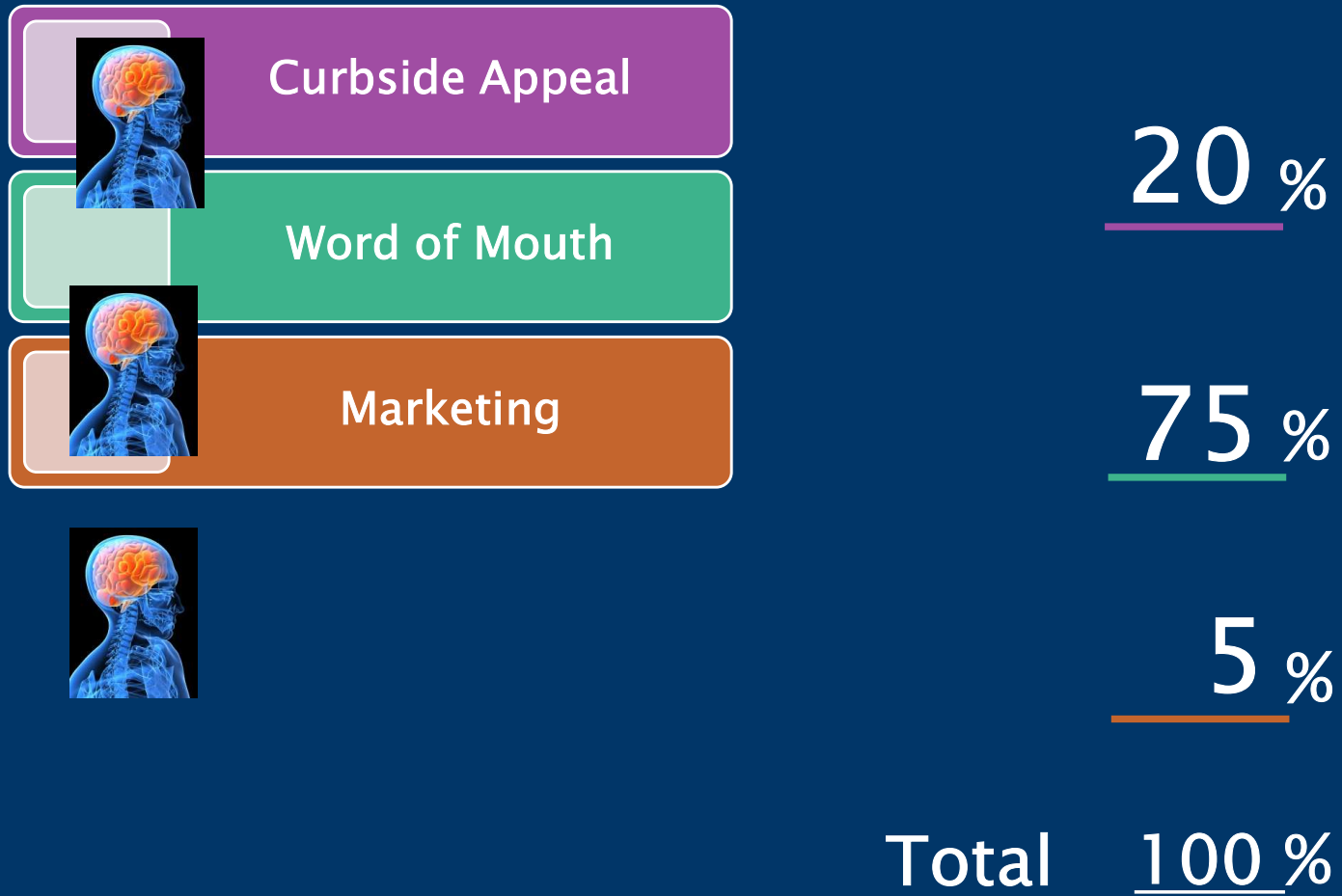
Curbside Appeal



Word of Mouth



Marketing



Three ways to attract new customers:









LOOK ALIVE!







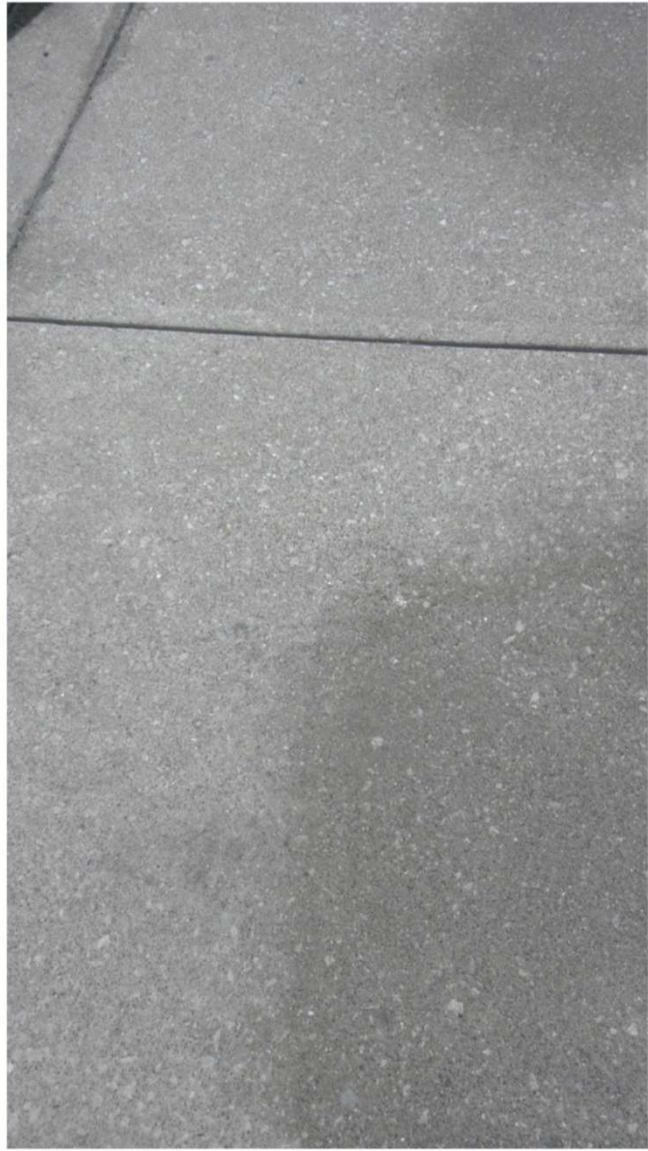
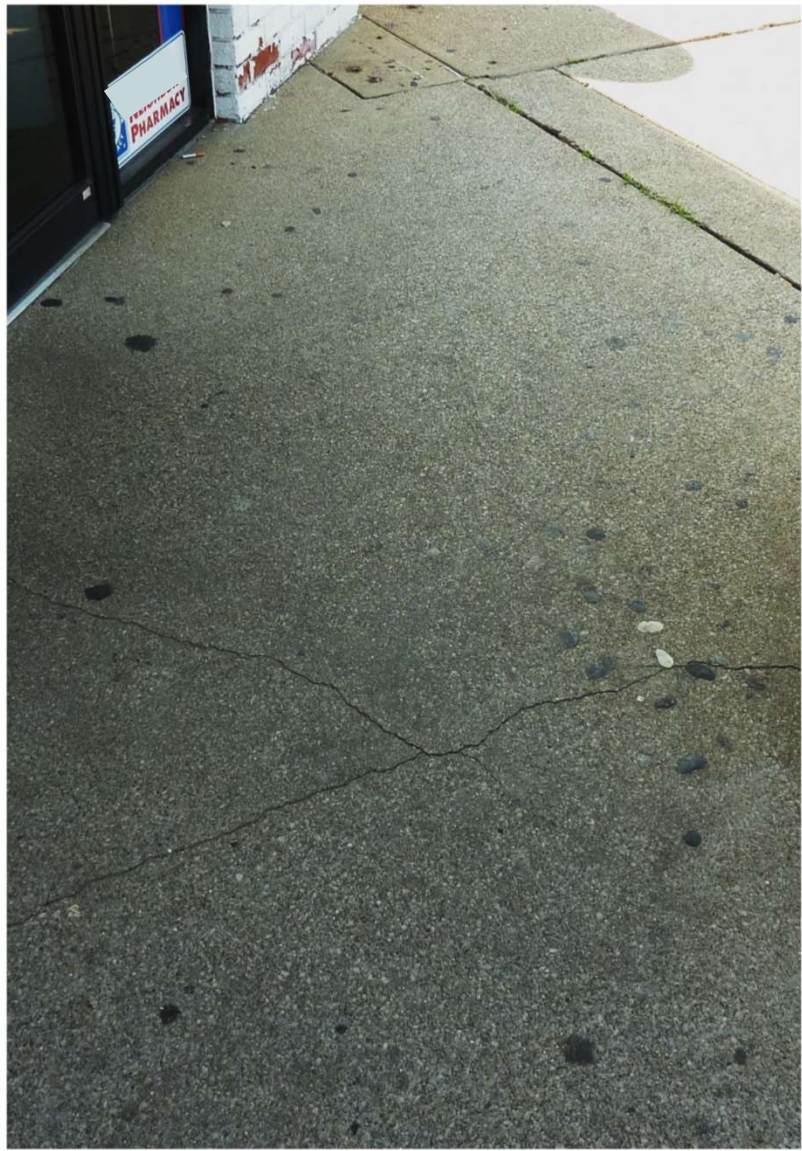


\$42.00 of Paint











In this location since 1975



DAVIES DRUGS

DAVIES DRUGS



HOME HEALTHCARE SOLUTIONS	ATM INSIDE
WOUND CARE	BRACES & SUPPORTS
DIABETIC SUPPLIES	FREE DELIVERY



Cement Board over old brick!







ARWOOD DRUG CO.

ARWOOD DRUG CO. 985-6725

PRESCRIPTIONS
FARMACIA
\$149 \$299
FARMACIA
\$149 \$299







24" by 36" inch Vinyl

15 Banners at \$13.27 each total	\$199.13
50 Magnets	\$ 21.65
Total	\$ 220.78

Payless
Drugs

Just what the doctor ordered.

Hours of Operation
Saturday 9:30 - 12:00
Sunday - Closed

White pharmacy letters are **reflective**.

PHARMACY





9 words or less

FName: _____ Mid Name: _____ LName: _____ Suffix: _____ (Sr, Jr, III)
DOB: _____ Gender: _____ Phone (H): _____ Phone (C): _____
Address 1: _____ Address 2: _____
City: _____ State: _____ Zip: _____ E-Mail: _____
DLN: _____ SSN: _____ Allergies: _____

Drug Insurance? _____ How did you hear about us? your sign
Previous pharmacy? _____ Do you want child safety caps? _____ Yes _____ No

It's not a sign it's art!



Therapeutic compression.
Colorful expression.

Seasonal Colors

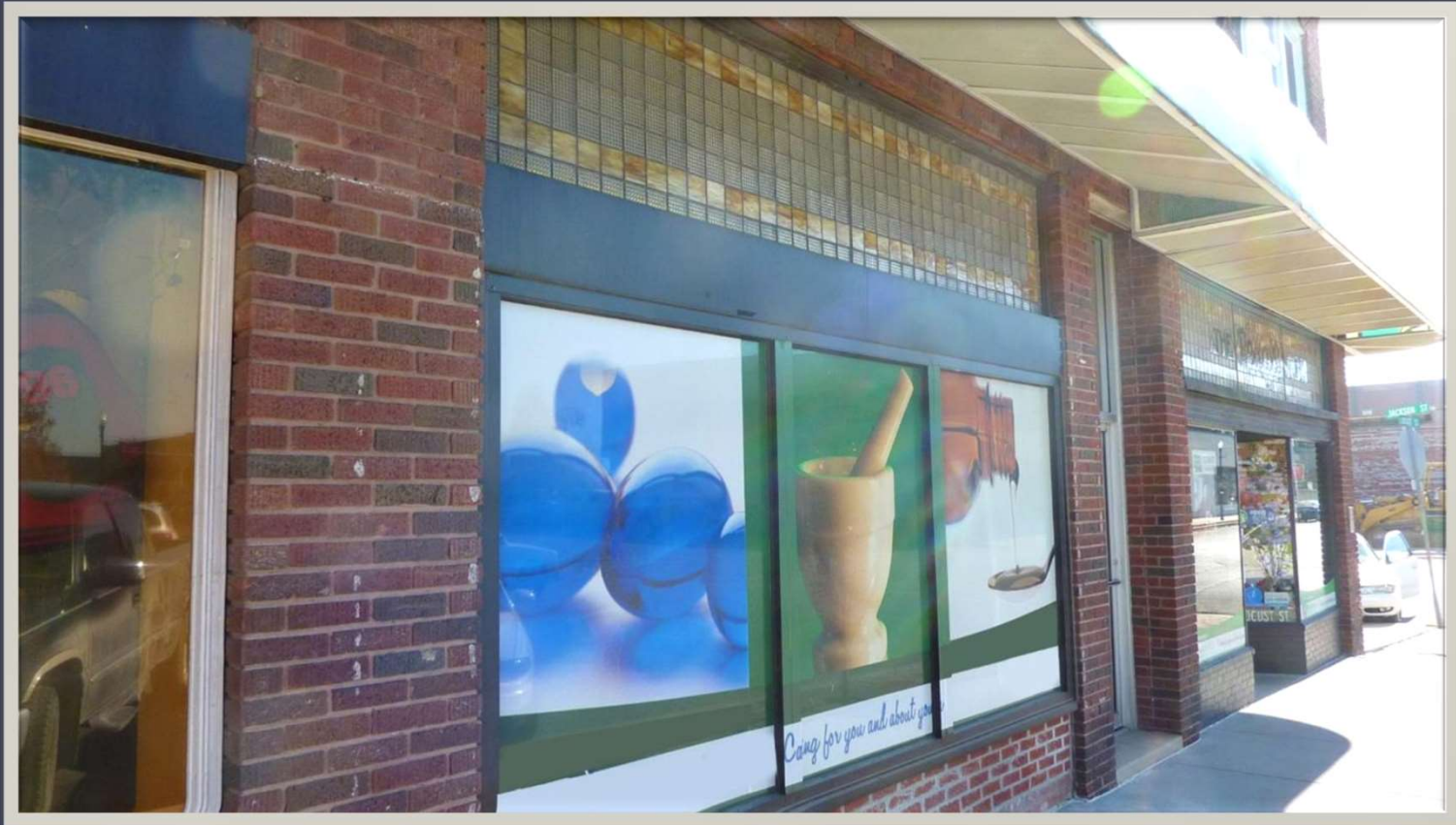


Juzo compression garments enhance your life through therapeutic medical compression. Let our beautiful colors enhance your wardrobe too!
www.juzousa.com



Since 1912

13A



Real windows.

Looking thru window screens from inside of store.



These are not real Windows!





**NO
KIDDING! PHARMACY BEHIND THESE WALLS!**





RX DROP OFF
WINDOW #2



Wyatt's
PHARMACY & MEDICAL EQUIPMENT

BETTER SERVICE & LOWER PRICES SINCE 1963!
WWW.WYATTSPHARMACY.COM
WE BILL MEDICARE AND OFFER 0% FINANCING
LIFT CHAIRS AND SCOOTERS AS LOW AS \$79/MO

RX PICKUP
WINDOW #1



RX PICKUP
WINDOW #1

Wyatt's
PHARMACY & MEDICAL EQUIPMENT

Lift Chairs
AS LOW AS \$149

Scooters
AS LOW AS \$79

BETTER SERVICE & LOWER PRICES SINCE 1963!

Wyatt's
PHARMACY & MEDICAL EQUIPMENT

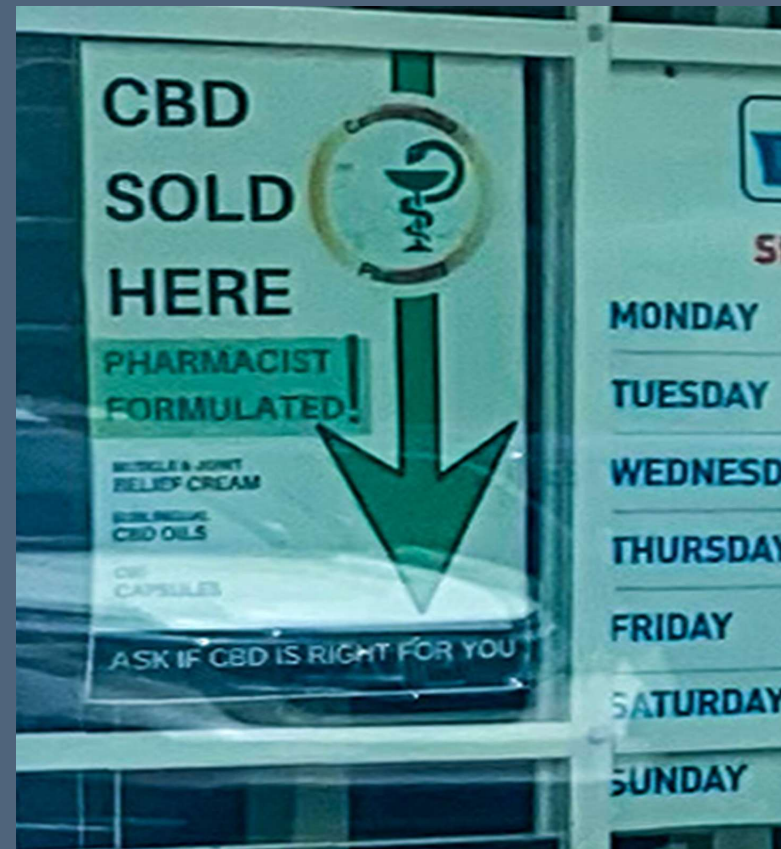
MEDICAL EQUIPMENT
HOURS OF OPERATION:
MON - FRI 9AM - 6PM
SATURDAY 9AM - 2PM
SUNDAY 10AM - 5PM
PHONE: 770-446-8822 FAX: 770-446-8823
WWW.WYATTSPHARM.COM

BETTER SERVICE & LOWER PRICES SINCE 1963!

Wyatt's
PHARMACY & MEDICAL EQUIPMENT

BETTER SERVICE & LOWER PRICES SINCE 1963!
WWW.WYATTSPHARMACY.COM
WE BILL MEDICARE AND OFFER 0% FINANCING
LIFT CHAIRS AND SCOOTERS AS LOW AS \$79/MO

CBD expert



Ask if CBD is right for you!

Dilworth Drug



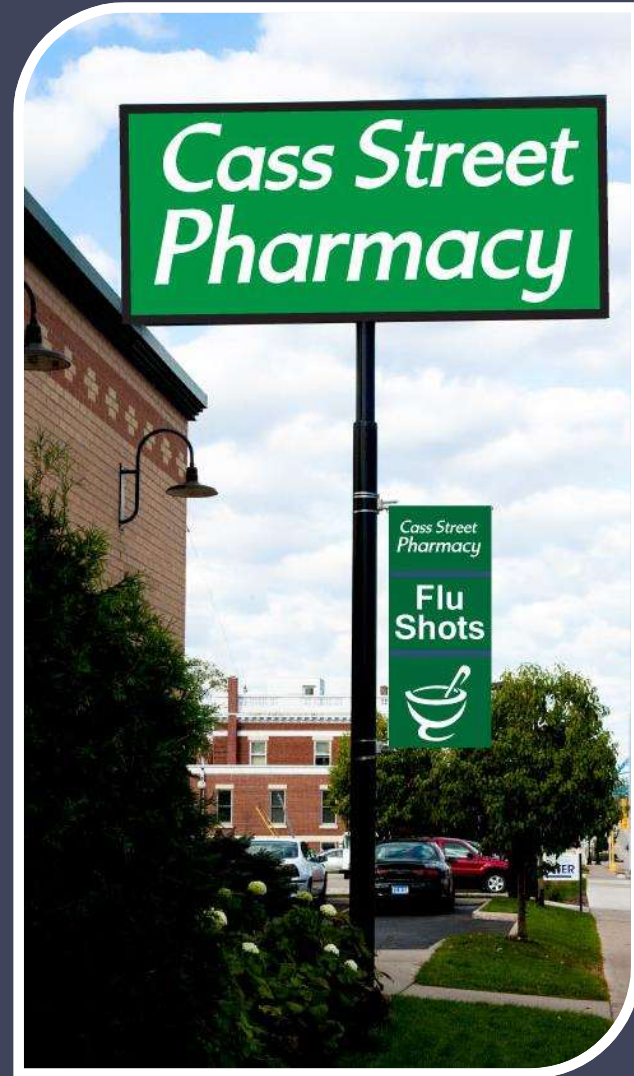
Enhance your Image as a Health Provider Wellness Center

















Hahira, GA





Times New Roman 72 PT

RAYMOND PHARMACY

RAYMOND PHARMACY Blue Highway 72PT

Raymond Pharmacy

Vladimir Script 80pt

A

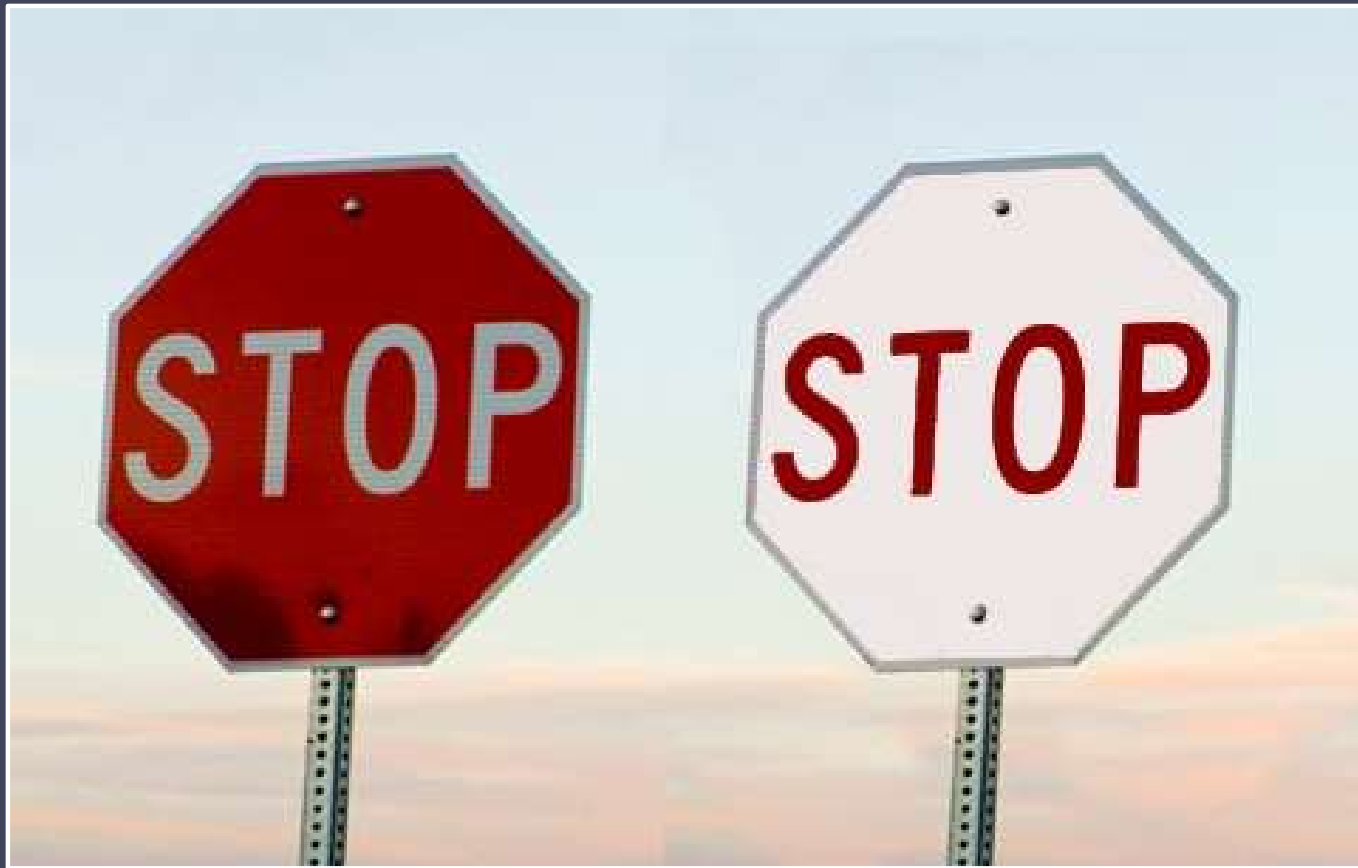
A white serif capital letter 'A' is centered on a dark blue background. Two red circles are drawn around the left vertical stem and the horizontal crossbar of the letter, highlighting these specific parts of its structure.

A

A white sans-serif capital letter 'A' is centered on a dark blue background. It has a clean, modern appearance with a flat top and straight, slightly tapered sides.

PHARMACY

PHARMACY





If we want things to stay
as they are, things will
have to change.

Giuseppe Tomasi di Lampedusa



Make improvements not changes.

Start with the restroom.





Black DryFall Flat Paint \$75.00 for 5 gallons





PICK UP

DROP OFF

BATTERIES

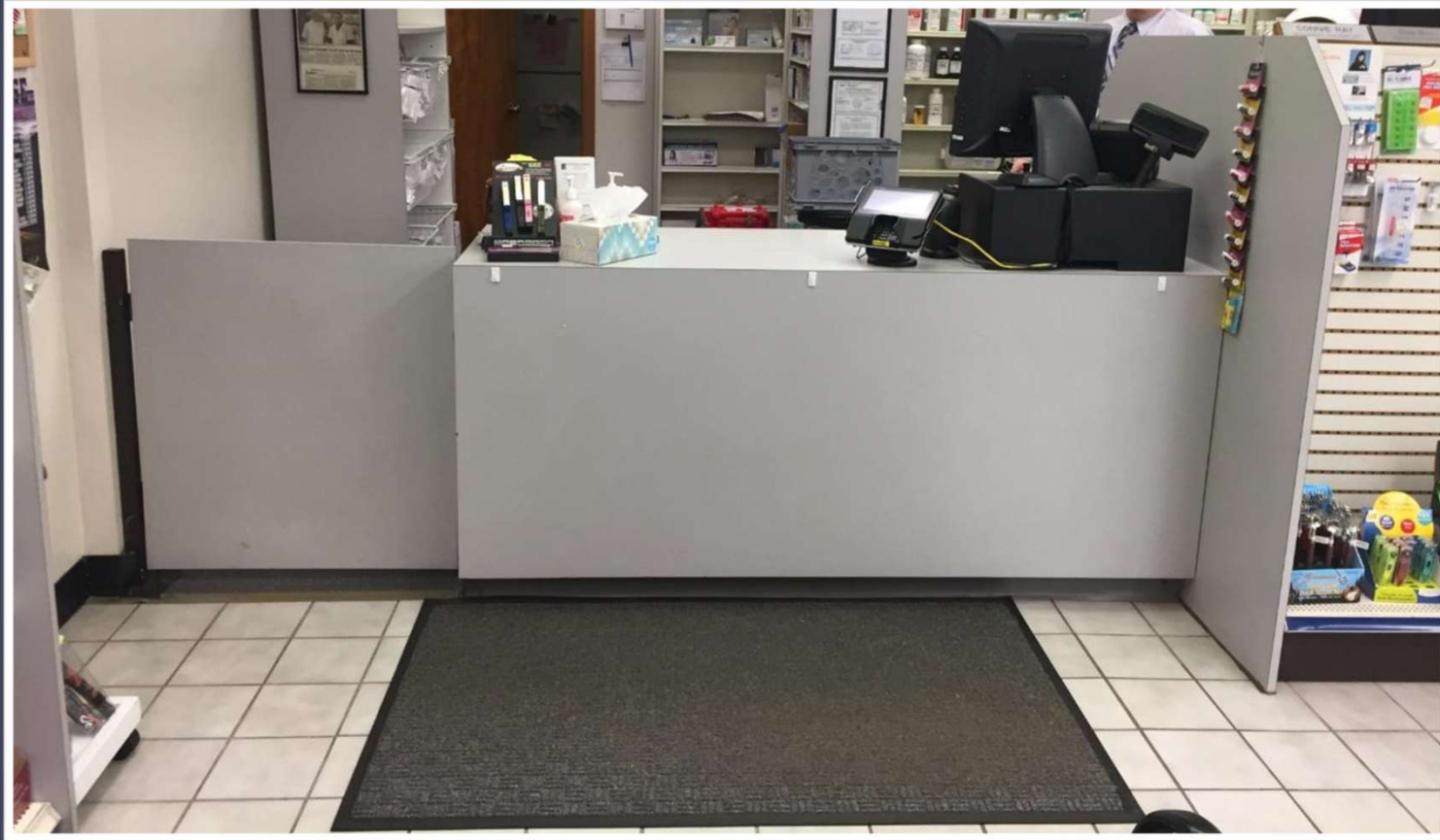
EAR/EYE

RELIEF

COUGH COUGH

ALLERGY

HUMIDIFIER/VAPORIZER









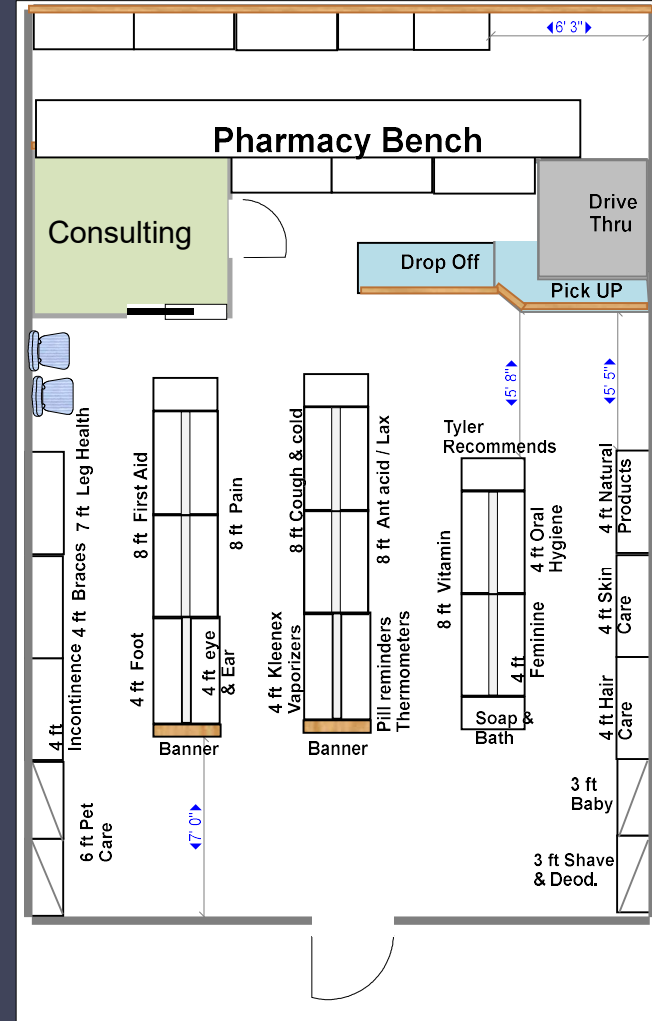
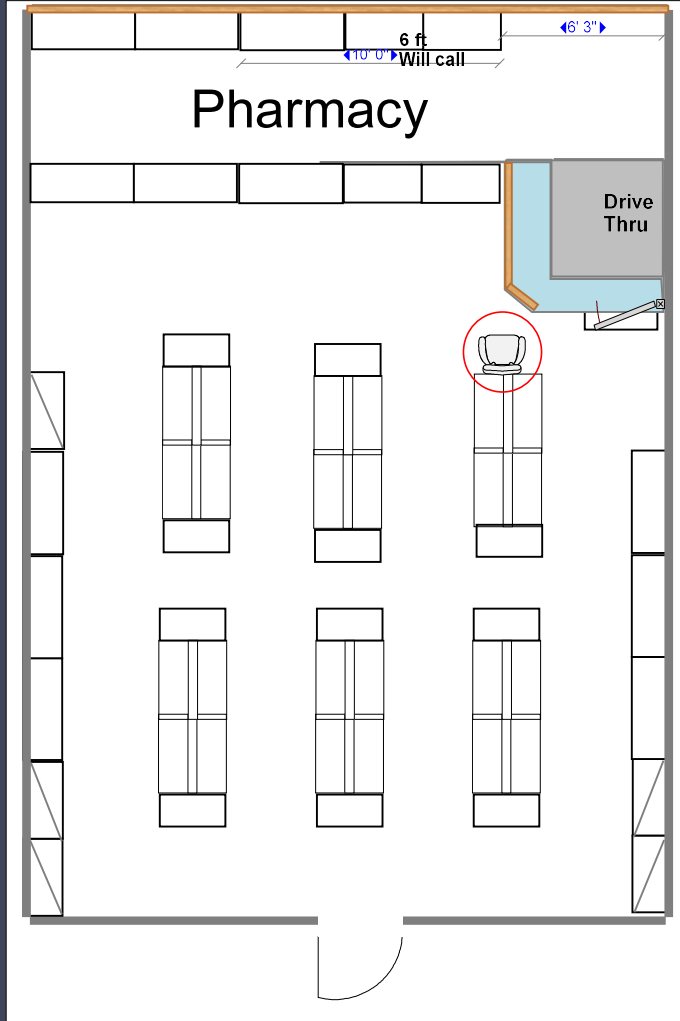


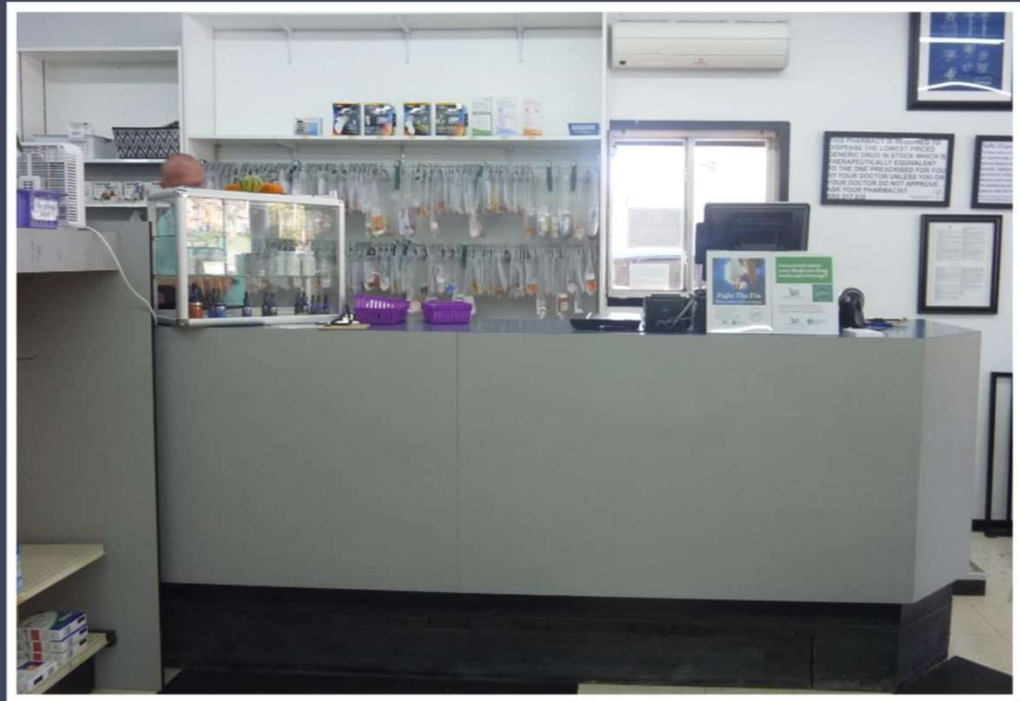












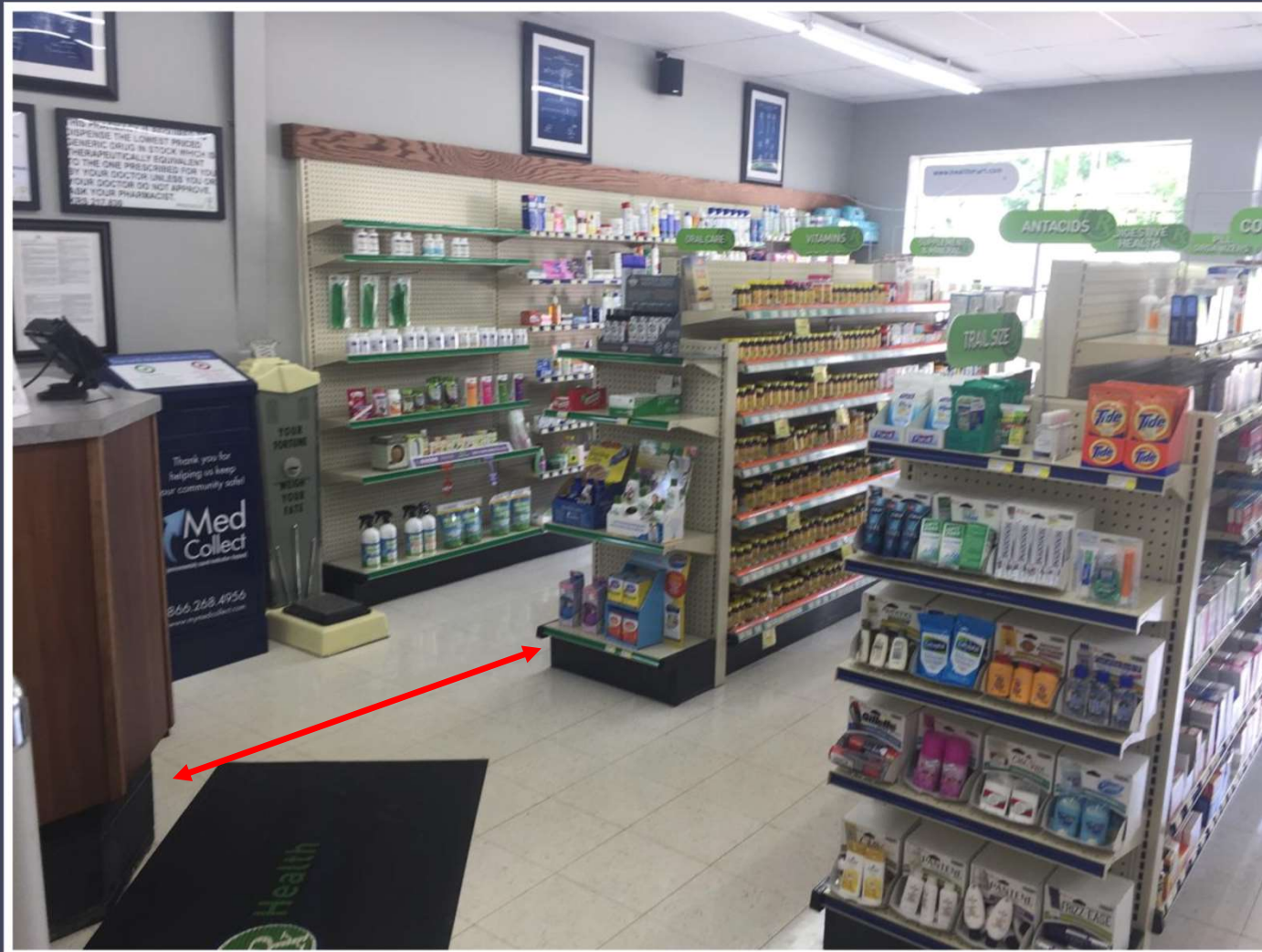




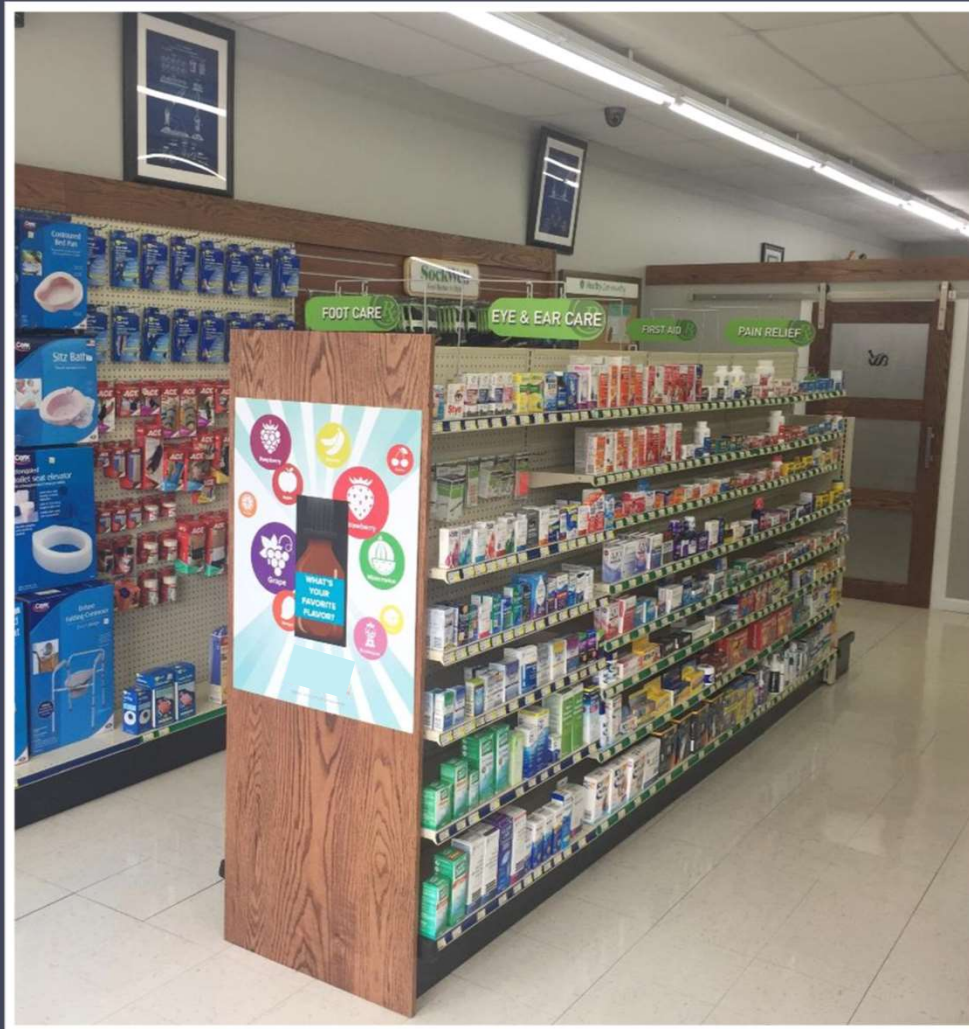








Signs
2ft by 3ft
\$75.00
Each
Foam
Backing





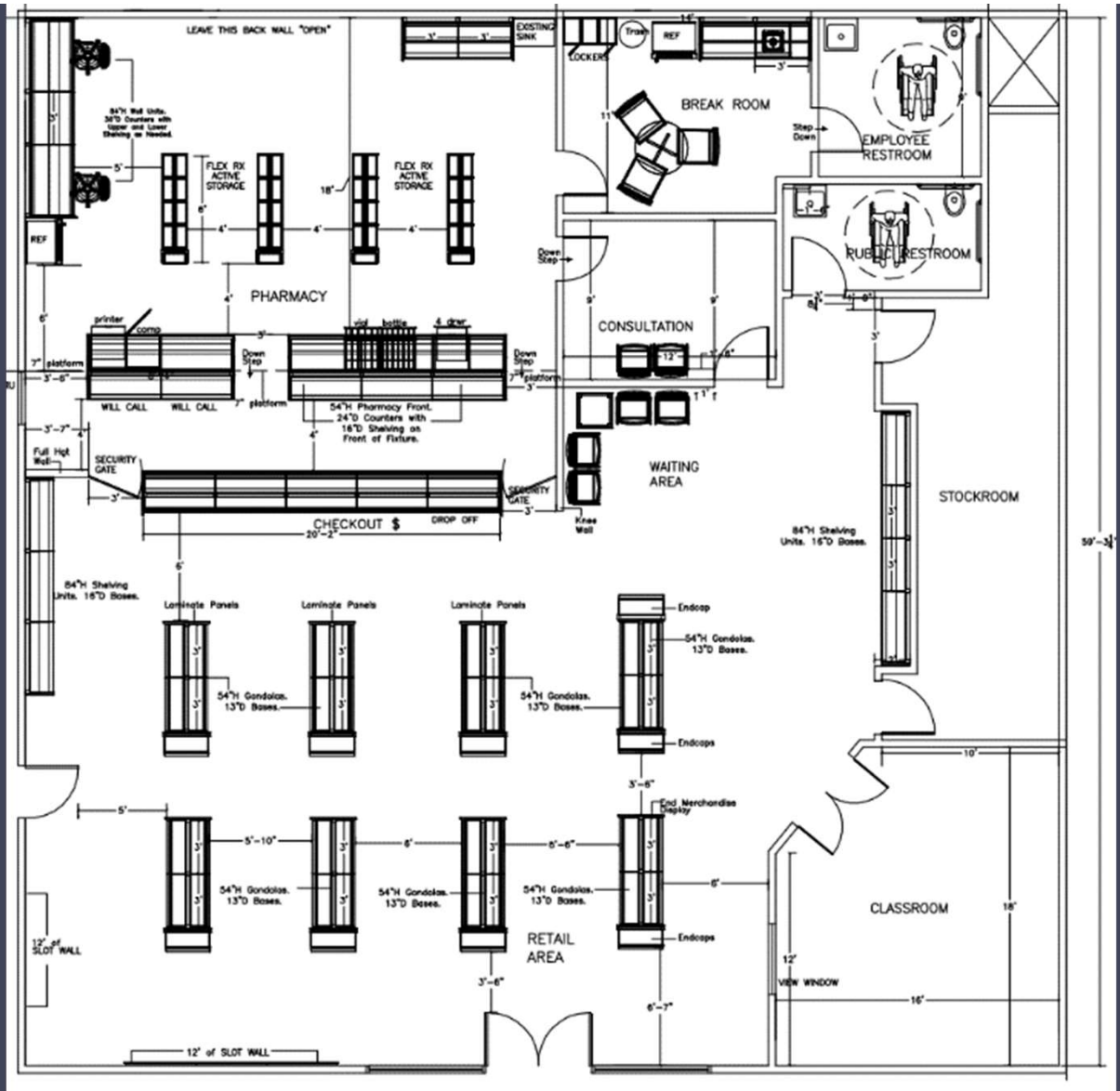


Original

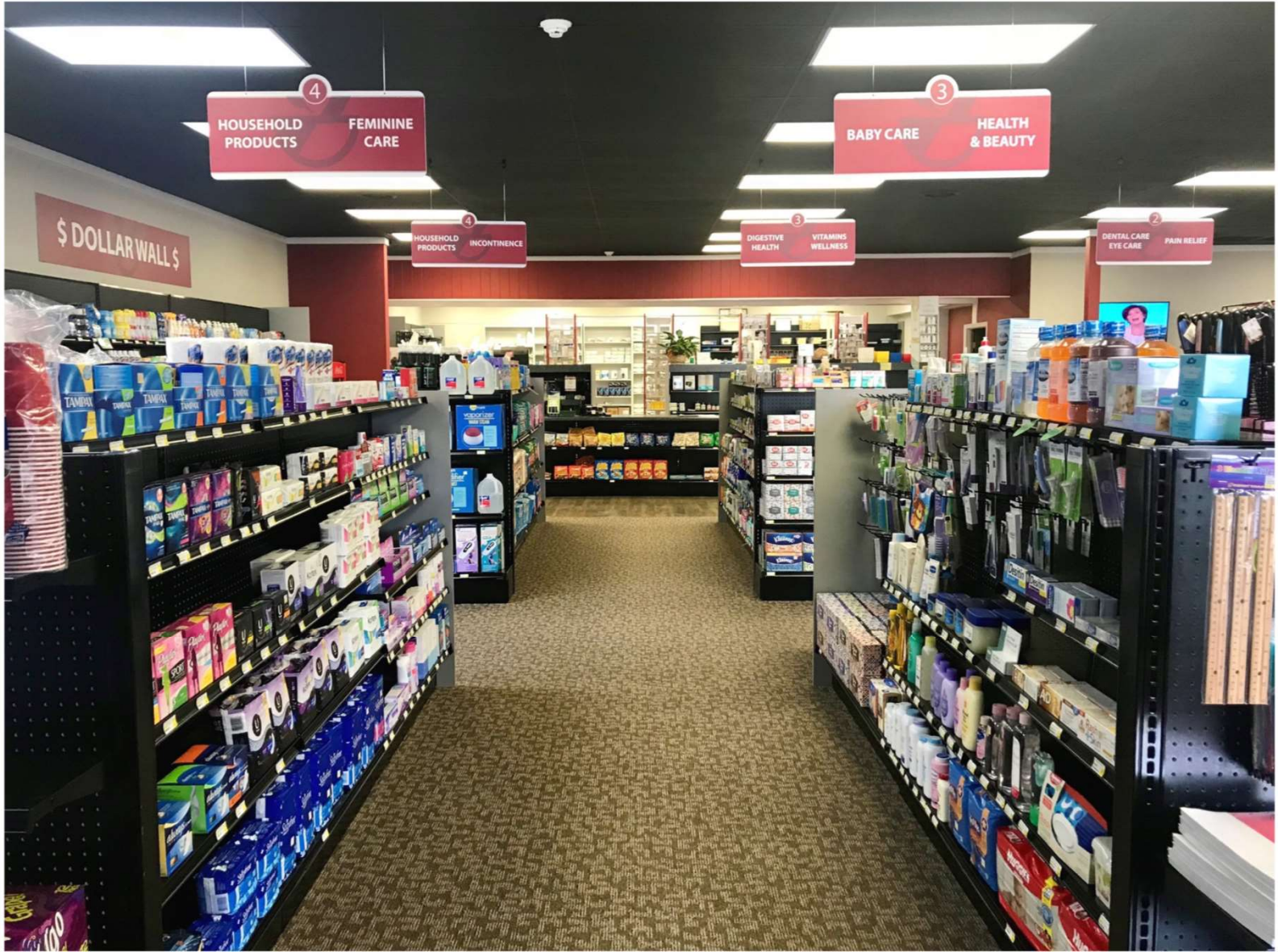
5 Gondolas wide
4-20ft & 1-16ft = 192ft
10 End-caps
Asst. showcase / displays
2 wall units
32ft of Greeting cards

Today

4 Gondolas wide X2
8-6ft = 128ft
9 End-caps
2 wall units
0 ft of Greeting cards







4
HOUSEHOLD PRODUCTS FEMININE CARE

3
BABY CARE HEALTH & BEAUTY

4
HOUSEHOLD PRODUCTS INCONTINENCE

3
DIGESTIVE HEALTH VITAMINS WELLNESS

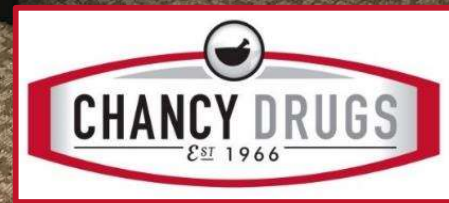
2
DENTAL CARE EYE CARE PAIN RELIEF

\$ DOLLAR WALL \$













SERVICE CENTER
WOUND CARE SUPPLIES
IMPRESSION STOCKINGS
UROSTOMY PRODUCTS
DIABETIC SUPPLIES

Care Solutions

Dr. Comfort
Diabetic Footwear

GET YOUR RECIPE HERE

DIABETIC SHOES AND INSERTS SOLD HERE
We can bill Medicare and Private Insurance for diabetic shoes and inserts provided by Our Pharmacy.
Medicare allows for one pair of shoes and three pairs of inserts per year for all Type 1 and Type 2 Diabetes.



Diabetic Center
Diabetic Footwear

Waiting area chairs with arms and no arms.









The
misfortunes
of opinions.







24ft



40FT



40ft



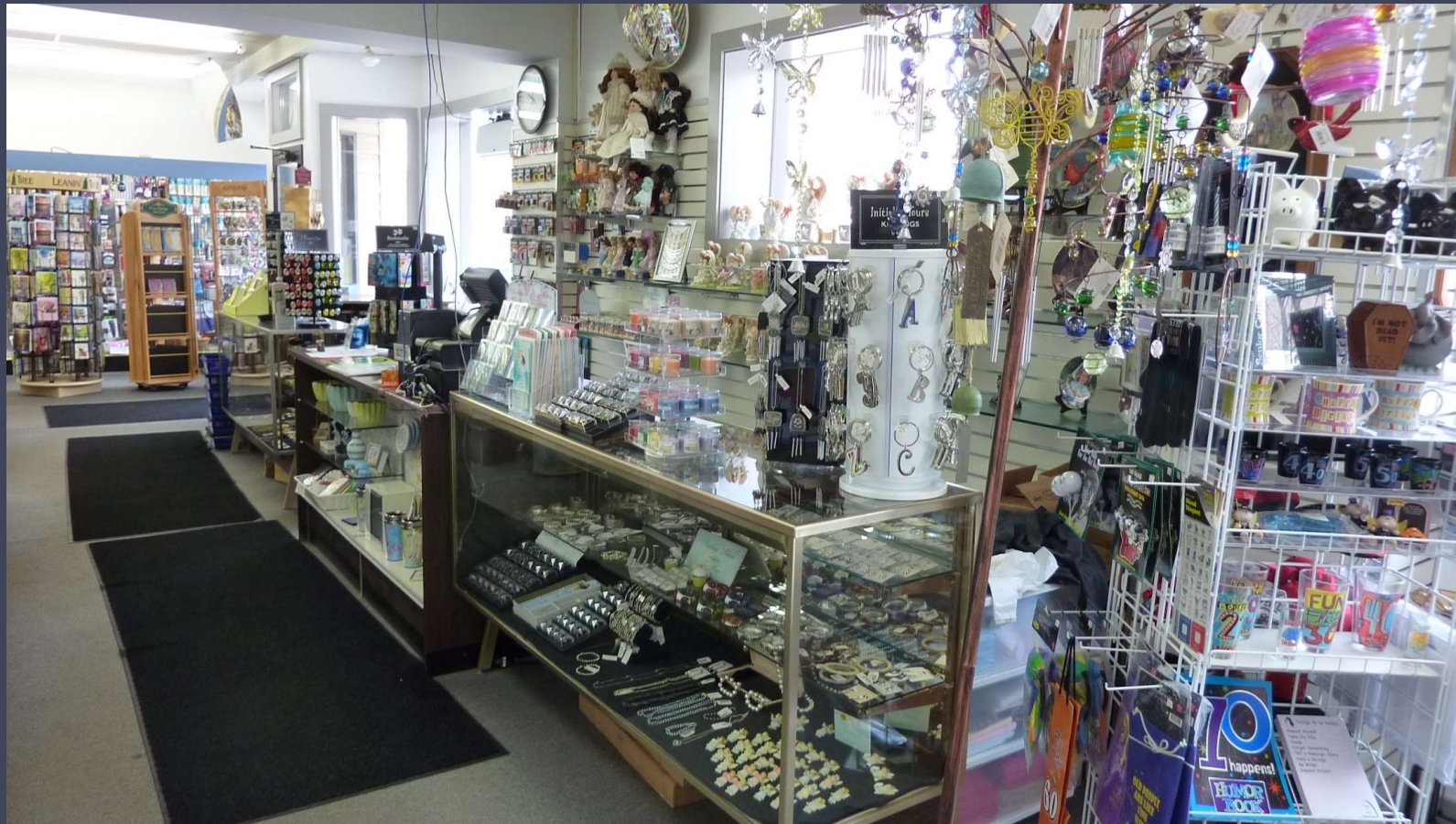


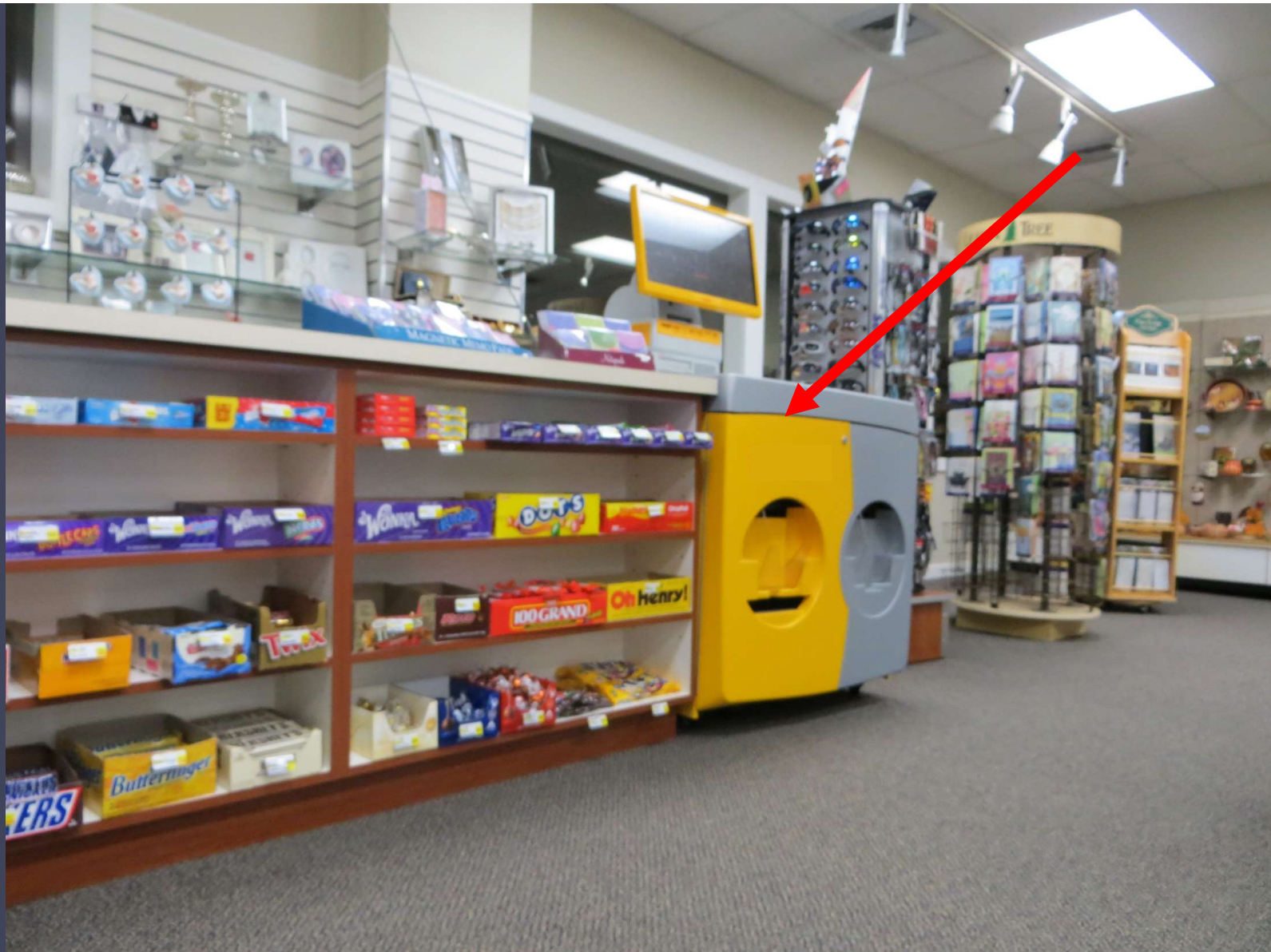


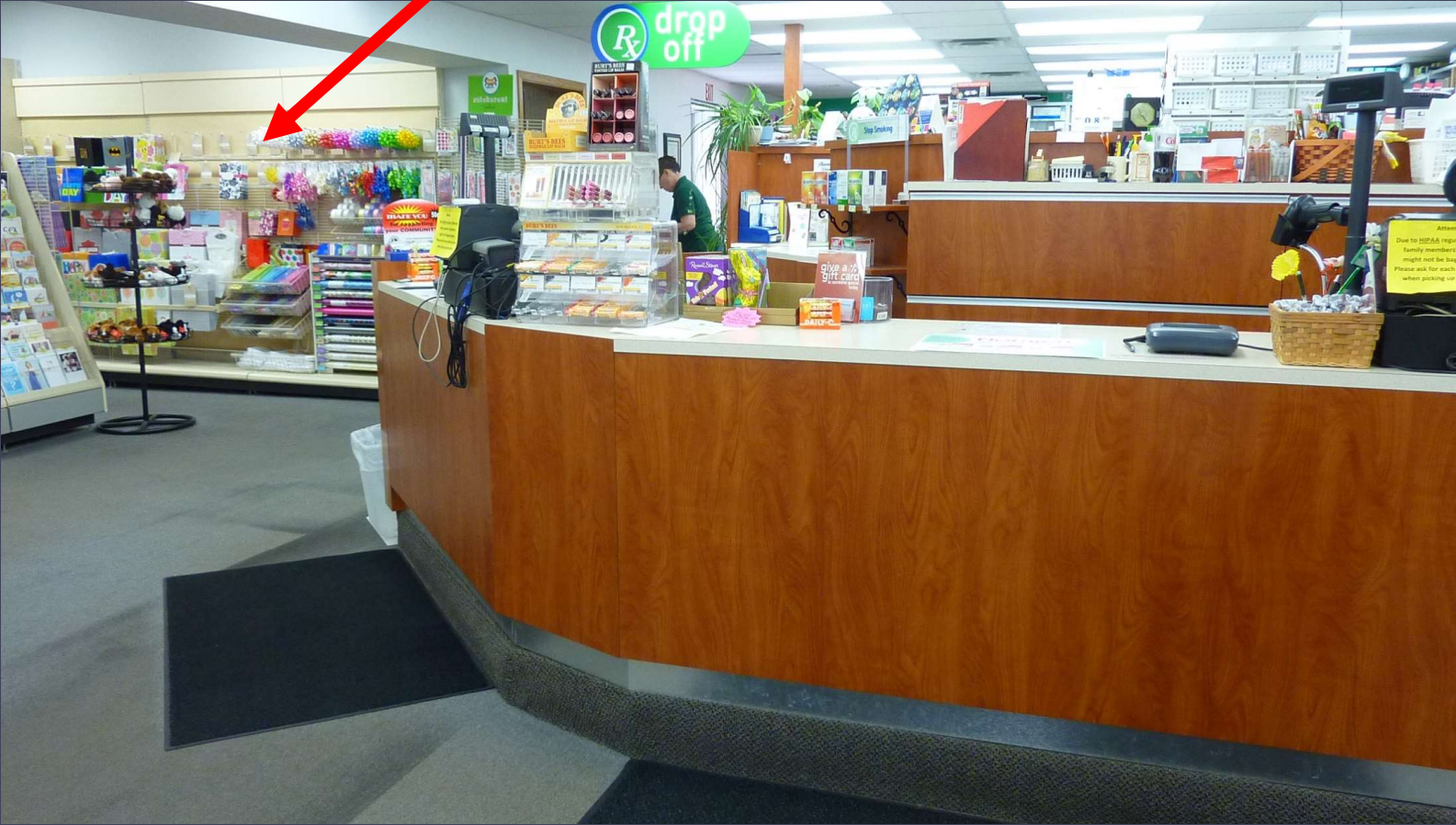


















82%





12ft.

Gift Wrap

28ft.

Party
Supplies

128ft.

Greeting
Cards

132ft.

Collectibles
& Gifts

300ft.

1,664 sq. ft.

8ft.

Gift Wrap

2ft.

Party
Supplies

28ft.

Greeting
Cards

38ft.

Collectibles
& Gifts

76ft.

350 sq. ft.

6 Month Numbers

December 2013 to May 2014

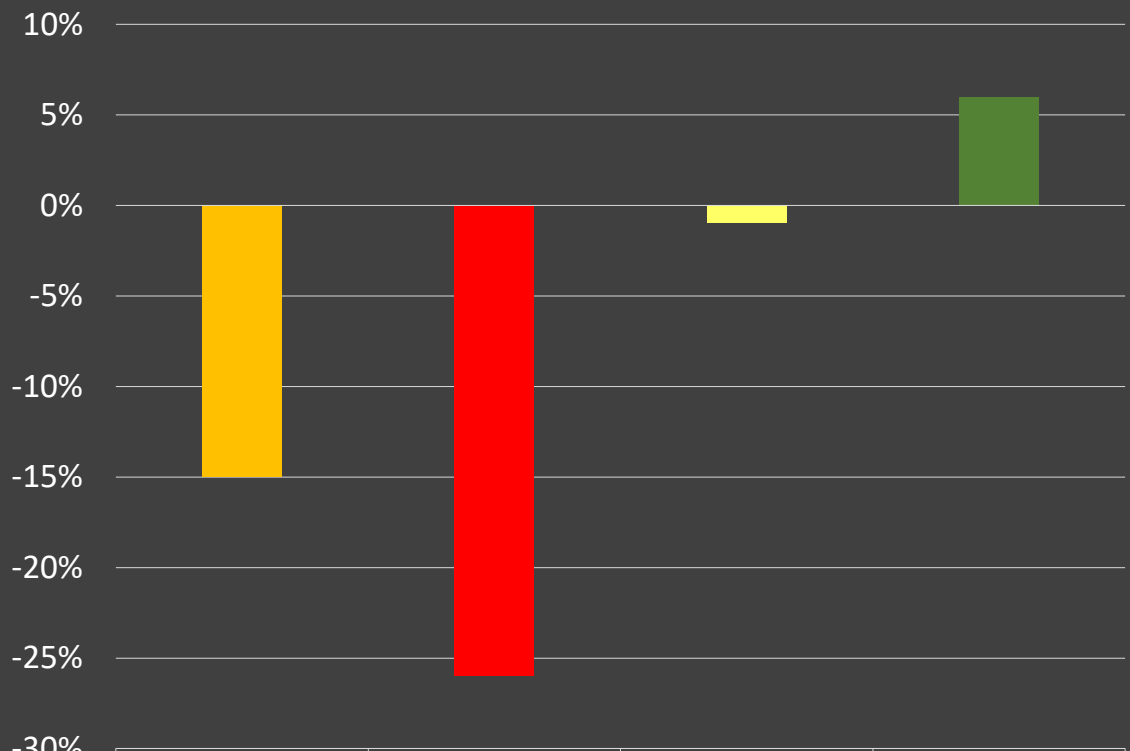
	28ft	128ft
Card Retail Value	\$14,112.00	\$74,592.00
Sales:	\$12,687.00	\$20,928.00
Retail Inventory per ft	\$504.00	\$504.00
Retail Sales per ft	\$453.10	\$141.40

6 Month Numbers

	28 ft		128 ft
Retail Sales:	\$12,687.00	Retail Sales:	\$20,928.00
			+ \$8,241.00
Retail inventor:	\$14,112.00	Retail inventor:	\$74,592.00
Gross Profit :	\$ 6,343.50	Gross Profit:	\$10,464.00
Wholesale Inventory:	\$ 7,056.00	Wholesale Inventory:	\$37,296.00
Net Profit/Loss :	\$712.50	Net Profit/Loss :	\$26,832.00

Pain Relief	8ft	8ft
Antacid / Laxative	8ft	8ft
Cough & Cold	8ft	8ft
First Aid	8ft	8ft
Foot care	4ft	4ft
Hair Care	8ft	8ft
Shaving/ Deodorant	4ft	4ft
Oral Hygiene	8ft	8ft
School, Home & Office	16ft	8ft
Vitamins/ Herbs	12ft	12ft
Candy & Snacks	16ft	12ft

Out Front Sales



	2012	2013	2014	2015
Series 1	-15%	-26%	-1%	6%

Questions





—
The *voice* of the
community pharmacist.

www.ncpa.org

Follow us on social media





Marketing Strategies for Success

Marketing Musts in Your First Year

Dave Wendland, VP Strategic Relations, Hamacher Resource Group

Speaker



Dave Wendland

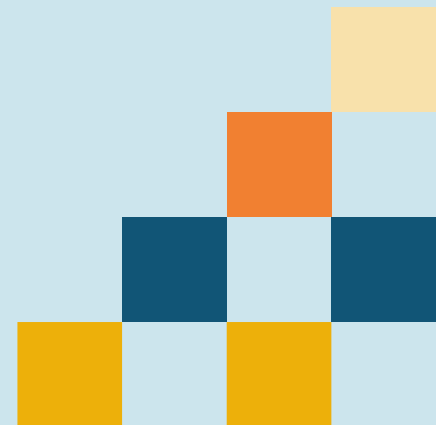
VP Strategic Relations

Hamacher Resource Group (HRG)

Disclosure Statement

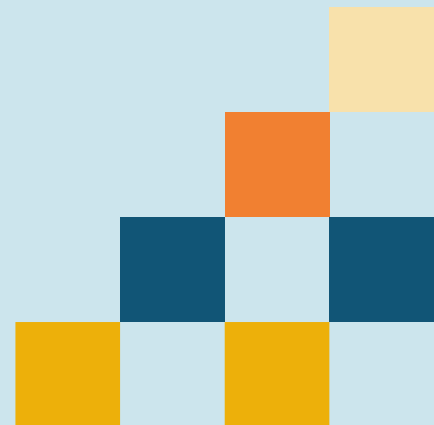
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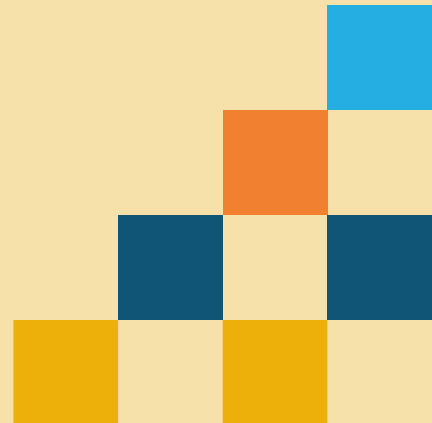
Learning Objectives

1. Discuss the importance of utilizing marketing analytics to inform marketing decisions.
2. Summarize strategies for utilizing technologies to streamline marketing efforts.



Agenda

- The power of marketing
- Evaluating your market
- Developing your story
- Digital marketing must-haves
- Marketing analytics
- Final tips & takeaways

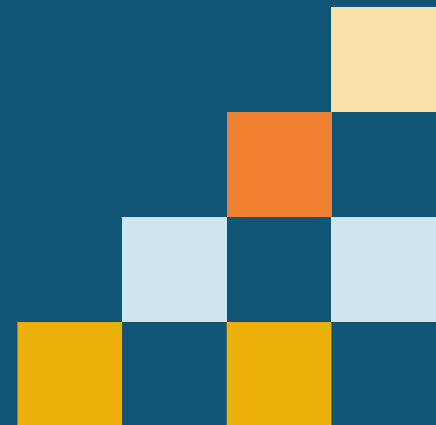




The power of marketing

Why marketing is a big deal

- Builds brand awareness
- Attracts and retains customers
- Reinforces credibility and trust
- Creates long-lasting relationships
- Stays ahead of the competition
- Increases sales and revenue



Why marketing is not advertising

The marketing process begins by identifying customer needs and determining how best to meet those needs. It includes:

- Overall branding
- Customer satisfaction
- Team alignment
- Market research/strategy
- Budgeting and ROI





Evaluating your market

Define the opportunity and assess your potential

Retail Exercise

Who is going to shop this retail store?

What needs are not currently being met?

How are demographics changing?

Who could Olight partner with?

What changes make this market appealing?



World's first flashlight experience store opened in Las Vegas





Estimating your potential

- Understand who is currently shopping the pharmacy
- Identify underserved areas within your community
- Review evolving neighborhood demographics
- Partner where one plus one could equal three
- Recognize changes to the market – and adjust accordingly

Retail Exercise

Who is going to frequent your pharmacy?

What needs are not currently being met?

How are demographics changing?

Who could you partner with?

What changes make your market appealing?



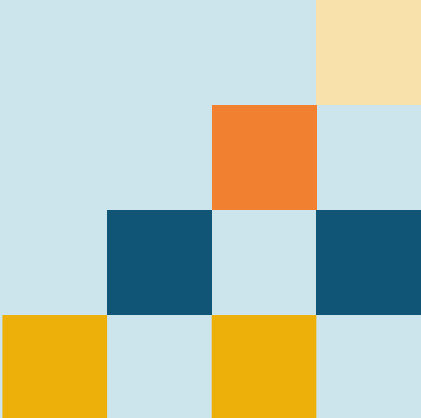
Put a spotlight on your pharmacy's potential.



Putting the pieces together



Source: Masterful Marketing LLC



Developing Your Story

What do you want your customers to know, think/believe, and do about your pharmacy?





Story Exercise

1. Write down what you want your customers/patients to:
 - ✓ **Know** about your pharmacy
 - ✓ **Believe** about your pharmacy
 - ✓ **Do** about your pharmacy
2. Open your website “About Us” page
3. Confirm that your three phrases are satisfied

Go tell it on a mountain

- Step 1: Identify desired outcomes
- Step 2: Pick your plot
- Step 3: Create your narrative
- Step 4: Test it out
- Step 5: Incorporate into your brand



The value of effective marketing

- Your ability to communicate effectively and consistently will leave a **lasting impact** on your patients, consumers, and community.
- Remember: The most effective marketing involves not only delivering a message but also resonating with the experiences, values, and emotions of those you are intending to reach.





The buzz about digital marketing

Connecting with customers when
and where they want

Digital marketing must-haves

What is required

Digital is a powerful tool in retail pharmacy marketing to convey your differentiators, emphasize your value, and generate interest:

- Consistent message
- Valued content
- Targeted reach

Where it appears

Getting the basics right is the first place to start:

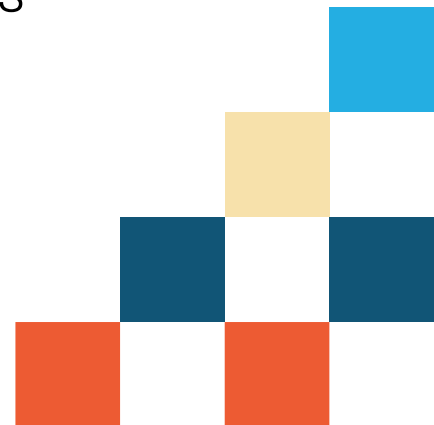
- Website
- eCommerce
- Facebook, Instagram
- Digital assets

Integrate online and offline experiences

- Ensure consistency across your website, your digital presence, and in-store environment
- Provide consumer access from any customer touchpoint
- Extend white-glove experiences across all aspects of your operation
- Deliver value at every turn and in every interaction
- Commit to creating relationships not transactions

How to leverage digital marketing

1. Identify repetitive, time-consuming tasks (email outreach, social media updates, promotions)
2. Choose an automated tool that meets your need – and budget
3. Delegate activities to a team member passionate about your business and technology
4. Monitor automation to ensure it is meeting your objectives

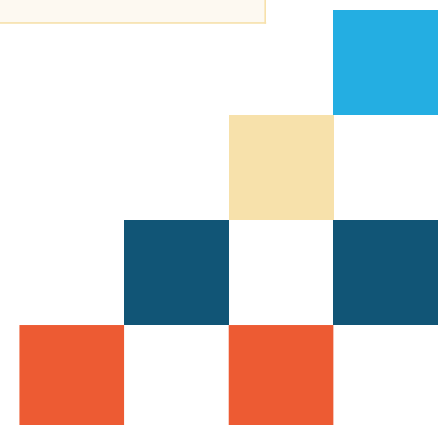


Tools to streamline activities

Hubspot	Provides a suite of features to automate digital marketing outreach and analyze performance	www.hubspot.com
Marketo	Offers support to email marketing, customer database management, and mobile marketing	www.marketo.com
Hootsuite	Supports scheduling for digital posts and ongoing engagement; monitors social media	www.hootsuite.com
Mailchimp	Template-driven application to support email marketing, list management, and tracking	www.mailchimp.com
Buffer	Manages post scheduling, Facebook page mentions, and Instagram posting	www.buffer.com
Google Analytics	Useful for monitoring results of marketing campaigns and overall website activity and engagement	https://marketingplatform.google.com/about/
Drip	Email support tool with automated message management and tracking	www.drip.com

“Remember, technology is a great servant, but a terrible master.”

Stephen R. Covey



Marketing analytics

You can't measure what you don't manage



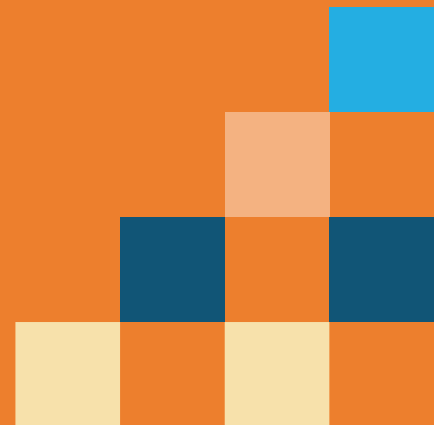
What is marketing analytics?

- Collecting data
- Managing information
- Analyzing details
- Visualizing results

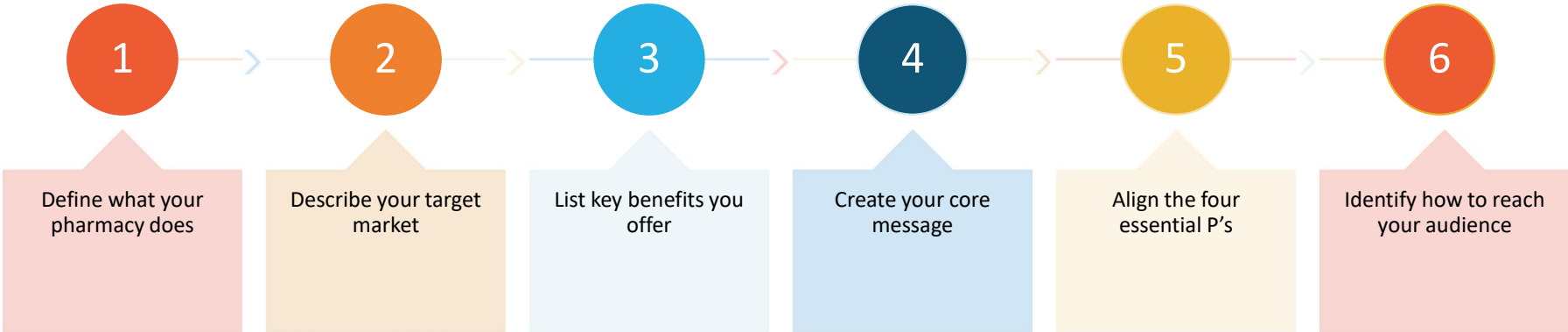


Tips & takeaways

- Know your audience – today and tomorrow
- Meet customers where they are at
- Deliver consistent, memorable experiences
- Offer products, services, and programs that matter
- Remain flexible and ready to pivot
- Commit to the long-term – this is not a sprint

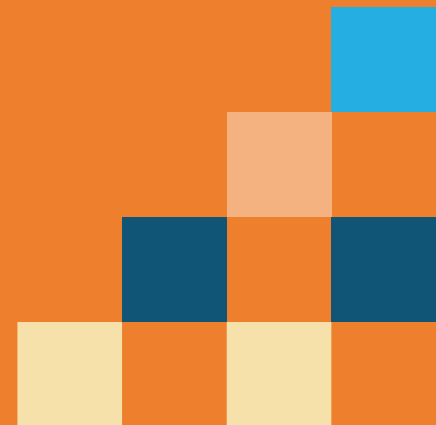


Building your marketing strategy



Getting started

- Do your homework
- Seek feedback
- Reflect – and act – on results
- Explore new avenues
- Set marketing goals
- Surround yourself with experts
- Learn, grow, and experiment



Questions?



Contact Information

Dave Wendland

VP Strategic Relations

Hamacher Resource Group (HRG)

dave_wendland@hamacher.com

Resources

Articles, Blog Posts, & Videos

Retail 101

<https://drugstorenews.com/news/turning-heads>

Market trends

<https://hamacher.com/proactive-vs-reactive-pharmacies-that-thrive/>

<https://hamacher.com/assessing-whether-its-time-to-enter-or-exit-a-category/>

Partnerships

<https://www.pbahealth.com/elements/common-interest-add-value-to-your-independent-pharmacy-by-forming-unusual-community-partnerships/>

E-commerce

<https://hamacher.com/expanding-your-e-commerce-footprint/>

Differentiation

<https://hamacher.com/how-to-differentiate-your-pharmacy-from-the-competition/>

<https://www.youtube.com/watch?v=1CrnURPSu7w>

Determination

<https://youtu.be/V4DUcHJ8qXs?feature=shared>



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