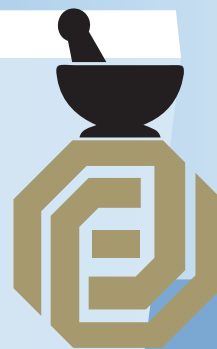


# ARE YOU THINKING OF PURCHASING AN INDEPENDENT PHARMACY?

A lot of thought, consideration, and effort should go into contemplating the decision to pursue pharmacy ownership. As a first-time buyer, there are few decisions in life that will be more significant than stepping away from stable employment, taking out a small business loan and grabbing hold of the reins of a pharmacy as a business owner. There are a lot of risks, threats, and pressures that should be considered, however there are also a lot of rewards that can come from pharmacy ownership. Appropriately weighing these pros and cons is essential to determining if this is the right move for you in your pharmacy career.

I have the privilege to talk with many pharmacists on a day-to-day basis and I love getting to hear the success stories that owners are able to accomplish through independent pharmacy ownership. The investment that community pharmacies make in their communities is truly second to none. The level of service that's provided at a locally owned drug store is unmatched by other pharmacies in the market. And the trust and appreciation that a local pharmacist has with their patients provides a significant personal fulfillment for a lot of pharmacy owners.

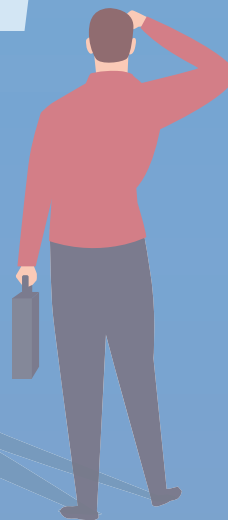
All that sounds great, right? But can you still make money owning an independent pharmacy in today's environment, and are pharmacies going to remain viable going forward? Those are the key questions that are on everyone's mind, and it's imperative to surround yourself with the right team to ensure you're approaching ownership with the right skills, knowledge, and strategies to be successful.



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Written by  
Drew Hegi, MBA  
Pharmacy Owner  
Loan Officer

## BUILDING YOUR TEAM.

Putting together a solid team is important for any entrepreneur, but especially for pharmacy business owners. If you are a first-time pharmacy buyer and you are reviewing business financials for a store you're interested in, do you really know what metrics you should be focusing on? Do you understand the intricacies of cash flow within an independent pharmacy? How do you approach working capital and ensuring you have enough money to adequately run and operate your business? Is the pharmacy over-staffed and are there any opportunities to reduce payroll within the business? These questions, and countless others, are items that need to be discussed and evaluated during the due diligence phase. Having a strong team of attorneys, CPAs, consultants, and a lending partner that knows and understands independent community pharmacy is essential for a successful purchase transaction. It is strongly encouraged to invest in resources that are provided by the NCPA and other pharmacy groups within the industry that can help you. These groups can provide educational material and ownership classes that will point you to building the correct team as you approach pharmacy ownership.

## FINANCING.

Obtaining a loan for the purchase of an independent pharmacy can be harder than you might think. Your local bank will have a hard time meeting all of your needs from a financing standpoint. The reason is because pharmacies have a lack of tangible collateral (think real estate or valuable equipment/inventory that a bank might be able to liquidate) and the need for working capital above and beyond the purchase price is substantial. For these two reasons, you will most likely need to work with a pharmacy-specific lender that understands the ins and outs of the pharmacy business. The Small Business Administration (SBA) is a great fit for this industry as it supplies the bank with a 75% guarantee on the money they lend out. This guarantee acts as a collateral supplement and helps secure the loan that you are needing to complete the purchase. For this reason, you want to find a bank that knows and understands the SBA loan process as well as having an expertise in pharmacy. Finding the right lending partner is an important part of building your team and you should contact a lender early in the process to discuss your specific financial situation and the goals you have as an aspiring pharmacy owner.

## POST-TRANSACTION SUCCESS.

Once you have purchased the pharmacy, how do you implement your plan to make the pharmacy “bigger and better” than it was before? That's everyone's goal when they buy a business. But what does that actually look like? How can you make a greater impact on your community? How can you increase your average profit per prescription filled so you actually get paid for the work and service you provide? How do you implement new marketing strategies that will have people noticing your business that maybe haven't before? If you're working on the pharmacy bench every day, how is there enough time to accomplish these extra tasks? The answer is simple – find a peer that's more experienced, more successful, more educated, and has more ownership skills than you do and implement the things they are doing in your business. A lot of really successful owners have decided that they're going to stop working for the business (behind the counter) and start working on the business (implementing strategic initiatives). This shift in viewpoint can make all the difference in the world. The best way to find these people is to attend pharmacy trade shows and network with other owners. At these events, you can find tons of successful pharmacy owners that are not only surviving in today's market, but thriving! You, as a first-time buyer, need to find these people and seek their counsel. Most pharmacy owners are willing to help – after all, it's what they do every single day of their lives. Having more viable independent pharmacies in the market is better for everyone and you can expect to gain a wealth of knowledge from the individuals that are ahead of you in pharmacy ownership.

## CLOSING.

To recap this discussion, independent pharmacy is still a great way to make a living for you and your family. It can produce far more rewards and benefits than working for a large corporate institution. I remain confident in the future of community pharmacy. I would add that everyone is not cut out to own their own business – especially a pharmacy in today's market. However, if you surround yourself with a good team, complete proper due diligence on the store you are looking to purchase, have a strong work ethic and connect with likeminded pharmacists that can help you navigate successful ownership, the time is now to realize your dream of owning your own pharmacy business.



First Financial Bank is one of the nation's leading small business lenders, originating over \$250M in pharmacy loans over the last few years. Our lending team has **over 80 years of pharmacy experience and includes a pharmacist and current/former pharmacy owners**. We have the industry-specific expertise and knowledge to help you finance your pharmacy.

We are a preferred Small Business Administration (SBA) lender offering financing solutions to help practicing pharmacists meet a wide range of business needs:

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- Equipment financing
- Expansion & remodeling
- Business refinancing
- Start-up loans

We offer a wide range of flexible terms tailored to your unique situation. Whether you are buying, selling or refinancing, we'll work with you, one-on-one, every step of the way.

Our customer service, financial strength, and expertise in working with independent pharmacies nationwide make choosing First Financial Bank a sound business decision!



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