

### Join the Good Neighbor Pharmacy® family

Starting your own pharmacy is a monumental undertaking, but it's nothing you can't accomplish when you have the right resources at your side. And expert guidance is even more important when it comes to the long-term success of your business. That's what makes *Good Neighbor Pharmacy* membership such a smart decision at this stage of the start-up process. This kit is just the beginning of the type of indispensable insight you can expect from here on out when you partner with us. Beyond how-to handouts, we're also here to connect you with key consultants who can help you take each step correctly and confidently as you set up your pharmacy. And then when you're ready to open your store, we provide you with everything you need to make sure your pharmacy stands out as a one-of-a-kind healthcare destination for personalized care in your community.

Here's how we do it.



# We simplify yourbusiness operations

From training staff to inventory management to patient engagement, we can help you streamline the existing workflow of your new business to fit your preferences. Using competitive benchmarks and deep industry knowledge, we'll help you maximize the efficiency of your pharmacy, so you spend less time on day-to-day management and more time focusing on your patients.



## We amplify your brand and identity

We provide you with robust marketing support and the flexibility to tailor it to the community to make sure you not only retain current patients, but also expand your reach to target new customers. We'll help you offer the services your patients need most and promote them in ways that drive traffic through your door.



## We protect your independence

Independence is your most valuable asset. It allows you to adapt quickly to patient needs, which is critical as you settle into your new business. We take that to heart every time we negotiate a payer contract and fight to secure the reimbursement you deserve. It's also what inspires us to advocate for you every day in Washington, D.C.

Good Neighbor Pharmacy Pharmacy Start-up Kit

### A dedicated business coach

As a *Good Neighbor Pharmacy* member, you'll have an undeniable competitive advantage thanks to our unique business coaching program. Your coach will meet with you regularly to discuss what's going on in your pharmacy from top to bottom. Armed with comprehensive data and extensive pharmacy experience, they will:

- · Give you a deeper understanding of your performance
- · Identify operational issues
- Provide specific recommendations for improvements
- Establish metrics to measure progress
- Keep you informed of industry trends
- · Help your pharmacy grow year after year

### A powerful managed care network

You'll also have access to the Cencora PSAO, Elevate Provider Network. Our managed care network is more than 5,000 members strong, giving you the collective scale and voice needed to thrive. Moreover, it positions your new pharmacy as part of something bigger — a group of peers who are excited to talk about their experiences, share their ideas and grow with you side by side, because you share a common bond made stronger by the very fact that you're independent and proud of it.



### It's an exciting time to open a pharmacy



Independent pharmacy is a \$94.9 billion marketplace



There are 19,432 independent pharmacies nationwide



We'll be facing a shortage of up to 121,300 physicians by 2030, making the pharmacy a more prevalent destination for patient care services\*

Independent pharmacy – on average

**59,644** prescription fills per year (163+ per day)

\$13.67 cost of dispensing

19.7% gross profit margin

**\$4,997,000** in sales per location

Let's get started >

Step 1: Pick a location Pharmacy Start-up Kit

**Step 1**Pick a location



A great place to browse potential locations is loopnet.com. There you'll find a huge marketplace of commercial real estate for sale and lease.

Search properties >

Ideally, you want to find a place that has access to lots of prescribers, lots of traffic, lots of parking, lots of opportunity, lots of everything! But spots like that are rare in the real world. It will take some serious searching to identify the perfect place for the business you're trying to build.

#### **Key considerations**

- Physical location
  - Strip center
  - Stand alone
  - Main Street
  - Urban
  - Medical/professional setting
- · Lease vs. own

- Target market demographics
- Prescribers
  - Scripts generated per week
- Competition
  - Chains
  - Independents
  - Scripts filled per week

#### Research tools

- City Data
- United States Census Bureau
- Centers for Medicare and Medicaid Services

Once you narrow down your search to a particular geographic location, spend some time assessing the local population, demographics, incomes and, most importantly, CMS prescriber information.

While some pharmacy owners want to stay away from chain competition, experts agree that the best place to be is near your biggest competitor. That means there's already a need for pharmacy services in that area and your competitor has already spent a lot of money to drive foot traffic there. You just need to provide a higher level of service and know how much market share you need to win to be profitable.

Step 2: Write a business plan

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**Step 2**Write a business plan



The Small Business Administration (SBA) website is an excellent resource where you can find helpful writing tips, samples, and a step-by-step guide.

Get guidance >

Your business plan is the foundation for your pharmacy's future success. It will determine the long-term trajectory of your business, so take your time thinking through each component in depth. Here's a rundown of what should be included in your business plan.

#### **Executive summary**

- Mission statement
- Description of the business
- Product/service mix
- Location analysis
- Business insurance
- Security
- SWOT analysis (strengths, weaknesses, opportunities, and threats)

#### Physical description of the business

- · Lease vs. own
- Square footage
- Terms of the lease

#### Marketing plan

- Potential market
- Target market
- Competition
- Advertising and promotion

#### Financial details

- Start-up costs
- Financial projections
- Staffing requirements
- Accountant/accounting firm

Step 3: Budget accordingly

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**Step 3**Budget accordingly



Your initial investment will depend on a variety of factors, but the following table outlines the estimated **minimum** amount of funding it will take to get your pharmacy up and running.

Building construction	\$10,000
Furniture, fixtures, and equipment	\$50,000
Inventory	\$50,000
Working capital	\$100,000
Supplies	\$10,000
12 months of rent	\$50,000
Advertising and marketing	\$10,000
Good Neighbor Pharmacy membership fee	\$7,188 (\$599/month)
Total minimum investment	\$290,000

See the 2021 Good Neighbor Pharmacy Franchise Disclosure Document for detailed initial investment numbers.

#### **Need financing?**

First, reference your business plan. Use it to develop rock-solid reasoning that you can share with lenders and explain why your start-up pharmacy will be successful. You should be able to prove that you have a strong understanding of the marketplace and realistic expectations for growth. Next, reach out to your local bank or a start-up SBA lender to secure funding\*. Keep in mind, it will help if you have a substantial equity contribution that you can bring to the table.

<sup>\*</sup>Start-up financing is not guaranteed.

Step 4: Get your licenses

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**Step 4**Get your licenses



Making sure your pharmacy is properly licensed is an absolute necessity. This process can be complicated and confusing, so take it one step at a time in this order to help everything go smoothly.

- 01 Form a corporation (S corp or LLC)
- 02 Sign a lease
- 03 Submit a credit application with Cencora
- 04 Apply for a state Board of Pharmacy license

Every state application is different. Get the proper retail pharmacy application package from your state's Board of Pharmacy.

- 05 Apply for a DEA license
- 06 Join the NCPDP

(National Council for Prescription Drug Programs)

07 Create an account with NPPES

(National Plan and Provider Enumeration System)

- 08 Apply for a Medicaid/Medical Provider Number
- 09 Become a Good Neighbor Pharmacy member
- 10 Contract directly with PBMs outside of Elevate Provider Network You will receive a list of applicable PBMs in your *Good Neighbor Pharmacy* enrollment package.

Step 5: Prepare for opening

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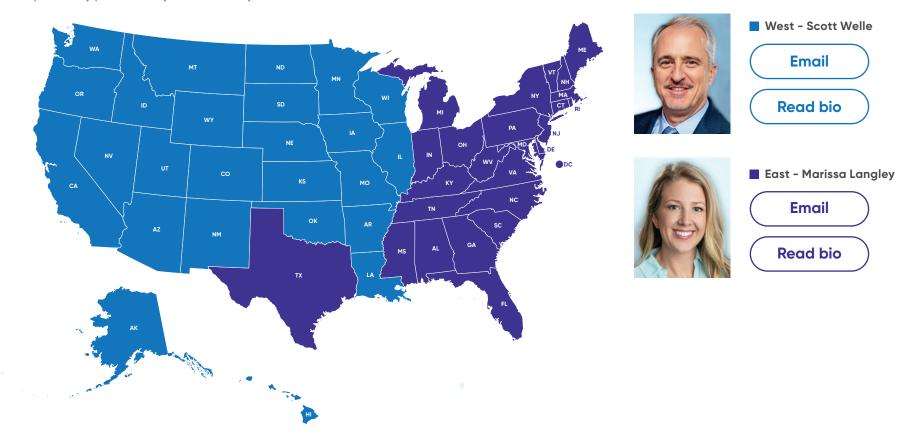
**Step 5**Prepare for opening



to make final preparations before opening your doors. Here's a checklist of things you'll need to take care of leading up to the big day.
☐ Set up your utilities
$\hfill \square$ Install pharmacy technology, like your pharmacy management system
☐ Hang signage
☐ Order inventory
☐ Implement a front-end merchandising strategy
☐ Label and stock your shelves
☐ Hire and train staff
<ul> <li>Develop a marketing plan that involves outreach to patients and physicians</li> </ul>
☐ Advertise your grand opening
☐ Do a final walkthrough
☐ Clean and detail every inch of the store

Like any business, a start-up pharmacy can be a risky and challenging endeavor, but the need for patient access to healthcare and pharmaceuticals is growing every day. That's why there's no shortage of pharmacy start-up success stories. However, the clear majority of them all have one thing in common: They aligned with a strategic partner to stack the odds in their favor.

Contact our Pharmacy Ownership Services team to learn more about how *Good Neighbor Pharmacy* can help you build the best independent pharmacy possible for your community.



Want to skip steps 1-5? >

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Although the dream of starting your own pharmacy can be very enticing, sometimes it makes more sense to buy an existing store. Acquiring an established independent pharmacy saves you time and effort while allowing you to sidestep the risk of starting a new business, because you know you're getting a proven operation with instant cash flow on Day 1. It's also a safer bet for lenders, which makes it easier for you to get the loan you need.

There are plenty of independent pharmacy owners out there who have already done the heavy lifting, grown a successful business, built a powerful legacy, and are now ready to retire. Contact us today if you would like to find out what acquisition opportunities are available in your area.

### cencora



Good Neighbor Pharmacy is a family of locally owned, independent pharmacies united by their commitment to providing personalized care to their patients far beyond simply filling prescriptions.