

## **LOCATING A PHARMACY TO PURCHASE©**

To quote an old adage in the real estate business, the three most important things to review when considering an acquisition are “Location, location and location.” This adage also applies in the world of retailing, and certainly in the world of pharmacy, though in many cases, what might be a great “traditional” retail location might not always be the best for a pharmacy. We will discuss this concept a little further on in this article.

First and foremost, pharmacy buyers, particularly first time buyers, need to carefully consider the location of a store from a personal lifestyle standpoint as well as a business standpoint. Since it is a well accepted premise that when in retail practice, particularly as an owner, it is wise to live within a reasonable distance of your pharmacy, in order to limit commuting time, a buyer must consider his or her family situation and personal lifestyle needs when addressing the acquisition of a pharmacy. In addition, being part of the community in which you practice often provides distinct financial and marketing advantages for young pharmacists. Memberships in local service clubs, school and parent organizations and/or local amateur sports teams all demonstrate your commitment to the community, a commitment which is difficult for the corporate chains to match.

Accordingly, decisions about urban versus suburban versus rural living often need to be addressed BEFORE you commence a serious search for a pharmacy to purchase. Issues of family, children, personal lifestyle requirements and other, non-business related things all come into play here. From a business perspective, some of the most successful independent pharmacies in the country are located in rural and semi-rural areas, definitely not the place that your average young pharmacist looks to locate in on a permanent basis unless, of course, they came from an area like this in the first place. Usually, young people, particularly those with families, opt for more populous areas where schools and other community facilities are good and plentiful. This can sometimes limit, to a great degree, the options that might exist for acquisitions.

There are a number of traditional ways to identify a pharmacy that might be up for sale. These include:

- Finding stores listed for sale in classified advertising, either in local newspapers, in the Business Opportunities section, or in local or

state pharmacy journals. Many of these journals carry classified ads placed by owners interested in selling.

- Utilizing the IPMS service provided by NCPA. This service, available on the NCPA website, has classified listings of pharmacies for sale throughout the country. It enables interested buyers to inquire about a specific listing, after which that inquiry is passed on to the seller, who takes it upon him/herself to make contact with the prospective buyer.
- Personal networking with colleagues and friends in the industry, either at work or at state or local meetings. Often local salespeople, particularly wholesalers' salespeople, are aware of pharmacies for sale in the local marketplace.
- Utilize a business broker, who may have one or more pharmacies listed for sale, may specialize in pharmacy sales only, as many of these brokers do.
- Utilize search capabilities available through the Internet, which sometimes can lead you to a business opportunity.

This process is often time consuming, sometimes frustrating, can lead to a lot of dead ends and unproductive activities. But with that said, it is a process that everyone who wishes to buy a pharmacy must go through, unless they are handed a ready made opportunity, meaning that their current employer (assuming they are employed in an independent store) is ready to sell, has no other viable candidates at the moment or just would prefer to sell it to an employee who will carry on the business in the way it has been operated under their ownership.

Regardless of how you find your particular acquisition target, some key things to think about when assessing the all-important aspect of its location include:

- Competition in the area. A search of the local market and then a physical review of the market are essential in determining exactly who the competition is and how tough it might be. Frankly, many large chains are often less of a threat than one or more well run independents competing for the business.
- Access to the pharmacy, on foot or by car, depending upon the type of location. In urban areas, where people often travel on foot, the visibility of the location and the foot traffic in the area are critical. In suburban and rural areas, it is often all about other retail services located in close proximity, to help draw traffic, and about parking and easy in and out access to the pharmacy.
- The overall size of the market, and the demographics of the population in the market. These statistics are readily available to potential buyers, take a little work and a small expenditure to access. **Sources include local utility companies and the local Chamber of Commerce as well as a wide variety of Internet-**

**based demographic programs, which can be accessed for a small fee. In addition, D.P. Hamacher can assist in providing this information, offering a variety of programs to existing and prospective owners to analyze market size and value to a pharmacy owner.**

- The presence of prescribers (doctors, dentists and others) as well as the presence of other healthcare providers, hospitals, nursing homes, senior citizens housing and the like all speak to the viability of any one specific trading area.

With 22,000-plus independent pharmacies in the United States today, and with the majority of the owners over the age of fifty, it seems clear that there are and will continue to be many viable acquisition opportunities for younger pharmacists who wish to become owners. The process takes time and patience, but the rewards are great.

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